



## ACTING ON OUR GOVERNANCE PROMISE

We take a proactive role in the governance of our investment proposition. At the heart of this is our Investment Advisory Committee (IAC). Made up of four of the top people in the Royal London Group along with two independent representatives, they are committed to providing an ongoing formal review process for our investment proposition helping you deliver an ongoing, compliant service and peace of mind to your clients.

### OUR GOVERNANCE PROMISE

Our governance promise means that all of our investment options offered through our intermediary pensions business have a formal review process. At the heart of this is our IAC.

The IAC is made up of six pension and investment experts, four from the Royal London Group and two independent experts. Furthermore the IAC is headed up by an independent chairperson to ensure that discussions remain robust, impartial and above all ensure that our customer's best interests are at the heart of our process.

The IACs' experience and advice is supplemented by in-depth analysis from world-leading risk management experts Moody's Analytics and fund ratings experts Morningstar Investment Management.

### WHAT DOES THE IAC DO?

The IAC meet on a regular, usually quarterly, basis to review our risk-graded Governed Portfolios and fund range. Their review covers the following types of questions:

- What is the best blend of assets to meet our customers' objectives?
- The outlook for the economy is concerning, how should we change their asset mix?
- The long-term fundamentals for an asset class have changed, should the best mix change?
- There has been a change of fund manager, would it be best to switch funds?
- Should the amount invested in UK and overseas equities be changed?

This process is deliberately about taking a long-term view to ensure that investment decisions are based on sound fundamentals.

To help the IAC make these decisions, they review a substantial amount of material each time. This includes fund reports from Morningstar Investment Management, a comprehensive risk report from Moody's Analytics and market commentary from Royal London Asset Management, who manage our internal fund range.

### ACTING ON OUR PROMISE

It's not just about making a promise; it's about acting on that promise and ensuring we do what we say we will. We take this very seriously and this has led to several changes to our Governed Range and fund range over the last 8 years since the IAC has been in place.

Each change we have made has been carefully thought out and communicated, where necessary, to our customers prior to any changes taking place. A summary of all the changes we have made to date can be found overleaf. Full details of all the IAC meetings and decisions can be found on our website.

## A TRACK RECORD IN GOVERNANCE SINCE JAN 2009

<b>36 IAC Meetings</b>	<ul style="list-style-type: none"> <li>– 4 x quarterly IAC meetings per year, and in 2009 there were two additional Special Interim Meetings</li> <li>– Minutes from every meeting available at <a href="http://adviser.royallondon.com/pensions/investment/investment-governance">adviser.royallondon.com/pensions/investment/investment-governance</a></li> </ul>
<b>Strategic benchmark changes</b>	
<b>2 strategic changes</b>	<p>Jan 2010, post 2009 rally causing equity volatility spike</p> <p>June 2016, improve diversification and resilience to unexpected shocks</p>
<b>Tactical portfolio changes</b>	
<b>38 tactical changes</b>	<p>Most recent change on 13 July 2017:</p> <p>Positive – equities, corporate bond, high yield</p> <p>Negative – gilts, index linked, absolute return strategies (including cash)</p> <p>Neutral – commodities, property</p>
<b>Fund changes</b>	
<b>9 matrix changes</b>	<p>Most recent change w/c 26 May 2014:</p> <p>Invesco Perpetual Income replaced with Fidelity MoneyBuilder Dividend</p>
<b>8 fund closures</b>	<p>Most recent closures – 9 November 2015</p> <p>CF Miton Special Situations fund</p> <p>CF Miton Strategic fund</p>
full details available at <a href="http://adviser.royallondon.com/pensions/investment/investment-governance">adviser.royallondon.com/pensions/investment/investment-governance</a>	



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