



GOVERNED RANGE GOVERNED PORTFOLIO 5 FACTSHEET

Risk Grading : Moderately Cautious / Balanced / Moderately Adventurous

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.

Who is this portfolio designed for?

It is designed for someone who has a moderately cautious, balanced or moderately adventurous attitude to risk and is a medium 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 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, balanced or moderately adventurous risk attitude over a medium time period.

Where is the portfolio invested?

The fund mix of the portfolio as at 10th May 2018 is shown below:

Governed Portfolio 5	
RLP Cash Plus	1.87%
RLP Property	15.00%
RLP Medium (10yr) Gilt	1.38%
RLP Medium (10yr) Corporate Bond	6.00%
RLP Medium (10yr) Index Linked	5.00%
RLP Global High Yield Bond	2.05%
RLP Short Duration Global High Yield	1.45%
RLP Commodity	6.75%
RLP Absolute Return Government Bond	1.00%
RLP Global Managed	59.50%

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 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	27.50%
FTSE All World ex UK Index	27.50%
ABI UK - UK Direct Property	15.00%
Bloomberg Commodity Index	5.00%
BofA Merrill Lynch Global HY Constrained GBP Hedged Index	2.50%
Various FTSE Actuaries UK Conventional Gilt Indices that are blended together to reflect a 10 year investment horizon	5.00%
Various FTSE Actuaries UK Index-Linked Gilt Indices that are blended together to reflect a 10 year investment horizon	5.00%
Various Markit iBoxx Sterling Non Gilts Indices that are blended together to reflect a 10 year investment horizon	5.00%
LIBID GBP 7 Day Index	7.50%

Details of changes to the portfolio

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

Effective Date of Change	Overview of Changes
10/05/2018	Governed Portfolio 5 Our Investment Clock remains in its 'Overheat' phase, with increased risk of inflation, although the global economy is showing some signs of slowing. With investor sentiment staying neutral, we have taken further profits on the extra equities purchases made during the market lows and March; we also reduced the overweight allocation to commodities. Proceeds of these sales were moved into government bonds and cash. Longer term, we remain positive on stocks and are overweight global equities, global high yield bonds and commodities.
19/04/2018	Governed Portfolio 5 Our Investment Clock remains in the early stages of its 'Overheat' phase, with a robust worldwide economic expansion and increased risk of inflation. Following considerable volatility in markets in recent weeks, portfolio activity focused on risk management. We have again increased the allocation to 10-year conventional government bonds, albeit the exposure remains an underweight; this was funded by reducing our overweight holding of equities and from cash. With economies continuing to expand and inflation remaining benign, we are overweight global equities, global high yield bonds and commodities.

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Effective Date of Change	Overview of Changes
08/03/2018	<p>Governed Portfolio 5</p> <p>Our Investment Clock is in the later cycle 'Overheat' stage, with strong global growth and more risk of inflation. We have added to equities again, capitalising on stock market weakness and given that supportive world growth conditions remain in place. We also have increased the allocation to 10-year index linked bonds. The changes were funded out of high yield debt and cash. With economies continuing to expand and inflation remaining benign, we are overweight global equities, global high yield bonds and commodities.</p>

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