



Investments factsheet

Investment pathway 3

Risk Grading: Balanced

What are investment pathways?

Investment pathways are investment solutions, designed for customers entering drawdown. There are four pathways available, if you want to find out more about the other pathways, visit our website royallondon.com/investmentpathways.

What is investment pathway 3?

Pathway 3 is designed to deliver growth above inflation to support sustainable income withdrawal.

What governance process is in place?

The pathway comes with ongoing governance. This simply means that our investment experts check it regularly. It allows us to maintain the best mix of assets in line with the objectives of the pathway.

If our experts decide that the mix of assets needs to be adjusted, this happens automatically on your behalf, so you don't need to do anything. And, this service comes at no extra cost.

For full details of our governance process please visit our website at royallondon.com/pensioninvestments.

Who is this pathway designed for?

It's designed for someone who plans to start taking money as a long-term income within the next five years and has a balanced attitude to risk.

If you're not sure about the suitability of an investment, you should seek professional financial advice.

Advisers may charge for providing such advice and should confirm any costs beforehand.

It's important to remember that the value of investments can fall as well as rise and you could get back less than you put in.

Where is the pathway invested?

The fund mix of the pathway as at 2 December 2021 is shown below:

Investment pathway 3	
RLP Sterling Extra Yield Bond	6.25%
RLP Cash Plus	7.00%
RLP Property	6.90%
RLP Deposit	3.50%
RLP Medium (10yr) Gilt	7.80%
RLP Medium (10yr) Corporate Bond	10.50%
RLP Medium (10yr) Index Linked	9.70%
RLP Global High Yield Bond	6.70%
RLP Short Duration Global High Yield	1.20%
RLP Commodity	5.50%
RLP Absolute Return Government Bond	3.75%
RLP Global Managed	31.50%

The Global Managed fund invests in UK, Global and Emerging Market equities. The current benchmark split is 35% UK Equities, 55% Global Equities and 10% Emerging Market Equities.

If you want to know more about any of the funds within this pathway, including details of fund charges and performance, visit our website royallondon.com/pensioninvestments and take a look at the relevant factsheet.

What is the pathway benchmark?

The benchmark is a target against which performance is measured.

This benchmark is regularly reviewed and may be updated by Royal London so that it remains appropriate for the investor profile as detailed in the section "**Who is this pathway designed for?**" or where a component index is discontinued or replaced.

The benchmark for this pathway is a composite of indices:

FTSE World Index	16.50%
FTSE All Share Index	10.50%
MSCI Emerging Markets ESG Index	3.00%
ABI UK - UK Direct Property	7.50%
Bloomberg Commodity Index	5.00%
BofA Merrill Lynch Global HY Constrained GBP Hedged Index	6.25%
Markit iBoxx Sterling Non Gilts BBB Index	6.25%
Various FTSE Actuaries UK Index-Linked Gilt Indices - blended together to reflect a 10 year investment horizon	10.00%
Various FTSE Actuaries UK Conventional Gilt Indices - blended together to reflect a 10 year investment horizon	10.00%
Various iBoxx Sterling Non Gilts Indices - blended together to reflect a 10 year investment horizon	10.00%
Sterling Overnight Index Average Index (SONIA)	15.00%

Changes to the pathway

The following table documents the last three changes that Royal London have made to this pathway.

Date of Change	Overview of change
02/12/2021	<p>Investment pathway 3</p> <p>The emergence of the Omicron variant of Covid-19 led equities to pull back from all-time highs with returns ending in negative territory for November. Global government bonds generated positive returns as investors moved into haven assets and reassessed the likelihood of future rate hikes. Oil saw a large monthly fall on potential supply-demand imbalances which led commodities lower. Prior to the November sell-off, we reduced our commodity overweight and decreased our underweight in government bonds. We retain a modest tilt towards equities and remain overweight corporates and short dated high yield bonds. We remain marginally underweight commercial property.</p>
11/11/2021	<p>Investment pathway 3</p> <p>Global data was strong in October; positive earnings drove strong global equity returns. However, inflation concerns remained dominant and the trend of decelerating growth continued. Central banks globally turned more hawkish and Governor Bailey commented that the Bank of England will have to act on inflation. Government bond yields rose globally as the medium-term risk of interest rate rises increased. We took profits in commodities and equities after strong performance this year, and trimmed our overweight in global high yield bonds. We remained underweight gilts but moved to overweight in corporate bonds. We remained modestly underweight commercial property.</p>
14/10/2021	<p>Investment pathway 3</p> <p>Inflation concerns remained in September, driven by rising wages and commodity prices. The US Federal Reserve revised down its growth outlook but still expects inflation to be transitory, while central banks became more cautious regarding quantitative easing. Global government bonds and stock markets provided negative returns in the month, with equity valuations squeezed by the struggling Chinese real estate sector. We extended our stocks overweight into weakness, added to commodities into the rally, and increased the government bonds underweight. We reduced the exposure to high yield bonds, moved neutral corporate bonds, and trimmed the underweight in commercial property.</p>



Royal London
1 Thistle Street, Edinburgh EH2 1DG
royallondon.com

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