



## ROYAL LONDON GOVERNED RANGE TACTICAL ASSET ALLOCATIONS – 18TH OCTOBER 2018

A selloff in global equity markets has pushed our investor sentiment indicator deep into panic territory; in response, we began contrarian purchases of stocks, as our models are constructive on world growth and risks related to inflation and interest rates do not seem strong. We also increased commodities exposure following recent underperformance, while remaining below benchmark. These purchases were funded from government bonds and cash. With US fiscal policy loose, interest rates low elsewhere in developed markets and China easing policy, we expect the global economic expansion to continue into 2019 and this to be supportive for equities.

### 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
- 14.60% Property
- 4.60% Commodities

### Medium

#### Governed Portfolio 8

- 72.50% Equities
- 15.00% Property
- 4.50% Commodities
- 0.15% Global High Yield
- 0.75% Short Duration Global HY
- 0.50% Gilts (10yr)
- 0.83% Index Linked Bonds (10yr)
- 1.67% Corporate Bonds (10yr)
- 1.51% Cash Plus
- 2.59% Deposit

### Short

#### Governed Portfolio 9

- 47.00% Equities
- 10.00% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 6.66% Gilts (5yr)
- 9.17% Index Linked Bonds (5yr)
- 10.17% Corporate Bonds (5yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 1.65% Deposit

#### Governed Portfolio 4

- 70.00% Equities
- 17.50% Property
- 4.50% Commodities
- 0.15% Global High Yield
- 0.75% Short Duration Global HY
- 1.40% Gilts (15yr)
- 0.83% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 1.09% Cash Plus
- 2.51% Deposit

#### Governed Portfolio 5

- 57.50% Equities
- 15.00% Property
- 4.50% Commodities
- 2.05% Global High Yield
- 1.95% Short Duration Global HY
- 3.00% Gilts (10yr)
- 5.00% Index Linked Bonds (10yr)
- 6.00% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 1.87% Cash Plus
- 2.13% Deposit

#### Governed Portfolio 6

- 34.50% Equities
- 12.50% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 9.16% Gilts (5yr)
- 11.67% Index Linked Bonds (5yr)
- 12.67% Corporate Bonds (5yr)
- 4.50% Absolute Return Gov Bond
- 4.55% Cash Plus
- 1.65% Deposit

#### Governed Portfolio 1

- 55.00% Equities
- 17.50% Property
- 4.50% Commodities
- 2.05% Global High Yield
- 1.95% Short Duration Global HY
- 3.50% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 2.92% Cash Plus
- 1.33% Deposit

#### Governed Portfolio 2

- 44.50% Equities
- 12.50% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 6.66% Gilts (10yr)
- 9.17% Index Linked Bonds (10yr)
- 10.17% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 3.55% Cash Plus
- 1.65% Deposit

#### Governed Portfolio 3

- 17.00% Equities
- 5.00% Property
- 4.50% Commodities
- 9.15% Global High Yield
- 2.65% Short Duration Global HY
- 14.16% Gilts (5yr)
- 16.67% Index Linked Bonds (5yr)
- 17.67% Corporate Bonds (5yr)
- 6.00% Absolute Return Gov Bond
- 5.55% Cash Plus
- 1.65% Deposit

Latest tactical allocations as at 18th October 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](http://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](http://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

- 80.80% Equities
- 14.60% Property
- 4.60% Commodities

### Medium

#### Governed Portfolio 8 (Annuity)

- 72.50% Equities
- 15.00% Property
- 4.50% Commodities
- 0.15% Global High Yield
- 0.75% Short Duration Global HY
- 0.38% Gilts (15yr)
- 0.12% Gilts (10yr)
- 0.62% Index Linked Bonds (15yr)
- 0.21% Index Linked Bonds (10yr)
- 1.25% Corporate Bonds (15yr)
- 0.42% Corporate Bonds (10yr)
- 1.51% Cash Plus
- 2.59% Deposit

### Short

#### Governed Portfolio 9 (Annuity)

- 47.00% Equities
- 10.00% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 3.33% Gilts (15yr)
- 3.33% 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
- 1.65% Deposit

#### Governed Portfolio 4

- 70.00% Equities
- 17.50% Property
- 4.50% Commodities
- 0.15% Global High Yield
- 0.75% Short Duration Global HY
- 1.40% Gilts (15yr)
- 0.83% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 1.09% Cash Plus
- 2.51% Deposit

#### Governed Portfolio 5 (Annuity)

- 57.50% Equities
- 15.00% Property
- 4.50% Commodities
- 2.05% Global High Yield
- 1.95% Short Duration Global HY
- 2.25% Gilts (15yr)
- 0.75% 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
- 2.13% Deposit

#### Governed Portfolio 6 (Annuity)

- 34.50% Equities
- 12.50% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 4.58% Gilts (15yr)
- 4.58% 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
- 1.65% Deposit

#### Governed Portfolio 1

- 55.00% Equities
- 17.50% Property
- 4.50% Commodities
- 2.05% Global High Yield
- 1.95% Short Duration Global HY
- 3.50% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 2.92% Cash Plus
- 1.33% Deposit

#### Governed Portfolio 2 (Annuity)

- 44.50% Equities
- 12.50% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 4.99% Gilts (15yr)
- 1.66% 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
- 1.66% Deposit

#### Governed Portfolio 3 (Annuity)

- 17.00% Equities
- 5.00% Property
- 4.50% Commodities
- 9.15% Global High Yield
- 2.65% Short Duration Global HY
- 7.08% Gilts (15yr)
- 7.08% 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
- 1.65% Deposit

Latest tactical allocations as at 18th October 2018.

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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](http://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
- 14.60% Property
- 4.60% Commodities

### Medium

#### Governed Portfolio 8 (Drawdown)

- 72.50% Equities
- 15.00% Property
- 4.50% Commodities
- 0.15% Global High Yield
- 0.75% Short Duration Global HY
- 0.38% Gilts (15yr)
- 0.12% Gilts (10yr)
- 0.62% Index Linked Bonds (15yr)
- 0.21% Index Linked Bonds (10yr)
- 1.25% Corporate Bonds (15yr)
- 0.42% Corporate Bonds (10yr)
- 1.51% Cash Plus
- 2.59% Deposit

### Short

#### Governed Portfolio 9 (Drawdown)

- 47.00% Equities
- 10.00% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 3.33% Gilts (15yr)
- 3.33% 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
- 1.65% Deposit

#### Governed Portfolio 4

- 70.00% Equities
- 17.50% Property
- 4.50% Commodities
- 0.15% Global High Yield
- 0.75% Short Duration Global HY
- 1.40% Gilts (15yr)
- 0.83% Index Linked Bonds (15yr)
- 1.27% Corporate Bonds (15yr)
- 1.09% Cash Plus
- 2.51% Deposit

#### Governed Portfolio 5 (Drawdown)

- 57.50% Equities
- 15.00% Property
- 4.50% Commodities
- 2.05% Global High Yield
- 1.95% Short Duration Global HY
- 2.25% Gilts (15yr)
- 0.75% 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
- 2.13% Deposit

#### Governed Portfolio 6 (Drawdown)

- 34.50% Equities
- 12.50% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 4.58% Gilts (15yr)
- 4.58% 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
- 1.65% Deposit

#### Governed Portfolio 1

- 55.00% Equities
- 17.50% Property
- 4.50% Commodities
- 2.05% Global High Yield
- 1.95% Short Duration Global HY
- 3.50% Gilts (15yr)
- 5.00% Index Linked Bonds (15yr)
- 5.25% Corporate Bonds (15yr)
- 1.00% Absolute Return Gov Bond
- 2.92% Cash Plus
- 1.33% Deposit

#### Governed Portfolio 2 (Drawdown)

- 44.50% Equities
- 12.50% Property
- 4.50% Commodities
- 2.15% Global High Yield
- 2.15% Short Duration Global HY
- 4.99% Gilts (15yr)
- 1.66% 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
- 1.66% Deposit

#### Governed Portfolio 3 (Drawdown)

- 17.00% Equities
- 5.00% Property
- 4.50% Commodities
- 9.15% Global High Yield
- 2.65% Short Duration Global HY
- 7.08% Gilts (15yr)
- 7.08% 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
- 1.65% 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

- 12.00% Equities
- 5.00% Property
- 4.50% Commodities
- 2.50% Global High Yield
- 1.80% Short Duration Global HY
- 2.50% Sterling Extra Yield Bond
- 17.50% Gilts (10yr)
- 20.00% Index Linked Bonds (10yr)
- 21.00% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 8.55% Cash Plus
- 1.65% Deposit

### GRIP 3

- 32.00% Equities
- 7.50% Property
- 4.50% Commodities
- 6.25% Global High Yield
- 1.80% Short Duration Global HY
- 6.25% Sterling Extra Yield Bond
- 7.50% Gilts (10yr)
- 10.00% Index Linked Bonds (10yr)
- 11.00% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 8.55% Cash Plus
- 1.65% Deposit

### GRIP 5

- 52.50% Equities
- 10.00% Property
- 4.50% Commodities
- 8.75% Global High Yield
- 1.80% Short Duration Global HY
- 8.75% Sterling Extra Yield Bond
- 0.50% Gilts (10yr)
- 1.50% Index Linked Bonds (10yr)
- 3.50% Corporate Bonds (10yr)
- 1.00% Absolute Return Gov Bond
- 4.92% Cash Plus
- 2.28% Deposit

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### GRIP 2

- 22.00% Equities
- 7.50% Property
- 4.50% Commodities
- 3.75% Global High Yield
- 1.80% Short Duration Global HY
- 3.75% Sterling Extra Yield Bond
- 12.50% Gilts (10yr)
- 15.00% Index Linked Bonds (10yr)
- 16.00% Corporate Bonds (10yr)
- 3.00% Absolute Return Gov Bond
- 8.55% Cash Plus
- 1.65% Deposit

### GRIP 4

- 42.50% Equities
- 10.00% Property
- 4.50% Commodities
- 7.50% Global High Yield
- 1.80% Short Duration Global HY
- 7.50% Sterling Extra Yield Bond
- 2.00% Gilts (10yr)
- 5.00% Index Linked Bonds (10yr)
- 6.00% Corporate Bonds (10yr)
- 2.50% Absolute Return Gov Bond
- 8.67% Cash Plus
- 2.03% Deposit

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