



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 10 June 2021 is shown below:

Investment pathway 3	
RLP Sterling Extra Yield Bond	6.25%
RLP Cash Plus	7.00%
RLP Property	6.60%
RLP Deposit	4.00%
RLP Medium (10yr) Gilt	5.90%
RLP Medium (10yr) Corporate Bond	10.10%
RLP Medium (10yr) Index Linked	9.00%
RLP Global High Yield Bond	7.00%
RLP Short Duration Global High Yield	1.65%
RLP Commodity	7.50%
RLP Absolute Return Government Bond	3.00%
RLP Global Managed	32.00%

The Global Managed fund invests in UK, Global and Emerging Market equities. The current benchmark split is 35% UK Equities, 55% Global Equities and 10% Emerging Market 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 World Index	16.50%
FTSE All Share Index	10.50%
MSCI Emerging Markets ESG Index	3.00%
ABI UK - UK Direct Property	7.50%
Bloomberg Commodity Index	5.00%
BofA Merrill Lynch Global HY Constrained GBP Hedged Index	6.25%
Markit iBoxx Sterling Non Gilts BBB Index	6.25%
Various FTSE Actuaries UK Index-Linked Gilt Indices - blended together to reflect a 10 year investment horizon	10.00%
Various FTSE Actuaries UK Conventional 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%
Sterling Overnight Index Average Index (SONIA)	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
10/06/2021	<b>Investment pathway 3</b> Global equities were volatile in May but posted positive returns. After weaker than expected US jobs data dampened tapering concerns, proving constructive for equities, stronger than expected US inflation data dented markets in the following week. However, the Federal Reserve reassured markets that inflation is transitory, encouraging equities back towards all-time highs. Given strong equity performance over the last three quarters, we tempered our equities overweight and increased our positive tilt to commodities, which benefit in a global recovery. We remained overweight in global high yield bonds and corporate bonds, underweight gilts, and extended our underweight in commercial property.
13/05/2021	<b>Investment pathway 3</b> Global equities delivered strong returns in April, as Covid-19 case rates fell across leading markets and stimulative fiscal and monetary policy stayed in place. While central banks ruled out near-term rate rises, bond markets remained conscious of medium-term inflation risks given expansionary policy in a strong global recovery this year. Given strong equity performance over the last three quarters, we tempered our equities overweight and increased our positive tilt to commodities which benefit in a global recovery. We remained overweight in global high yield bonds and increased the underweight in gilts. The portfolio remained slightly underweight commercial property.
15/04/2021	<b>Investment pathway 3</b> Global equities were strong in March, as successful vaccine programmes and loose monetary and fiscal policy reinforced positive sentiment. While global government bond markets settled, regional performance was mixed; ECB support saw European yields fall in contrast with global trends. Given strong global growth, we have increased our equities overweight, cut overweights in commodities and corporate bonds, and increased our underweight in gilts. The overweight to global high yield bonds remained but we increased our preference for short duration assets. Our underweight in commercial property was also slightly reduced.



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