



## GOVERNED RANGE GOVERNED RETIREMENT INCOME PORTFOLIO 5 FACTSHEET

**Risk Grading : Risk Rating 5**

### **What is a Governed Retirement Income Portfolio?**

Choosing a suitable portfolio of funds to meet your requirements can be difficult. Our range of Governed Retirement Income Portfolios is designed to help with exactly that.

A Governed Retirement Income Portfolio matches your risk attitude to a suitable mix of assets and funds. There are five portfolios to choose from so you can select the one that best suits your risk attitude.

### **What governance process is in place?**

Your portfolio 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 risk category - and to make sure it is performing in line with its overall objectives - aiming to give you the best returns. The value of your investment can go down as well as up and you may not get back the value of the original investment.

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

For full details of our governance process please visit our website at [royallondon.com/pensioninvestments](http://royallondon.com/pensioninvestments).

### **Who is this portfolio designed for?**

It is designed for someone who is taking income from their plan and can accept a level of uncertainty in their future income consistent with a risk rating 5 attitude to risk.

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.

### **What is the investment objective?**

This portfolio aims to deliver growth above inflation to support regular income withdrawals, whilst taking a level of risk consistent with a risk rating 5 risk attitude.

### **Where is the portfolio invested?**

The fund mix of the portfolio as at 8th February 2018 is shown below:

<b>Governed Retirement Income Portfolio 5</b>	
RPL Sterling Extra Yield Bond	8.75%
RPL Cash Plus	1.00%
RPL Property	10.00%
RPL Medium (10yr) Gilt	0.50%
RPL Medium (10yr) Corporate Bond	3.50%
RPL Medium (10yr) Index Linked	0.50%
RPL Global High Yield Bond	9.20%
RPL Short Duration Global High Yield	1.05%
RPL Commodity	7.00%
RPL Absolute Return Government Bond	1.00%
RPL Global Managed	57.50%

The Global Managed fund invests in UK and Overseas equities. The current benchmark split is 50% UK Equities and 50% Overseas Equities. You can replace the Global Managed pension fund with an alternative equity fund or funds from the Royal London Pensions fund range.

If you want to know more about any of the funds within your portfolio, including details of fund charges, please visit our website [royallondon.com/pensioninvestments](http://royallondon.com/pensioninvestments) and view the relevant fund factsheet.

### Does the portfolio rebalance?

This portfolio rebalances monthly. If a portfolio is not rebalanced regularly, the asset mix can drift significantly over time changing the suitability of the portfolio.

### What is the portfolio 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 portfolio designed for?**" or where a component index is discontinued or replaced.

The benchmark for this portfolio is a composite of indices:

FTSE All Share Index	25.00%
FTSE All World ex UK Index	25.00%
ABI UK - UK Direct Property	10.00%
Various iBoxx Sterling Non Gilts Indices that are blended together to reflect a 10 year investment horizon	2.50%
Markit iBoxx Sterling Non Gilts BBB Index	8.75%
BofA Merrill Lynch European Currency HY Hedged Index	8.75%
Bloomberg Commodity Index	5.00%
Various FTSE Actuaries UK Conventional Gilt Indices that are blended together to reflect a 10 year investment horizon	2.50%
Various FTSE Actuaries UK Index-Linked Gilt Indices that are blended together to reflect a 10 year investment horizon	2.50%
LIBID GBP 7 Day Index	10.00%

### Details of changes to the portfolio

The following table documents the last 3 changes that Royal London have made to this portfolio.

<b>Effective Date of Change</b>	<b>Overview of Changes</b>
08/02/2018	<p><b>Governed Retirement Income Portfolio 5</b></p> <p>As our Investment Clock moves further into 'Overheat' territory, we have added to equities at the margin and also added to commodities again, funded out of bonds. While the supply-demand balance is favourable for commodities, potential for weaker demand in China, the world's biggest consumer of raw materials, is a concern. The sell-off in equities that began at the end of January seems exaggerated, and we are buying at lower levels, in expectation of a recovery in coming months as the world economy keeps expanding. We will look to maintain an overweight allocation to stocks.</p>
18/01/2018	<p><b>Governed Retirement Income Portfolio 5</b></p> <p>A combination of our 'Investment Clock' moving further into 'Overheat' and positive price momentum mean that we have added to commodities at the margin, funded out of bonds. Nevertheless, we remain cautious on commodities as the Chinese economy is likely to slow, and recent US dollar weakness could reverse, in line with interest rate differentials. We slightly increased the position in high yield bonds. We will look to maintain our overweight position in stocks; with investor sentiment so positive, we do not rule out a short-term set-back and we would use such an opportunity to increase our equity allocation.</p>

*continued on next page...*

Effective Date of Change	Overview of Changes
16/11/2017	<p><b>Governed Retirement Income Portfolio 5</b></p> <p>There are signs that growth is picking up, against a backdrop of loose monetary policy and low inflation. Against such a backdrop, central banks are unlikely to tighten in a meaningful way; this is positive for stocks and high yield, where we remain overweight. With seasonality now positive, we are likely to buy dips in stock markets rather than sell rallies. We've marginally increased our underweight in bonds and taken some profits in high yield. We have added to commodities at the margin.</p>

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

All literature about products that carry the Royal London brand is available in large print format on request to the Marketing Department at Royal London, St Andrew House, 1 Thistle Street, Edinburgh EH2 1DG. All of our printed products are produced on stock which is from FSC® certified forests.

The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England and Wales number 99064. Registered office: 55 Gracechurch Street, London, EC3V 0RL. Royal London Marketing Limited is authorised and regulated by the Financial Conduct Authority and introduces Royal London's customers to other insurance companies. The firm is on the Financial Services Register, registration number 302391. Registered in England and Wales number 4414137. Registered office: 55 Gracechurch Street, London, EC3V 0RL. Royal London Corporate Pension Services Limited is authorised and regulated by the Financial Conduct Authority and provides pension services. The firm is on the Financial Services Register, registration number 460304. Registered in England and Wales number 5817049. Registered office: 55 Gracechurch Street, London, EC3V 0RL.