



ROYAL LONDON GOVERNED RANGE TACTICAL ASSET ALLOCATIONS – 10TH JANUARY 2019

Equities markets have priced in a US recession, which we believe is premature given strong labour market data and low real interest rates, although recent housing weakness is a concern. At the same time, our investor sentiment indicator remains oversold. In our view, the current recovery in stock prices has further to run; we again bought equities, increasing our above benchmark allocation, funded out of commodities. We may look to sell into rallies, as stronger economic activity in 2019 would probably spur a resumption of US rate hikes, ending the current business cycle.

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

- 82.00% Equities
- 14.00% Property
- 4.00% Commodities

Medium

Governed Portfolio 8

- 75.88% Equities
- 15.00% Property
- 3.75% Commodities
- 0.08% Global High Yield
- 0.60% Short Duration Global HY
- 0.50% Gilts (10yr)
- 1.01% Index Linked Bonds (10yr)
- 1.67% Corporate Bonds (10yr)
- 1.51% Cash Plus

Short

Governed Portfolio 9

- 49.75% Equities
- 10.00% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 7.81% Gilts (5yr)
- 9.17% Index Linked Bonds (5yr)
- 10.02% Corporate Bonds (5yr)
- 3.00% Absolute Return Gov Bond
- 2.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 4

- 73.38% Equities
- 17.50% Property
- 3.75% Commodities
- 0.08% Global High Yield
- 0.60% Short Duration Global HY
- 1.40% Gilts (15yr)
- 1.02% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 1.00% Cash Plus

Governed Portfolio 5

- 60.88% Equities
- 15.00% Property
- 3.75% Commodities
- 2.02% Global High Yield
- 1.60% Short Duration Global HY
- 3.90% Gilts (10yr)
- 5.00% Index Linked Bonds (10yr)
- 5.85% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.00% Cash Plus

Governed Portfolio 6

- 37.25% Equities
- 12.50% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 10.31% Gilts (5yr)
- 11.67% Index Linked Bonds (5yr)
- 12.52% Corporate Bonds (5yr)
- 4.50% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 1

- 58.38% Equities
- 17.50% Property
- 3.75% Commodities
- 2.02% Global High Yield
- 1.60% Short Duration Global HY
- 4.45% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 1.05% Cash Plus

Governed Portfolio 2

- 47.25% Equities
- 12.50% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 7.81% Gilts (10yr)
- 9.17% Index Linked Bonds (10yr)
- 10.02% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 2.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 3

- 19.75% Equities
- 5.00% Property
- 3.75% Commodities
- 9.15% Global High Yield
- 2.20% Short Duration Global HY
- 15.31% Gilts (5yr)
- 16.67% Index Linked Bonds (5yr)
- 17.52% Corporate Bonds (5yr)
- 6.00% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.10% Deposit

Latest tactical allocations as at 10th January 2019.

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.

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

- 82.00% Equities
- 14.00% Property
- 4.00% Commodities

Medium

Governed Portfolio 8 (Annuity)

- 75.88% Equities
- 15.00% Property
- 3.75% Commodities
- 0.08% Global High Yield
- 0.60% Short Duration Global HY
- 0.38% Gilts (15yr)
- 0.12% Gilts (10yr)
- 0.76% Index Linked Bonds (15yr)
- 0.25% Index Linked Bonds (10yr)
- 1.25% Corporate Bonds (15yr)
- 0.42% Corporate Bonds (10yr)
- 1.51% Cash Plus

Short

Governed Portfolio 9 (Annuity)

- 49.75% Equities
- 10.00% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 3.90% Gilts (15yr)
- 3.90% Gilts (10yr)
- 4.59% Index Linked Bonds (15yr)
- 4.58% Index Linked Bonds (10yr)
- 5.02% Corporate Bonds (15yr)
- 5.01% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 2.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 4

- 73.38% Equities
- 17.50% Property
- 3.75% Commodities
- 0.08% Global High Yield
- 0.60% Short Duration Global HY
- 1.40% Gilts (15yr)
- 1.02% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 1.00% Cash Plus

Governed Portfolio 5 (Annuity)

- 60.88% Equities
- 15.00% Property
- 3.75% Commodities
- 2.03% Global High Yield
- 1.60% Short Duration Global HY
- 2.92% Gilts (15yr)
- 0.97% Gilts (10yr)
- 3.75% Index Linked Bonds (15yr)
- 1.25% Index Linked Bonds (10yr)
- 4.39% Corporate Bonds (15yr)
- 1.46% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.00% Cash Plus

Governed Portfolio 6 (Annuity)

- 37.25% Equities
- 12.50% Property
- 3.75% Commodities
- 2.06% Global High Yield
- 1.80% Short Duration Global HY
- 5.15% Gilts (15yr)
- 5.15% Gilts (10yr)
- 5.84% Index Linked Bonds (15yr)
- 5.83% Index Linked Bonds (10yr)
- 6.26% Corporate Bonds (15yr)
- 6.26% Corporate Bonds (10yr)
- 4.50% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 1

- 58.38% Equities
- 17.50% Property
- 3.75% Commodities
- 2.02% Global High Yield
- 1.60% Short Duration Global HY
- 4.45% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 1.05% Cash Plus

Governed Portfolio 2 (Annuity)

- 47.25% Equities
- 12.50% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 5.86% Gilts (15yr)
- 1.95% Gilts (10yr)
- 6.88% Index Linked Bonds (15yr)
- 2.29% Index Linked Bonds (10yr)
- 7.52% Corporate Bonds (15yr)
- 2.50% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 2.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 3 (Annuity)

- 19.75% Equities
- 5.00% Property
- 3.75% Commodities
- 9.15% Global High Yield
- 2.20% Short Duration Global HY
- 7.65% Gilts (15yr)
- 7.65% Gilts (10yr)
- 8.34% Index Linked Bonds (15yr)
- 8.33% Index Linked Bonds (10yr)
- 8.77% Corporate Bonds (15yr)
- 8.76% Corporate Bonds (10yr)
- 6.00% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.10% Deposit

Latest tactical allocations as at 10th January 2019.

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

- 82.00% Equities
- 14.00% Property
- 4.00% Commodities

Medium

Governed Portfolio 8 (Drawdown)

- 75.88% Equities
- 15.00% Property
- 3.75% Commodities
- 0.08% Global High Yield
- 0.60% Short Duration Global HY
- 0.38% Gilts (15yr)
- 0.12% Gilts (10yr)
- 0.76% Index Linked Bonds (15yr)
- 0.25% Index Linked Bonds (10yr)
- 1.25% Corporate Bonds (15yr)
- 0.42% Corporate Bonds (10yr)
- 1.51% Cash Plus

Short

Governed Portfolio 9 (Drawdown)

- 49.75% Equities
- 10.00% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 3.90% Gilts (15yr)
- 3.90% Gilts (10yr)
- 4.59% Index Linked Bonds (15yr)
- 4.58% Index Linked Bonds (10yr)
- 5.02% Corporate Bonds (15yr)
- 5.01% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 2.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 4

- 73.38% Equities
- 17.50% Property
- 3.75% Commodities
- 0.08% Global High Yield
- 0.60% Short Duration Global HY
- 1.40% Gilts (15yr)
- 1.02% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 1.00% Cash Plus

Governed Portfolio 5 (Drawdown)

- 60.88% Equities
- 15.00% Property
- 3.75% Commodities
- 2.03% Global High Yield
- 1.60% Short Duration Global HY
- 2.92% Gilts (15yr)
- 0.97% Gilts (10yr)
- 3.75% Index Linked Bonds (15yr)
- 1.25% Index Linked Bonds (10yr)
- 4.39% Corporate Bonds (15yr)
- 1.46% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.00% Cash Plus

Governed Portfolio 6 (Drawdown)

- 37.25% Equities
- 12.50% Property
- 3.75% Commodities
- 2.06% Global High Yield
- 1.80% Short Duration Global HY
- 5.15% Gilts (15yr)
- 5.15% Gilts (10yr)
- 5.84% Index Linked Bonds (15yr)
- 5.83% Index Linked Bonds (10yr)
- 6.26% Corporate Bonds (15yr)
- 6.26% Corporate Bonds (10yr)
- 4.50% Absolute Return Gov Bond
- 3.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 1

- 58.38% Equities
- 17.50% Property
- 3.75% Commodities
- 2.02% Global High Yield
- 1.60% Short Duration Global HY
- 4.45% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 1.05% Cash Plus

Governed Portfolio 2 (Drawdown)

- 47.25% Equities
- 12.50% Property
- 3.75% Commodities
- 2.05% Global High Yield
- 1.80% Short Duration Global HY
- 5.86% Gilts (15yr)
- 1.95% Gilts (10yr)
- 6.88% Index Linked Bonds (15yr)
- 2.29% Index Linked Bonds (10yr)
- 7.52% Corporate Bonds (15yr)
- 2.50% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 2.55% Cash Plus
- 0.10% Deposit

Governed Portfolio 3 (Drawdown)

- 19.75% Equities
- 5.00% Property
- 3.75% Commodities
- 9.15% Global High Yield
- 2.20% Short Duration Global HY
- 7.65% Gilts (15yr)
- 7.65% Gilts (10yr)
- 8.34% Index Linked Bonds (15yr)
- 8.33% Index Linked Bonds (10yr)
- 8.77% Corporate Bonds (15yr)
- 8.76% Corporate Bonds (10yr)
- 6.00% Absolute Return Gov Bond
- 4.55% Cash Plus
- 0.10% 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.

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GRIP 1

- 14.75% Equities
- 5.00% Property
- 3.75% Commodities
- 2.35% Global High Yield
- 1.50% Short Duration Global HY
- 2.50% Sterling Extra Yield Bond
- 18.65% Gilts (10yr)
- 20.00% Index Linked Bonds (10yr)
- 20.85% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 7.65% Cash Plus

GRIP 3

- 34.75% Equities
- 7.50% Property
- 3.75% Commodities
- 6.10% Global High Yield
- 1.50% Short Duration Global HY
- 6.25% Sterling Extra Yield Bond
- 8.65% Gilts (10yr)
- 10.00% Index Linked Bonds (10yr)
- 10.85% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 7.65% Cash Plus

GRIP 5

- 55.88% Equities
- 10.00% Property
- 3.75% Commodities
- 8.60% Global High Yield
- 1.50% Short Duration Global HY
- 8.75% Sterling Extra Yield Bond
- 0.90% Gilts (10yr)
- 2.50% Index Linked Bonds (10yr)
- 3.35% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 3.77% Cash Plus

GRIP 2

- 24.75% Equities
- 7.50% Property
- 3.75% Commodities
- 3.60% Global High Yield
- 1.50% Short Duration Global HY
- 3.75% Sterling Extra Yield Bond
- 13.65% Gilts (10yr)
- 15.00% Index Linked Bonds (10yr)
- 15.85% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 7.65% Cash Plus

GRIP 4

- 45.88% Equities
- 10.00% Property
- 3.75% Commodities
- 7.35% Global High Yield
- 1.50% Short Duration Global HY
- 7.50% Sterling Extra Yield Bond
- 3.40% Gilts (10yr)
- 5.00% Index Linked Bonds (10yr)
- 5.85% Corporate Bonds (10yr)
- 2.50% Absolute Return Gov Bond
- 7.27% Cash Plus

RISK →

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