



## **GOVERNED RANGE GOVERNED PORTFOLIO 3 FACTSHEET**

**Risk Grading : Cautious / Moderately Cautious**

### **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 cautious or moderately cautious attitude to risk and is a short 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 cautious or moderately cautious risk attitude over a short time period.

### Where is the portfolio invested?

The fund mix of the portfolio as at 7th September 2023 is shown below:

Governed Portfolio 3	
RLP UK Corporate Bond	8.90%
RLP Global Corporate Bond	3.40%
RLP Short Duration UK Corporate Bond	12.40%
RLP UK Government Bond	8.80%
RLP Short Term Fixed Income	3.85%
RLP Global Government Bond	2.35%
RLP Short Duration UK Government Bond	9.75%
RLP Property	4.60%
RLP UK Index Linked	2.05%
RLP Short Duration Global Index Linked	7.35%
RLP Deposit	1.28%
RLP Global High Yield Bond	6.67%
RLP Short Duration Global High Yield	1.50%
RLP Commodity	6.00%
RLP Absolute Return Government Bond	4.85%
RLP Global Managed	16.25%

The Global Managed fund invests in UK, Global and Emerging Market equities. The current benchmark split is 25% UK Equities, 65% Global Equities and 10% Emerging Market 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 World Index (8.12%)/FTSE All Share Index (3.13%)	11.25%
MSCI Emerging Markets ESG Index	1.25%
ABI UK - UK Direct Property	5.00%
Bloomberg Commodity Index	5.00%
BofA Merrill Lynch Global HY Constrained GBP Hedged Index	7.50%
Markit iBoxx Sterling Non-Gilt Index (9.00%)/Bloomberg Global Aggregate GBP Hedged Index (3.50%)/ICE BofA Merrill Lynch 1-5 Year Sterling Non-Gilt Index (12.50%)	25.00%
FTSE Actuaries UK Index Linked Gilts (All Stocks) Index	2.50%
70% Bloomberg UK Government Inflation Linked Bond 1-10 year Index/30% Bloomberg World Government Inflation Linked Bond (ex UK) 1-10 year Index	7.50%
FTSE Actuaries UK Conventional Gilts (All Stocks) Index	9.50%
JPMorgan Global GBI Hedged Index	3.00%
FTSE Actuaries UK Conventional Gilts up to 5 Years Index	10.00%
Sterling Overnight Index Average (SONIA)	12.50%

## 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
07/09/2023	<b>Governed Portfolio 3</b> Whilst US labour markets have been softening over recent weeks, this rise in the unemployment rate has actually come despite any significant job losses. This could result in a cooling of inflation without deep global recessions. We remain overweight stocks for the time being, but recession risks remain and we stand ready to move back to more defensive when required. Furthermore, we have added to commodities, as improved energy demand from China and low supply have supported the asset class. We have increased the size of our underweight in bonds, as disinflationary forces continue to unwind.

Effective Date of Change	Overview of Changes
10/08/2023	<b>Governed Portfolio 3</b> We remain overweight equities, with the underlying macro picture remaining supportive for the asset class. However, following a strong year to date rally and with our sentiment indicator showing that investors are at overly bullish levels, we have taken some profits. Elsewhere, we have added to commodities, moving overweight in the asset class, with inventories constrained and on-going geopolitical risks persisting.
20/07/2023	<b>Governed Portfolio 3</b> With inflation continuing to fall and the near-term global growth picture remaining supportive we remain overweight equities. However, we have taken some profits and reduced the size of this overweight with investor sentiment now at euphoric levels following the strong year-to-date rally. Elsewhere, we have reduced an underweight position in commodities, moving towards neutral. Commodities have been weak this year but we are starting to see signs of troughing over recent weeks, especially with the peak interest rates in sight, which could provide tailwind for the asset class with on-going geopolitical risks.

**Royal London**

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We're happy to provide your documents in a different format, such as Braille, large print or audio, just ask us when you get in touch.

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