



## GOVERNED RANGE GOVERNED PORTFOLIO 4 FACTSHEET

**Risk Grading : Moderately Cautious / Balanced**

### What is a Governed Portfolio?

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

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

### 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 has a moderately cautious or balanced attitude to risk and is a long time away from retirement.

If you are not sure what your risk attitude is you can complete our online Risk Attitude Profiling Questionnaire at [royallondon.com/pensioninvestments](http://royallondon.com/pensioninvestments) to give you an idea of your 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 above inflation growth in the value of the fund at retirement, whilst taking a level of risk consistent with a moderately cautious or balanced risk attitude over a long time period.

### Where is the portfolio invested?

The fund mix of the portfolio as at 18th October 2018 is shown below:

<b>Governed Portfolio 4</b>	
RLP Cash Plus	1.09%
RLP Property	17.50%
RLP Deposit	2.51%
RLP Long (15yr) Gilt	1.40%
RLP Long (15yr) Corporate Bond	1.27%
RLP Long (15yr) Index Linked	0.83%
RLP Global High Yield Bond	0.15%
RLP Short Duration Global High Yield	0.75%
RLP Commodity	4.50%
RLP Global Managed	70.00%

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	33.75%
FTSE All World ex UK Index	33.75%
ABI UK - UK Direct Property	17.50%
Bloomberg Commodity Index	5.00%
Various FTSE Actuaries UK Conventional Gilt Indices that are blended together to reflect a 15 year investment horizon	1.66%
Various FTSE Actuaries UK Index-Linked Gilt Indices that are blended together to reflect a 15 year investment horizon	1.67%
Various Markit iBoxx Sterling Non Gilts Indices that are blended together to reflect a 15 year investment horizon	1.67%
LIBID GBP 7 Day Index	5.00%

### 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>
18/10/2018	<p><b>Governed Portfolio 4</b></p> <p>A selloff in global equity markets has pushed our investor sentiment indicator deep into panic territory; in response, we began contrarian purchases of stocks, as our models are constructive on world growth and risks related to inflation and interest rates do not seem strong. We also increased commodities exposure following recent underperformance, while remaining below benchmark. These purchases were funded from government bonds and cash. With US fiscal policy loose, interest rates low elsewhere in developed markets and China easing policy, we expect the global economic expansion to continue into 2019 and this to be supportive for equities.</p>
20/09/2018	<p><b>Governed Portfolio 4</b></p> <p>With inflation continuing to rise and global growth cooling, we continue to de-risk our portfolios by reducing exposures to stocks and commodities, moving the latter allocation to an underweight relative to the benchmark. The proceeds were moved into government bonds, short dated high yield debt and cash. With no central banks in a hurry to tighten policy, we'd probably buy stocks on weakness, as we expect the business expansion to continue in 2019.</p>

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Effective Date of Change	Overview of Changes
16/08/2018	<p><b>Governed Portfolio 4</b></p> <p>A currency crisis in Turkey has rattled global stock markets. Before the selloff, our multi asset funds were already positioned relatively defensively, with the smallest overweight in equities since 2012 and favouring the US over emerging markets. We continued to reduce exposures to stocks and commodities, bringing the latter allocation into line with the benchmark. The proceeds were moved into government bonds, both conventional and index linked, and cash. We will look to add back to stocks in coming months. We are modestly overweight global equities and short dated global high yield bonds.</p>

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