



ROYAL LONDON GOVERNED RANGE TACTICAL ASSET ALLOCATIONS – 7TH JUNE 2018

Our Investment Clock remains in its 'Overheat' phase, with greater risk of inflation, although there are indications of economic weakness outside the US.

We expect stocks to trade in a range over summer; investor sentiment, having been very fearful in February, is now neutral. After capitalising on weak markets in the first quarter to increase equity exposures, we have been taking profits on our overweight position as prices recovered, moving the proceeds into cash.

Longer term, we remain positive on stocks but more cautious on government bonds. We are moderately overweight global equities, global high yield bonds and commodities.

LATEST TACTICAL POSITIONS

	Overweight	Neutral	Underweight
Equities	↓		
Property			↑
Commodities	–		
High Yield	–		
Gilts			–
Index Linked			–
Corporate Bonds	–		
Absolute Return Strategies (including cash)			↑

Directions of arrows show overall change from previous tactical change. For individual portfolios changes, please see factsheets.

GOVERNED PORTFOLIOS – TARGET CASH

The target cash portfolios are designed to match your clients 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 clients risk attitude and time to retirement. The target cash portfolios are available stand alone or as part of our pre-set lifestyle arrangements which are built to target the RLP Deposit fund at retirement.

Investment returns may fluctuate and are not guaranteed. The value of your clients investment can go down as well as up and they may not get back the value of their original investment.

Long

Governed Portfolio 7

- 80.80% Equities
- 12.80% Property
- 6.40% Commodities

Medium

Governed Portfolio 8

- 73.63% Equities
- 15.00% Property
- 6.25% Commodities
- 0.15% Global High Yield
- 0.60% Short Duration Global HY
- 0.68% Gilts (10yr)
- 1.15% Index Linked Bonds (10yr)
- 1.67% Corporate Bonds (10yr)
- 0.87% Deposit

Short

Governed Portfolio 9

- 47.75% Equities
- 10.00% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 5.16% Gilts (5yr)
- 9.17% Index Linked Bonds (5yr)
- 10.17% Corporate Bonds (5yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 4

- 71.73% Equities
- 17.50% Property
- 6.25% Commodities
- 0.15% Global High Yield
- 0.60% Short Duration Global HY
- 1.08% Gilts (15yr)
- 1.15% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 0.87% Deposit

Governed Portfolio 5

- 58.63% Equities
- 15.00% Property
- 6.75% Commodities
- 2.05% Global High Yield
- 1.45% Short Duration Global HY
- 1.38% Gilts (10yr)
- 5.00% Index Linked Bonds (10yr)
- 6.00% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.87% Cash Plus
- 0.87% Deposit

Governed Portfolio 6

- 35.25% Equities
- 12.50% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 7.66% Gilts (5yr)
- 11.67% Index Linked Bonds (5yr)
- 12.67% Corporate Bonds (5yr)
- 4.50% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 1

- 56.13% Equities
- 17.50% Property
- 6.75% Commodities
- 2.05% Global High Yield
- 1.45% Short Duration Global HY
- 2.28% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 1.72% Cash Plus
- 0.87% Deposit

Governed Portfolio 2

- 45.25% Equities
- 12.50% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 5.16% Gilts (10yr)
- 9.17% Index Linked Bonds (10yr)
- 10.17% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 3

- 17.75% Equities
 - 5.00% Property
 - 6.75% Commodities
 - 9.15% Global High Yield
 - 2.05% Short Duration Global HY
 - 12.66% Gilts (5yr)
 - 16.67% Index Linked Bonds (5yr)
 - 17.67% Corporate Bonds (5yr)
 - 6.00% Absolute Return Gov Bond
 - 5.55% Cash Plus
 - 0.75% Deposit
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Latest tactical allocations as at 7th June 2018.

The mix of assets held within each portfolio is reviewed regularly by our Investment Advisory Committee as part of our governance process. For minutes of the committee meetings, please refer to our website at royallondon.com/pensioninvestments.

The Governed Portfolios are rebalanced on a monthly basis. Further information on the Governed Portfolios and our Target Lifestyle Strategies can be obtained from our website at royallondon.com.

GOVERNED PORTFOLIOS – TARGET ANNUITY

The target annuity portfolios are the building blocks of our target annuity lifestyle strategies. In keeping with this the lifestyles target the RLP Annuity fund which is designed to deliver above inflation growth for customers approaching retirement who intend to take up to 25% tax free cash and purchase an annuity.

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Long

Governed Portfolio 7

- 80.80% Equities
- 12.80% Property
- 6.40% Commodities

Medium

Governed Portfolio 8 (Annuity)

- 73.63% Equities
- 15.00% Property
- 6.25% Commodities
- 0.15% Global High Yield
- 0.60% Short Duration Global HY
- 0.51% Gilts (15yr)
- 0.17% Gilts (10yr)
- 0.86% Index Linked Bonds (15yr)
- 0.29% Index Linked Bonds (10yr)
- 1.25% Corporate Bonds (15yr)
- 0.42% Corporate Bonds (10yr)
- 0.87% Deposit

Short

Governed Portfolio 9 (Annuity)

- 47.75% Equities
- 10.00% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 2.58% Gilts (15yr)
- 2.58% Gilts (10yr)
- 4.59% Index Linked Bonds (15yr)
- 4.58% Index Linked Bonds (10yr)
- 5.09% Corporate Bonds (15yr)
- 5.08% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 4

- 71.73% Equities
- 17.50% Property
- 6.25% Commodities
- 0.15% Global High Yield
- 0.60% Short Duration Global HY
- 1.08% Gilts (15yr)
- 1.15% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 0.87% Deposit

Governed Portfolio 5 (Annuity)

- 58.63% Equities
- 15.00% Property
- 6.75% Commodities
- 2.05% Global High Yield
- 1.45% Short Duration Global HY
- 1.03% Gilts (15yr)
- 0.35% Gilts (10yr)
- 3.75% Index Linked Bonds (15yr)
- 1.25% Index Linked Bonds (10yr)
- 4.50% Corporate Bonds (15yr)
- 1.50% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.87% Cash Plus
- 0.87% Deposit

Governed Portfolio 6 (Annuity)

- 35.25% Equities
- 12.50% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 3.83% Gilts (15yr)
- 3.83% Gilts (10yr)
- 5.84% Index Linked Bonds (15yr)
- 5.83% Index Linked Bonds (10yr)
- 6.34% Corporate Bonds (15yr)
- 6.33% Corporate Bonds (10yr)
- 4.50% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 1

- 56.13% Equities
- 17.50% Property
- 6.75% Commodities
- 2.05% Global High Yield
- 1.45% Short Duration Global HY
- 2.28% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 1.72% Cash Plus
- 0.87% Deposit

Governed Portfolio 2 (Annuity)

- 45.25% Equities
- 12.50% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 3.87% Gilts (15yr)
- 1.29% Gilts (10yr)
- 6.88% Index Linked Bonds (15yr)
- 2.29% Index Linked Bonds (10yr)
- 7.63% Corporate Bonds (15yr)
- 2.54% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 3 (Annuity)

- 17.75% Equities
- 5.00% Property
- 6.75% Commodities
- 9.15% Global High Yield
- 2.05% Short Duration Global HY
- 6.33% Gilts (15yr)
- 6.33% Gilts (10yr)
- 8.34% Index Linked Bonds (15yr)
- 8.33% Index Linked Bonds (10yr)
- 8.84% Corporate Bonds (15yr)
- 8.83% Corporate Bonds (10yr)
- 6.00% Absolute Return Gov Bond
- 5.55% Cash Plus
- 0.75% Deposit

Latest tactical allocations as at 7th June 2018.

The mix of assets held within each portfolio is reviewed regularly by our Investment Advisory Committee as part of our governance process. For minutes of the committee meetings, please refer to our website at royallondon.com/pensioninvestments.

The Governed Portfolios are rebalanced on a monthly basis. Further information on the Governed Portfolios and our Target Lifestyle Strategies can be obtained from our website at royallondon.com.

GOVERNED PORTFOLIOS – TARGET DRAWDOWN

The target drawdown portfolios are the building blocks of our target drawdown lifestyle strategies. In keeping with this the lifestyles target our Governed Retirement Income Portfolios which aim to deliver growth above inflation to support regular income withdrawals in retirement. Further details on the Governed Retirement Income Portfolios can be found on the following page.

Investment returns may fluctuate and are not guaranteed. The value of your clients investment can go down as well as up and they may not get back the value of their original investment.

Long

Governed Portfolio 7

- 80.80% Equities
- 12.80% Property
- 6.40% Commodities

Medium

Governed Portfolio 8 (Drawdown)

- 73.63% Equities
- 15.00% Property
- 6.25% Commodities
- 0.15% Global High Yield
- 0.60% Short Duration Global HY
- 0.51% Gilts (15yr)
- 0.17% Gilts (10yr)
- 0.86% Index Linked Bonds (15yr)
- 0.29% Index Linked Bonds (10yr)
- 1.25% Corporate Bonds (15yr)
- 0.42% Corporate Bonds (10yr)
- 0.87% Deposit

Short

Governed Portfolio 9 (Drawdown)

- 47.75% Equities
- 10.00% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 2.58% Gilts (15yr)
- 2.58% Gilts (10yr)
- 4.59% Index Linked Bonds (15yr)
- 4.58% Index Linked Bonds (10yr)
- 5.09% Corporate Bonds (15yr)
- 5.08% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 4

- 71.73% Equities
- 17.50% Property
- 6.25% Commodities
- 0.15% Global High Yield
- 0.60% Short Duration Global HY
- 1.08% Gilts (15yr)
- 1.15% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 0.87% Deposit

Governed Portfolio 5 (Drawdown)

- 58.63% Equities
- 15.00% Property
- 6.75% Commodities
- 2.05% Global High Yield
- 1.45% Short Duration Global HY
- 1.03% Gilts (15yr)
- 0.35% Gilts (10yr)
- 3.75% Index Linked Bonds (15yr)
- 1.25% Index Linked Bonds (10yr)
- 4.50% Corporate Bonds (15yr)
- 1.50% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.87% Cash Plus
- 0.87% Deposit

Governed Portfolio 6 (Drawdown)

- 35.25% Equities
- 12.50% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 3.83% Gilts (15yr)
- 3.83% Gilts (10yr)
- 5.84% Index Linked Bonds (15yr)
- 5.83% Index Linked Bonds (10yr)
- 6.34% Corporate Bonds (15yr)
- 6.33% Corporate Bonds (10yr)
- 4.50% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 1

- 56.13% Equities
- 17.50% Property
- 6.75% Commodities
- 2.05% Global High Yield
- 1.45% Short Duration Global HY
- 2.28% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 1.72% Cash Plus
- 0.87% Deposit

Governed Portfolio 2 (Drawdown)

- 45.25% Equities
- 12.50% Property
- 6.75% Commodities
- 2.15% Global High Yield
- 1.55% Short Duration Global HY
- 3.87% Gilts (15yr)
- 1.29% Gilts (10yr)
- 6.88% Index Linked Bonds (15yr)
- 2.29% Index Linked Bonds (10yr)
- 7.63% Corporate Bonds (15yr)
- 2.54% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.75% Deposit

Governed Portfolio 3 (Drawdown)

- 17.75% Equities
- 5.00% Property
- 6.75% Commodities
- 9.15% Global High Yield
- 2.05% Short Duration Global HY
- 6.33% Gilts (15yr)
- 6.33% Gilts (10yr)
- 8.34% Index Linked Bonds (15yr)
- 8.33% Index Linked Bonds (10yr)
- 8.84% Corporate Bonds (15yr)
- 8.83% Corporate Bonds (10yr)
- 6.00% Absolute Return Gov Bond
- 5.55% Cash Plus
- 0.75% Deposit

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GOVERNED RETIREMENT INCOME PORTFOLIOS

Our Governed Retirement Income Portfolios aim to deliver growth above inflation to support regular income withdrawals. There are five portfolios to choose from, each increasing in risk from 1 to 5, so you can select the one that best suits your clients risk attitude.

Investment returns may fluctuate and are not guaranteed. The value of your clients investment can go down as well as up and they may not get back the value of their original investment.

GRIP 1

- 12.75% Equities
- 5.00% Property
- 6.75% Commodities
- 2.55% Global High Yield
- 1.15% Short Duration Global HY
- 2.50% Sterling Extra Yield Bond
- 16.00% Gilts (10yr)
- 20.00% Index Linked Bonds (10yr)
- 21.00% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 8.55% Cash Plus
- 0.75% Deposit

GRIP 3

- 32.75% Equities
- 7.50% Property
- 6.75% Commodities
- 6.30% Global High Yield
- 1.15% Short Duration Global HY
- 6.25% Sterling Extra Yield Bond
- 6.00% Gilts (10yr)
- 10.00% Index Linked Bonds (10yr)
- 11.00% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 8.55% Cash Plus
- 0.75% Deposit

GRIP 5

- 53.63% Equities
- 10.00% Property
- 6.75% Commodities
- 8.80% Global High Yield
- 1.15% Short Duration Global HY
- 8.75% Sterling Extra Yield Bond
- 0.50% Gilts (10yr)
- 0.50% Index Linked Bonds (10yr)
- 3.50% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.87% Deposit

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GRIP 2

- 22.75% Equities
- 7.50% Property
- 6.75% Commodities
- 3.80% Global High Yield
- 1.15% Short Duration Global HY
- 3.75% Sterling Extra Yield Bond
- 11.00% Gilts (10yr)
- 15.00% Index Linked Bonds (10yr)
- 16.00% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 8.55% Cash Plus
- 0.75% Deposit

GRIP 4

- 43.63% Equities
- 10.00% Property
- 6.75% Commodities
- 7.55% Global High Yield
- 1.15% Short Duration Global HY
- 7.50% Sterling Extra Yield Bond
- 0.50% Gilts (10yr)
- 4.88% Index Linked Bonds (10yr)
- 6.00% Corporate Bonds (10yr)
- 2.50% Absolute Return Gov Bond
- 8.67% Cash Plus
- 0.87% Deposit

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