

Investment Advisory Committee (IAC)
Quarterly Meeting

14 April 2025

Name	Organisation	Role	Present
Candia Kingston (CK)	Independent	Chair	Y
JB Beckett (JB)	Independent	Non-Exec member	Y
Ewan Smith (ES)	RLMIS	CEO Office Director	N
Vidur Bahree (VB)	RLMIS	Group Investment Director	Y
Piers Hillier (PH)	RLAM	RLAM Chief Investment Officer	Y

Others in attendance

Name	Organisation	Role
Catherine Hughes (CH)	RLMIS	Assistant Company Secretary
Iain McLeod (IM)	RLMIS	Director of Investment Propositions
Helen Carter (HC)	RLMIS	Head of Investment Solutions Delivery
Euan Craig (EC)	RLMIS	Senior Proposition Manager, Investment Solutions
Raymala Navaratnam (RN)	RLMIS	Senior Investment Actuary
Hiroki Hashimoto (HH)	RLAM	Senior Fund Manager
Rory Sturrock (RS)	RLMIS	Senior Investment Actuary

This note presents a summary of the discussion that was had at the Investment Advisory Committee in April 2025. This meeting was called mid-cycle to primarily discuss the recent SAA review for the Governed Range.

The Committee discussed:

- Asset Backed Securities
- Governed Range SAA review
- Matrix Fund replacement

Asset Backed Securities

The Committee received an overview of the expanding offerings in ABS solutions. Two strategies were available, with a focus on AAA-rated securities. ABS solutions were available to institutional investors only, or as part as managed portfolios within the Governed Range. Royal London had invested £100 million as a long-term investment in the funds, which was a long-term decision. The Committee questioned the perception of the ABS market against the backdrop of the Global Financial Crisis, plans for propositional positioning, and expectations of peer alignment. Royal London had adopted a conservative approach with a wide spectrum of asset class exposure and the decision to participate in the ABS market was a conventional direction of travel for institutional buyers which alleviated some of the Committee's potential concerns. The Committee discussed the advantages and disadvantages of including ABS within investment-grade credit compared to a standalone allocation. Overall, the Committee supported the diversification benefits that ABS provided in response to advisor demands for broadening opportunities for fixed income allocations in the post-2022 market. Modern ABS solutions were less leveraged with greater diversification than in 2008 which warranted different investor communication. The Committee agreed with the sentiment that the marketing coverage should be proportionate to the exposure.

Governed Range SAA review

The review had been undertaken during a period of heightened market volatility, and whilst the outlook would continue to be monitored, there had not been a significant long-term shift which warranted substantial change. The Committee agreed that the strategy to invest in longer duration assets offered more protection from recessionary pressures and that ABS solutions added to diversification objectives. All overseas ABS exposures were hedged back to GBP. The initial ABS allocation was a modest c. 1% across the Governed Portfolios. Larger allocations may be considered at future reviews. Liquidity ranges had been stress tested and had been broadly maintained on aggregate. The Committee deliberated the relative merits of amending the regional equity weightings but ultimately decided to support maintaining the current regional splits. After consideration, the Committee extended their support to the key SAA proposals. The Committee questioned, and was satisfied with the response, that the modeling had been considered from a Consumer Duty perspective.

Matrix Fund replacement

The Committee considered the matrix fund replacement proposal and noted that the fund managers' exclusions policies had been considered comparative to Royal London's approach. The principles adopted by Artemis SmartGARP Emerging Market Equity Fund compared well with the firms' own principles and there were no issues with the due diligence questionnaires. The Committee supported the fund switch and commented that the rationale and governance route for the decision was clear.