

OUR GOVERNED PORTFOLIOS

Saving for your retirement





When you start to think about saving for your retirement, it's important to find a suitable investment solution that suits how you feel about taking risk and how long you have to save.

Our Governed Portfolios have been built for saving for retirement. Each portfolio has been designed to match a particular feeling about risk and term to retirement.

Whether you are 'adventurous' about risk and only a short time from retirement, or you're 'cautious' and a long time from retirement.

Before choosing the correct investment solution for you, it's important to discuss your individual circumstances and investment goals with a financial adviser.



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INTRODUCING GOVERNED PORTFOLIOS

When you're saving for retirement it's important to understand how you feel about risk and to consider how long you have to save until retirement. A Financial Adviser can help you to decide your investment goals, allowing you to pick the right investment option for you.

To give you an idea of your attitude to risk you can answer twelve simple questions using our **risk questionnaire***. A Financial Adviser can help you decide if a Governed Portfolio is the right option for you.

Governed Portfolios are designed to help you save for retirement and there are nine ready-made portfolios for you to

choose from. They're made up of a diversified mix of assets which has helped them stand **resilient** over a decade of uncertain times including the fallout from the Global financial crash, China/US tension and Brexit.

Governed Portfolios form part of our Governed Range, so they benefit from **regular reviews, hands-on supervision** and **ongoing fine-tuning**. This governance is intended to ensure the Governed Portfolios meet their objectives.

And this governance comes at **no extra cost**.

*<https://www.royallondon.com/pensions/investment-options/risk-profiler/>

A CLOSER LOOK AT GOVERNED PORTFOLIOS

Our portfolios have been designed in this way to spread the level of risk – if one asset class suffers you won't be so badly hit because your eggs aren't all in one basket.

We want to try and get the best returns we can for you, in line with how you feel about risk. Doing that means investing in a range of different things called 'asset classes'. How much you invest in each asset class depends on how much (or how little) risk you're comfortable with.

The diagram opposite shows how each Governed Portfolio invests in the different asset classes ranging from lower risk to higher risk.

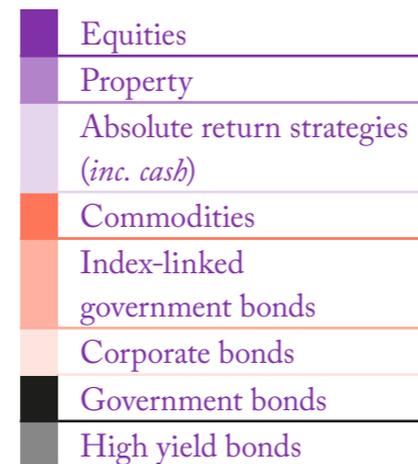
The higher the risk you're willing to take with your investments, the higher your potential return, but the greater your chance of loss.

Lower risk investments on the other hand offer greater security but lower potential returns.

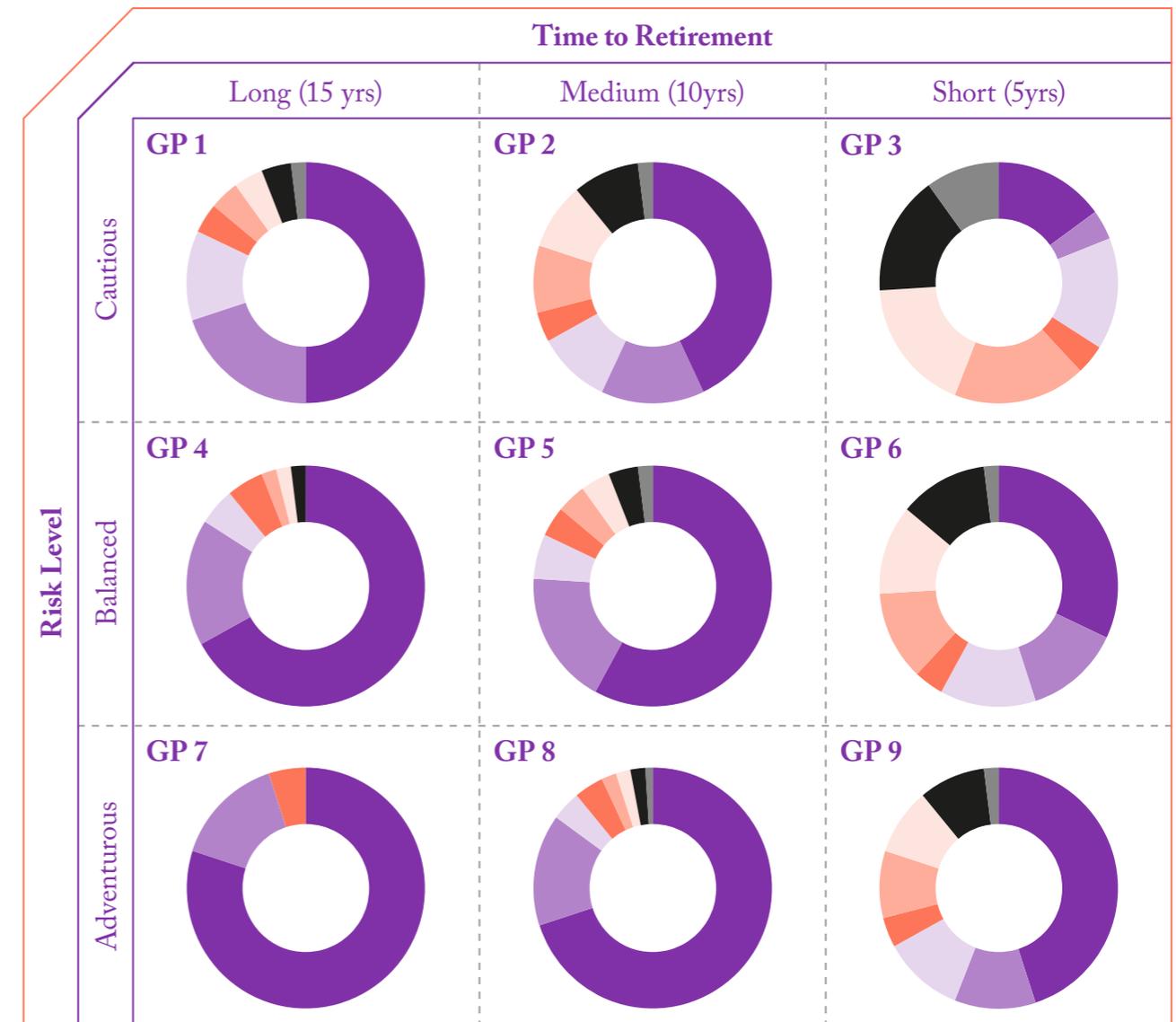
It's important to remember that the value of investments can fall as well as rise and you could get back less than you pay in.

Asset Classes

These are the different asset classes shown in the diagram opposite and explained on the following page.



There are nine portfolios to choose from, each one made up of a diversified mix of asset classes.



ASSET CLASSES EXPLAINED

The Governed Portfolios are made up of a diversified mix of asset classes, an explanation of each is given below.



EQUITIES

Companies sell shares to raise money, and pay you a share of their profits as 'dividend'. Investors buy and sell shares on stock markets. The price goes up or down based on how well the company is doing, or what its prospects are.

It's also worth bearing in mind some overseas stock markets are more volatile than UK shares, and currency exchange rates can affect them.



PROPERTY

Within the Governed Portfolios, we invest in high quality commercial and industrial property such as industrial estates, office buildings and high street retail units. The returns received are linked to the valuation of these properties and the rental income received. The managers make significant effort to redevelop existing properties to improve their appeal and to generate increased rental income.



COMMODITIES

Commodities are a basic good, such as grain, gold or oil which is exchanged in the market place with other commodities of the same type. Recently the definition has expanded to include financial products such as foreign exchange and indexes.

ABSOLUTE RETURN STRATEGIES

(including cash)

They invest in a wide array of assets and aim to produce a positive return, even when share markets are volatile, flat or falling.



CORPORATE BONDS

Effectively, you lend money to a company for a set time at a set interest rate. The returns are predictable, with more chance of them growing than deposits. The main risk is that the company goes bankrupt without paying back the loan. Even so, bonds tend to be less volatile than shares.

HIGH YIELD BONDS

High yield bonds are bonds which can experience bigger movements than standard corporate bonds. High yield bonds pay a higher level of interest than some other bonds which can result in higher returns, but it is also more likely that the issuer of the bond will fail to re-pay the loan which would affect the value of investments.

GOVERNMENT BONDS *(Gilts)*

These are like corporate bonds, but you're lending to the government. People see gilts as low-risk, because the government is unlikely to go bankrupt. Like corporate bonds, gilts are less volatile than shares and the chances of returns growing are better than with deposits.

INDEX LINKED GOVERNMENT BONDS

Index linked gilts are suitable for an investor that would like a fixed return that is inflation-proof. This protection is achieved by adjusting the fixed return in line with the movement of the Retail Price Index. In comparison the traditional gilt pays back the amount invested in full plus interest which is dependent on interest rates.

NINE GOVERNED PORTFOLIOS



**<https://www.royallondon.com/pensions/investment-options/governed-range/governed-portfolios/>*

Further Information

If you think a Governed Portfolio could be the right investment option for you then please speak to a financial adviser.



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