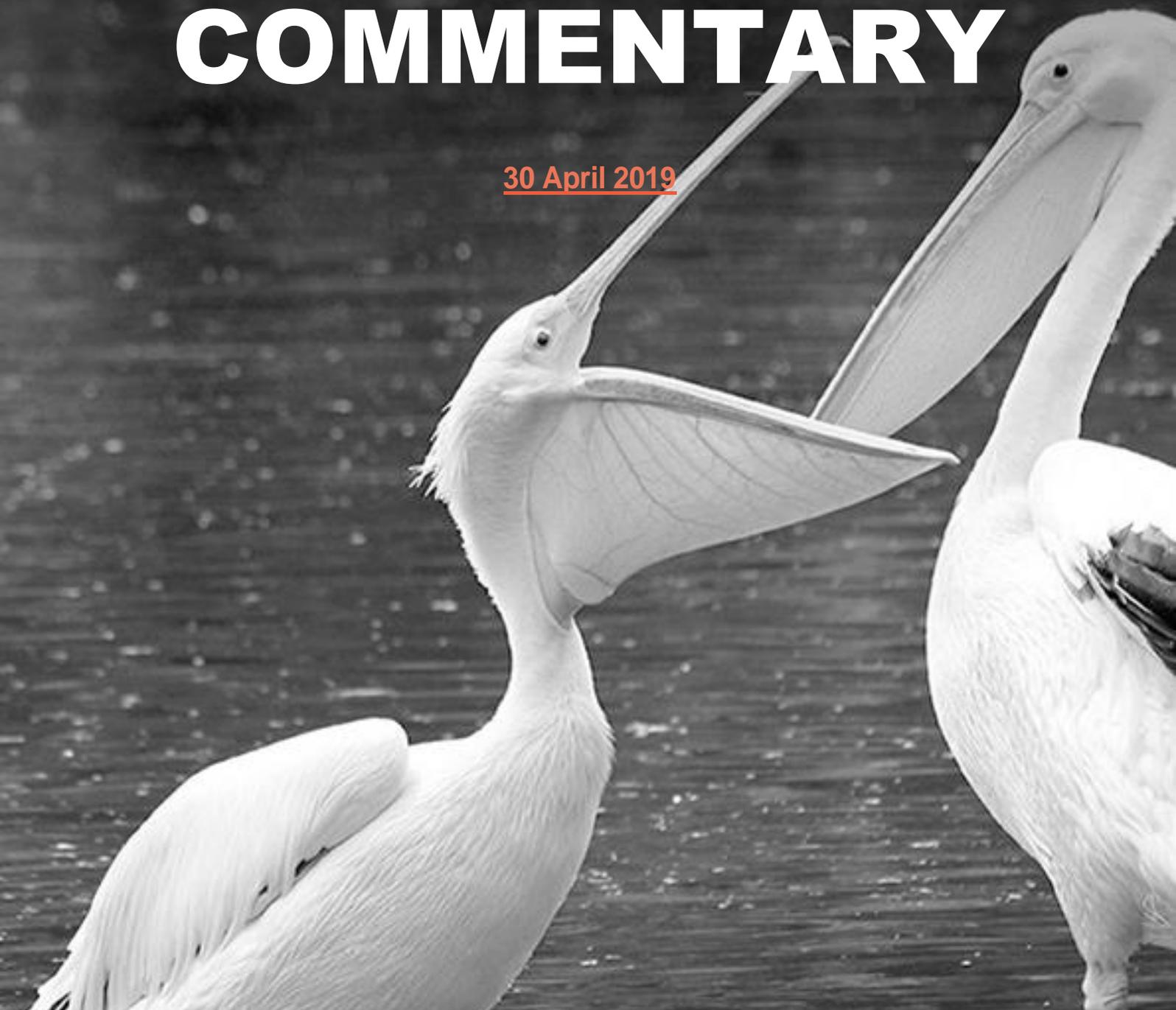




MARKET COMMENTARY

30 April 2019



MARKETS CONTINUE TO GROW

Stock markets across the globe have continued to rise since the beginning of the year. In the US, the Federal Reserve – their equivalent of the Bank of England – continued to say they would remain patient on potentially raising interest rates further which boosted the economy. The European Central Bank (ECB) followed their lead by announcing delays to potential rate rises in Europe which boosted markets in the region.

WHAT'S HAPPENING IN CHINA?

Trade talks between the US and China continue, however there hasn't been as much progress as we might have hoped. Chinese markets have stalled of late. Plus, the recent news of phone provider Huawei's obligation to share data gathered worldwide with the Chinese Government is raising red flags with countries such as the UK and US, which could possibly affect trade talks further.

BREXIT OR NO BREXIT

In the UK all roads again lead to Brexit. The original 29 March deadline has come and gone and the EU has now agreed to extend the deadline to 31 October, which means the UK now has to take part in EU elections at the end of May. The newly-formed Brexit party headed up by Nigel Farage (yes, he's back) is aiming to win seats from Conservative incumbents in order to push for a No Deal Brexit. Because of this, there's a high probability the Government will put forward their withdrawal bill again before the new EU Parliament sits for the first time in July.

OUR VIEW

The market is predicting a low level of growth, but we do believe there are some reasons for positivity. We begin the year supportive of stocks, however we do expect to become more cautious as the year progresses. The main risks still come from Brexit uncertainty in the UK, the possibility of trade talks between and US and China being derailed, in addition to the US central bank raising interest rates if markets grow too quickly.

INVESTING WITH US

Our key goal is to deliver good outcomes for our customers. We do this by following our core beliefs:

- **Pensions are long term investments**

While it can be hard to watch large market drops, especially if the value of your savings is falling, it's important to remember that investing for retirement is a long term game. It's very normal for an economy to go through phases of expansion and contraction.

In fact, over the long run there is a recession every five to ten years. We think of these cycles in terms of waves of growth and inflation, and consider which investments do best when growth is strong or weak, and when inflation is falling or rising. Our investment experts analyse and understand where we are in that cycle and which types of investments we should be investing in within the portfolio mix. This is called the short term view and we do this on a day to day basis so that we can try to maximise returns and avoid some of the losses.

Falling markets can be buying opportunities, particularly when you are planning to invest for a long time period. We see the current market falls as potential buying opportunities for equities. The multi asset portfolios are currently holding slightly more equities than average, having bought on the recent dips. We're also holding more corporate and high yield bonds.

- **Greater diversification**

We believe that investing in a wide range of asset classes will result in more consistent performance across a wide range of economic conditions. This spread of different investments helps to reduce the risk of having all your eggs in one basket.

The Governed Portfolios are designed for investors who are saving into a pension and aim to maximise returns above inflation within a defined risk framework and term to retirement.

The Governed Retirement Income Portfolios (GRIPs) are designed for customers who are taking money out of their pension on a regular basis and aim to maximise returns above inflation to support sustainable, regular income withdrawals for a range of risk profiles. The portfolios hold a wide range of investments, including company shares, property, bonds, commodities and cash in order to help them meet their objectives.

- **Governance**

We believe that all investment options should be monitored on a regular basis, and this is a core part of what we do for our customers. All the portfolios are monitored on an ongoing basis by our experts to ensure they deliver in line with their objectives. You can keep an eye on how your investments are performing using our online service.

If you are in any doubt about the suitability of any particular type of investment, you should seek professional financial advice. Advisers may charge for providing such advice and should confirm any costs beforehand.

For more information please speak
to your Financial Adviser



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