



Stakeholder Pension Statement of Investment Principles

Broad principles of investment policy

The basic aim of the investment policy is to maximise the return on the investments, balanced with an acceptable level of risk. Different levels of risk will apply to different funds.

Objectives of the funds

Royal London UK Broad Equity Tilt Pension Fund

– aims to deliver capital growth and income over the medium term, which should be considered as a period of 3-5 years, by primarily investing in the 600 largest UK companies by market capitalisation listed on the London Stock Exchange, and incorporating responsible investment ('RI') and environmental, social & governance ('ESG') insights into the investment process.

The fund's performance target is to deliver the performance, after the deduction of charges, of the FTSE® All-Share Total Return GBP Index over rolling 3-year periods.

RLCIS With-Profits Stakeholder Fund – aims to achieve steady growth by investing in a wide range of assets, such as UK and overseas equities, government and other sterling bonds.

The investment profits (or losses) made on the underlying funds are 'smoothed' before being credited to investors through changes in the unit price. Further details of the smoothing process, which is aimed at delivering a more stable investment return than direct stock market investment, can be found in the 'A Guide to investing in the RLCIS With-Profits Stakeholder Fund' document. The smoothed unit price can fall as well as rise but because of smoothing, the change in the unit price will normally be less extreme than the rise or fall in the value of the fund's assets.

A market value reduction (MVR) may be applied to this fund, further details of which can be found in the 'A Guide to investing in the RLCIS With-Profits Stakeholder Fund' document.

Between 50% and 70% of the fund is normally held in higher risk assets, such as company shares including a proportion of overseas shares.

At present this is achieved by direct investment and/or by investing in Unit Trusts and OEICs managed by our sister asset management company Royal London Asset Management (RLAM). The remainder is held in interest-bearing investments such as government bonds and deposits.

You may also see this fund referred to in your statement or on the Royal London website as the Royal London With-Profits Stakeholder Fund.

Royal London UK Growth Pension Fund – aims to provide above average capital growth over the medium to long term, by investing in a diverse range of UK equities in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects.

Royal London European Growth Pension Fund – aims to provide above average capital growth over the medium to long term, by investing in a diverse range of European equities in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects.

Royal London US Growth Pension Fund – aims to provide above-average capital growth over the medium to long term, by investing in a diverse range of US equities in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects.

Royal London Sustainable Leaders Pension Fund – aims to provide capital growth by investing in a diverse range of equities, mainly in the UK, in any economic sector. Investment will be concentrated on strong franchise companies with excellent prospects. Investment is limited to companies that have a net positive benefit on society either through their products and services they offer or in the way they conduct their business. This means that certain areas of the market are not considered for investment.

Royal London Deposit Pension Fund – aims to provide more security by depositing the investment in a bank account with HSBC Bank Plc. Your application form will confirm whether this fund is available to you.

Royal London Fixed-Interest Pension Fund – aims to provide stability of income by investing in a range of fixed-interest securities. This fund is only available if you choose to invest in the Royal London With-Profits Stakeholder Fund with Lifestyle option.

The investments of the **Royal London UK Growth, European Growth, US Growth and Sustainable Leaders Pension Funds** comprise of units in the corresponding unit trusts from Royal London. You should note that prices of units in these funds will differ from the prices of the units in the corresponding unit trusts.

Risk

Investments in stocks and shares are subject to a degree of risk and the values of such investments can rise or fall on a daily basis. The fund managers seek to spread the risks involved by investing in a wide range of underlying assets consistent with the investment objectives of each fund. For the **Royal London UK Broad Equity Tilt Pension Fund** this is achieved by primarily investing in the 600 largest UK companies by market capitalisation listed on the London Stock Exchange. For the **Royal London UK Growth, European Growth, US Growth and Sustainable Leaders Pension Funds** it is achieved by investing in the corresponding unit trusts from Royal London, which themselves hold diversified portfolios of stocks and shares.

For the **RLCIS With-Profits Stakeholder Fund** the risk is spread further by holding a range of different types of investments both in the UK and abroad. The investment returns achieved on this fund are smoothed in order to reduce fluctuations and produce more stable returns to investors.

The **Royal London Deposit and Fixed-Interest Pension Funds** are suitable for investors with a very low attitude to risk and/or who are close to retirement.

The **RLCIS With-Profits Stakeholder, European Growth, US Growth and Sustainable Leaders Pension Funds** invests in investments outside the UK. This means that the value of these investments will decrease or increase as a result of changes in exchange rates between currencies.

Royal London Sustainable Leaders Pension Fund is a specialised fund, which concentrates on specific stocks, some of them in overseas markets and in smaller companies, and there are many areas of industry and commerce in which it does not invest. There may, therefore, be movements in prices of units that are not related to broad changes in the stock market.

Attitude to risk	
Risk category 1: lowest	You are looking for a clear rate of return on your savings and not looking to put them at risk. While your savings are secure you understand that they may not grow as much or as quickly as those in the other categories.
Risk category 2: low/medium	You are looking for a return that is higher than investing solely in cash. You understand that some of your savings may be invested in higher risk assets and the amount you save is not guaranteed, although some protection on your savings may be available within this category. The investment horizon should be at least 5 years.
Risk category 3: medium	Your investment has the possibility of providing a higher rate of return over the long term from a balanced mix of lower and higher risk assets. You are exposing your investment to a higher degree of risk and direct exposure to daily fluctuation in its value, although some protection on your savings may be available within this category. The investment horizon should be at least 5 years.
Risk category 4: medium/high	Your investment has the possibility of providing a high rate of return over the long term from investing in mainly higher risk assets. You are exposing your investment to a higher degree of risk and direct exposure to daily fluctuation in its value. The investment horizon should be at least 5 years.
Risk category 5: higher	Your investment has the possibility of providing a superior rate of return over the long term from predominately investing in higher risk assets. You are exposing your investment to a high degree of risk and direct exposure to daily fluctuation in its value. The investment horizon should be at least 5 years.
Risk category 6: highest	Your investment has the possibility of providing a very high rate of return over the long term from investing in higher risk assets. You are exposing your investment to a very high degree of risk and direct exposure to daily fluctuations in its value. The investment horizon should be at least 5 years.

Risk profiles						
	Lowest	Low/ Medium	Medium	Medium/ High	Higher	Highest
Royal London Deposit Pension Fund	✓					
Royal London Fixed-Interest Pension Fund		✓				
RLCIS With-Profits Stakeholder Fund			✓			
Royal London UK Growth Pension Fund				✓		
Royal London UK Broad Equity Tilt Pension Fund				✓		
Royal London European Growth Pension Fund					✓	
Royal London US Growth Pension Fund					✓	
Royal London Sustainable Leaders Pension Fund				✓		

Responsible Investment

At Royal London we're committed to acting and investing responsibly. This means challenging and influencing companies on behalf of our customers.

When we say your pension is powerful, we mean it.

Your pension is invested in the companies shaping the world's future. So it's only right it gets used to help make and influence positive change. This puts large pension companies, like us, in a strong position to make a difference on your behalf.

We can act on your behalf to influence and challenge the companies you own shares in, on issues such as CO2 emissions, modern slavery policies, gender balance on the board and even executive pay.

Further information on how Royal London acts as a responsible investor can be found at www.royallondon.com/mutuality/responsible-investment.

Realisation of investments

Decisions to buy or sell underlying investments are based on the fund managers' views on relative future performance in order to meet the investment objectives of the fund.

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We are happy to provide your documents in alternative formats such as Braille, large print and audio.

Please call us on 0345 605 7777. Lines open Monday to Friday 8am-6pm (excluding bank holidays).



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