



Investments factsheet

# Investment pathway 3

Risk Grading: Balanced

## What are investment pathways?

Investment pathways are investment solutions, designed for customers entering drawdown. There are four pathways available, if you want to find out more about the other pathways, visit our website [royallondon.com/investmentpathways](https://royallondon.com/investmentpathways).

## What is investment pathway 3?

Pathway 3 is designed to deliver growth above inflation to support sustainable income withdrawal.

## What governance process is in place?

The pathway 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 objectives of the pathway.

If our experts decide that the mix of assets needs to be adjusted, this happens automatically on your behalf, so you don't need to do anything. And, this service comes at no extra cost.

For full details of our governance process please visit our website at [royallondon.com/pensioninvestments](https://royallondon.com/pensioninvestments).

## Who is this pathway designed for?

It's designed for someone who plans to start taking money as a long-term income within the next five years and has a balanced attitude to risk.

If you're not sure about the suitability of an investment, you should seek professional financial advice.

Advisers may charge for providing such advice and should confirm any costs beforehand.

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

## Where is the pathway invested?

The fund mix of the pathway as at 7 January 2021 is shown below:

Investment pathway 3	
RLP Sterling Extra Yield Bond	6.25%
RLP Cash Plus	4.75%
RLP Property	6.50%
RLP Deposit	0.30%
RLP Medium (10yr) Gilt	8.40%
RLP Medium (10yr) Corporate Bond	10.70%
RLP Medium (10yr) Index Linked	9.90%
RLP Global High Yield Bond	7.30%
RLP Short Duration Global High Yield	1.65%
RLP Commodity	7.00%
RLP Absolute Return Government Bond	2.75%
RLP Global Managed	34.50%

The Global Managed fund invests in UK and Overseas equities. The current benchmark split is 50% UK Equities and 50% Overseas Equities.

If you want to know more about any of the funds within this pathway, including details of fund charges and performance, visit our website [royallondon.com/pensioninvestments](http://royallondon.com/pensioninvestments) and take a look at the relevant factsheet.

## What is the pathway 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 pathway designed for?**" or where a component index is discontinued or replaced.

The benchmark for this pathway is a composite of indices:

FTSE All Share Index	15.00%
FTSE All World ex UK Index	15.00%
ABI UK - UK Direct Property	7.50%
Various FTSE Actuaries UK Index-Linked Gilt Indices - blended together to reflect a 10 year investment horizon	10.00%
Various iBoxx Sterling Non Gilts Indices - blended together to reflect a 10 year investment horizon	10.00%
Markit iBoxx Sterling Non Gilts BBB Index	6.25%
BofA Merrill Lynch European Currency HY Hedged Index	6.25%
Bloomberg Commodity Index	5.00%
Various FTSE Actuaries UK Conventional Gilt Indices - blended together to reflect a 10 year investment horizon	10.00%
LIBID GBP 7 Day Index	15.00%

## Changes to the pathway

The following table documents the last three changes that Royal London have made to this pathway.

Date of Change	Overview of change
07/01/2021	<p><b>Investment pathway 3</b></p> <p>Global equities rose again in December despite Covid-19 case numbers increasing and renewed restrictions in many countries, boosted by the approval of the first vaccine and the start of vaccination programmes as well as the \$900bn US fiscal package and last-minute Brexit deal. With increased confidence in a 'return to normal' later in the year, we have increased our overweight positions in global equities, global high yield bonds and commodities, funded by moving more underweight in cash. Otherwise, we remain moderately underweight in gilts, neutral in investment grade corporate bonds and underweight in commercial property.</p>
03/12/2020	<p><b>Investment pathway 3</b></p> <p>Global equities rose strongly in November following the US elections and positive Covid-19 vaccine trial data. Investors were reassured by the absence of US political unrest. Likewise, the possibility of a successful vaccine rollout and 'return to normal' next year boosted sentiment. While concerned about no agreement being reached on a UK-EU trade deal yet, shorter-term Covid-19 spikes in the US and rising geopolitical risks in the Middle East, we have increased our overweight in global equities, mainly funded by reducing gilts. We remain overweight in global high yield bonds and commodities, and underweight in commercial property.</p>
12/11/2020	<p><b>Investment pathway 3</b></p> <p>Global equities were weaker in October, reflecting the impact of renewed national lockdowns in the UK and Europe, rising Covid-19 cases in the US and increased political risks. However, Joe Biden's election as President of the US, but without a Senate majority, and positive trial data for a potential Covid-19 vaccine have since boosted investor sentiment. We have increased the modest overweight in equities and the overweight in global high yield bonds, funded by reducing the holdings of gilts, investment grade credit and cash. We remain overweight in commodities and underweight in commercial property and cash.</p>



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