

# **Investment Advisory Committee (IAC)**

## **Quarterly Meeting**

**6 September 2024**

### Members

Name	Organisation	Role	Present
Candia Kingston (CK)	Independent	Chair	Y
JB Beckett (JB)	Independent	Non-Exec member	Y
Ewan Smith (ES)	RLMIS	CEO Office Director	Y
Vidur Bahree (VB)	RLMIS	Group Investment Director	N
Piers Hillier (PH)	RLAM	RLAM Chief Investment Officer	Y

### Others in attendance

Name	Organisation	Role
Catherine Hughes (CH)	RLMIS	Assistant Company Secretary
Karen Burgess (KB)	RLMIS	Board Support Coordinator
Iain McLeod (IM)	RLMIS	Director of Investment Propositions
Euan Craig (EC)	RLMIS	Senior Proposition Manager, Investment Solutions
Trevor Greetham (TG)	RLAM	Head of Multi-Asset
Michael Clarkson (MC)	RLAM	Fund of Funds Manager
Rory Sturrock (RS)	RLMIS	Senior Investment Actuary
Andrew Hislop (AH)	RLMIS	Investment Actuary
Phil Beamish (PB)	RLMIS	Head of Oversight (Investment Office)

This note presents a summary of the discussion that was had at the Investment Advisory Committee in September 2024.

Alongside standing items to review performance and strategic management information, the Committee discussed:

- Governed Portfolio (GP) Presentational changes
- A Consumer Duty update
- Competitor Developments regarding Private Assets

### **GP Presentational Changes**

The Committee received an outline of the presentational changes for the Governed Range, ahead of the re-launch. The developments had been driven by the desire to maximize the impact of the proposition in an ever-evolving market and enhance customer and adviser experiences.

The suite of presentational changes simplified the 3x3 grid to a linear investment scale; consolidated portfolios with the same risk targets and asset allocations; re-named portfolios away from a numerical scale to descriptive names reflecting relative risk and created a new 100% equity Governed Portfolio. The naming convention will in time provide greater alignment with RLAM GMAPs thereby enabling a more consistent presentation of the two ranges for advisers regardless of how the investment solution is accessed by the ultimate investor, i.e., acknowledging that whilst the distribution channel may be different, the investment solution was very similar.

Customer and adviser research and testing on the presentational changes had been carried out. The main change was the shift from a numerical scale to descriptive labels. Overall, the feedback has been very positive.

A customer and adviser mailing had been planned. System generated customer specific factsheets would remain available to customers through their online portals and 'fund style' factsheets would become the main option presented to customers and advisers via website channels. Datasheets would provide a richer level of information for advisers. Further improvements had also been made to the language used on the factsheets. The Committee supported the changes and agreed that the developments were an incremental improvement. There was a sense that the new labels encouraged investors to approach selecting lifestyle solutions more thoughtfully than the current numerical scale.

### **Fund Reporting Pack**

The Committee was presented with a summary of investment performance across Q2 2024 and the following funds were discussed in more detail:

- RLP Global High Yield Fund: performance was discussed and the Committee noted that additional credit analysis was being undertaken. Monitoring would continue to take place and there remained confidence that there was no need to revisit the underlying stock selection decisions which were considered sound. RLAM's strong credit capabilities were acknowledged by the Committee.
- RLP Global Managed: the methods of active management i.e., active ESG tilt, TAA and periodic SAA layers were discussed. The Committee suggested that it would be helpful to consider opportunities to communicate the fund's active strategy message externally.

As a general point, the Committee observed that although alternative funds had been presented for the Committee's attention in recent months, the substitutes offered did not represent a marked

improvement against current holdings, which led to no recommended changes. This reflected a considered response rather than inaction.

### **Strategic Pack**

The Committee considered the presentation of the average volatility data both internally and externally. The Committee agreed that most advisers were comfortable with how absolute volatility was expressed. There was agreement that only necessary changes should be made.

The property allocation was discussed in view of the potentially renewed market positivity for both income and capital return from this asset class. The Committee observed RLAM's opinion that the property allocation had been well managed when opportunities for diversification had occurred. Examples of recent and prospective property transactions would provide meaningful and interesting commentary for customers, which should be featured externally where appropriate.

The Committee questioned whether customer expectations of the cash element within the property weighting had been considered and challenged whether there had been consideration towards an investment in Retail Estate Investments Trusts (REITs) as an alternative to cash, in view of its greater correlation to equities. The Committee was provided with reassurance that whilst REITs had been considered, they had been discounted as an option at this time

### **Consumer Duty update**

The Committee was provided with a summary of the Consumer Duty work which had been focused on the Long-Standing Customer book. The direction of travel was for products to be moved into Governed Range solutions where possible. Over 1,000 pieces of customer collateral had been updated and there had been sizable workstreams both internally and with outsourced third parties. The result had been improved governance structures and reporting, which would ultimately benefit customer outcomes. Over the past twelve months, there has been SAA reviews and a review of charges which included looking at stakeholder contracts relative to open book charges. A joint review with RLAM led to closing some smaller funds in a rationalisation effort, aimed at improving customer outcomes. Work had commenced to rationalise identified products and offer customers access to open book products.

The review of the legacy book had been driven by the new regulation and had additional oversight from the Independent Governance Committee. The Committee challenged itself to extend its scrutiny to think about the product range as a whole, including cost versus performance and cost versus ESG considerations, with the concept of value for money examined across all product offerings.

### **Competitor Development regarding Private Assets**

The Committee noted that whilst there were very few competitors who were as established as Royal London, others were offering private market investments within their default workplace products. The Committee noted that diversification opportunities would be explored.