Our Governed Portfolios

Investments

ROYAL LONDON

When you're saving for a long-term goal such as retirement, you need to find an investment option that suits both how you feel about risk and how long you have to save.

Each of the Governed Portfolios is designed to reflect a different level of risk. So whether you're comfortable taking a lot of risk or you'd prefer a lower-risk option, there's a Governed Portfolio for you.

Investing can be a complex area. If you're unsure where to invest, you should think about getting financial advice. Using a professional financial adviser can be reassuring when making important decisions about your money.

What's inside

Introducing the Governed Portfolios

Our Governed Portfolios form part of our Governed Range, and have over 2.3 million plans invested and over £72 billion assets under management.[1]

They're designed to help you save for long-term goals, such as retirement, with each of the seven risk-rated portfolios aiming to deliver above-inflation growth. They also include a wide mix of investments to help them be resilient whatever's happening in financial markets.

In addition, they're actively managed and monitored by a team of investment experts, overseen by an independently led governance committee and include a responsible investment approach - all at no extra cost.

When you invest, it's important to understand how much risk you're comfortable taking. To give you an idea of your attitude to risk you can answer 12 simple questions using our **risk questionnaire**[2]. A financial adviser can also help you decide if a Governed Portfolio is the right option for you.

[1] As at 14 June 2025.

[2] royallondon.com/pensions/investment-options/risk-profiler/

A closer look at the Governed Portfolios

Our portfolios have been designed to spread risk – if one type of investment performs poorly, better performance from other types of investments can help to balance this out and potentially limit the overall impact.

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'.

The Governed Portfolios are made up of a diversified mix of asset classes and how much of each portfolio is invested in each asset class depends on its level of risk

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

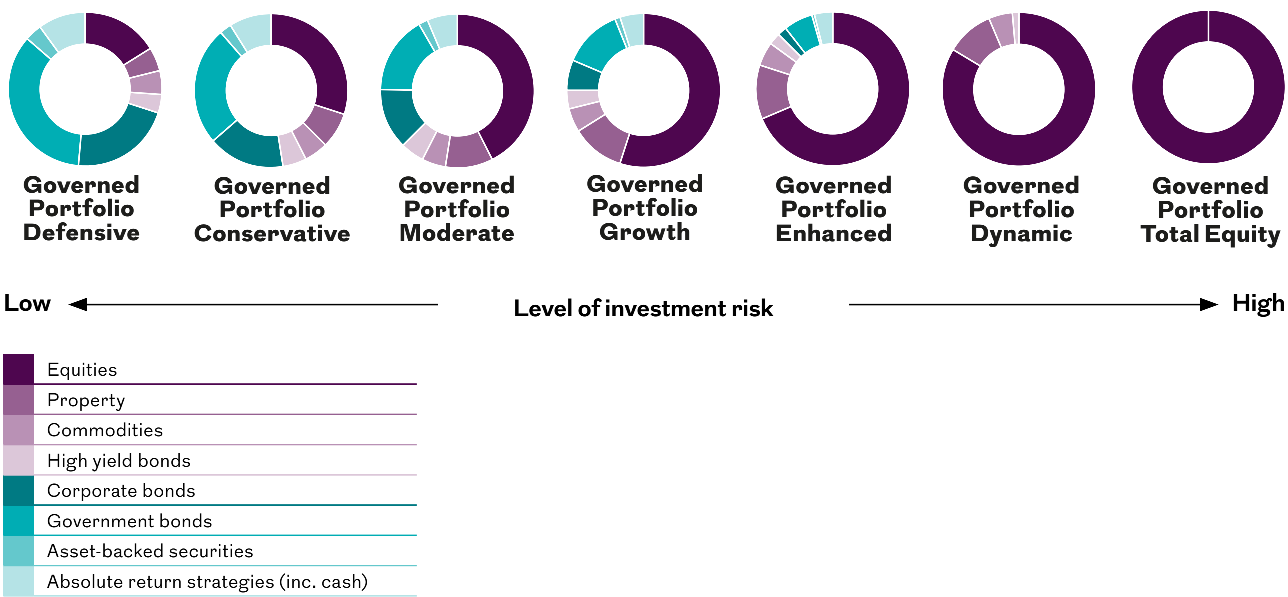
Lower-risk investments on the other hand offer greater security but lower potential returns.

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

Asset classes

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

Each of the Governed Portfolios is made up of a diversified mix of asset classes.



Source: Royal London as at 17 July 2025. For illustrative purposes only. Higher-risk investments have the potential to deliver greater returns but also have a higher risk of greater losses than lower-risk investments. The value may fall as well as rise and you could get back less than you invested.

Asset classes explained

The Governed Portfolios are made up of a diversified mix of asset classes. We give an explanation of each of these below.

Equities

Companies sell shares to raise money, and may also pay you a share of their profits as 'dividends'. 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 that some overseas stock markets are more volatile than UK markets, and currency exchange rates can affect them too.

Property

Within the Governed Portfolios, property investment is 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. Royal London Asset Management, the investment company which manages the properties, makes a significant effort to redevelop them to help improve their appeal and to help generate increased rental income.

Commodities

Commodities are goods, such as wheat, coffee, sugar, metals and oil. They often perform strongly in periods of high inflation, but can be more volatile than other types of investments.

There are several ways to invest in commodities. One is to physically buy them. Another way is to track the performance of commodity indices. It means that the portfolios can benefit when commodity prices are rising but avoid the high costs of owning, storing and transporting the physical commodities. This is how commodities are invested in within the Governed Portfolios.

Absolute return strategies

(including cash)

These are investment strategies that aim to produce a positive return, regardless of whether financial markets are rising or falling, although they don't guarantee a positive return.

These strategies can use a variety of asset classes and techniques.

Bonds

In simple terms, a bond is a loan to a company or government that needs to raise money. When you invest in a bond, you usually invest for a fixed period of time and get your money back at the end of that. You also receive regular fixed interest payments, which is why you may also see bonds referred to as 'fixed interest' or 'fixed income' investments.

Bonds are generally considered less risky investments than equities because they come with a promise to repay the loan, and the regular interest payments can be a reliable source of income. However, there's no guarantee that you'll get back your money back.

There are several different types of bonds:

Government bonds

Governments usually issue bonds to fund public projects. They're considered low-risk investments as most governments are unlikely to go bankrupt and not be able to repay the loan.

Corporate bonds

Companies will typically issue bonds to raise money for their operations or to expand their business. They offer higher potential returns than government bonds but come with slightly more risk, as there's more risk that a company might go bankrupt before paying back the loan than a government.

The interest rate you receive on corporate bonds depends on the company's credit rating.

High yield bonds

These are bonds issued by companies with lower credit ratings, which means they come with a higher risk of not being repaid than other corporate bonds. However, to compensate for this increased risk, they usually offer a higher rate of interest.

Index linked bonds

These bonds are generally issued by governments and pay an interest rate that's linked to the current rate of inflation. In the UK, index linked bonds are linked to the Retail Price Index.

Asset-backed securities

Asset-backed securities, or ABS, are a type of bond. They're typically issued by a bank or other lender. ABS investments are created by pooling together loans of a similar type, such as commercial and residential mortgages, credit card debt and car loans. Lenders will sell pieces of these pooled loans to investors who, in turn, will get money back as the loans are repaid, with interest.

Within the Governed Portfolios, the type of asset-backed securities used is mainly 'floating-rate bonds'. With these, the interest investors get moves in line with interest rate changes. This means that they're less volatile in uncertain interest rate environments than traditional bonds.

Why choose the Governed Portfolios?

REASONS TO INVEST

1. GOVERNANCE

Investment experts, including independents, monitor the portfolio investments, at no extra cost to you.

9. STRONG TRACK RECORD

In delivering successful investment outcomes since 2009.

8. EASILY ACCESSIBLE

You can view the details of your portfolio **online*.**

7. PERFORMANCE

Governed Portfolios have a proven track record for delivering on risk, returns and governance.

*royallondon.com/pensions/investment-options/fund-prices/factsheets/

2. CHOICE OF PORTFOLIOS

A choice of risk-rated portfolios designed to suit how much risk you're comfortable taking.

3. AUTOMATIC UPDATES

Our investment experts provide ongoing fine tuning to ensure investment portfolios stay in line with their investment objective.

4. AUTOMATIC REBALANCING

Our investment experts provide hands-on supervision, reviewing portfolio investments on a monthly basis.

5. DIVERSE RANGE OF ASSETS

Investments are spread across a number of asset classes, including equities, property, bonds and commodities.

6. RESILIENT

The Governed Portfolios are designed to be resilient, made up of a diverse range of assets to help them cope with sudden market shocks.

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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We're happy to provide your documents in a different format, such as braille, large print or audio, just ask us when you get in touch.

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