Multi asset portfolio management

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ROYAL LONDON

Is it time to re-think your multi asset solution?

With the Financial Conduct Authority's continued focus on delivering good customer outcomes, advisers need to make sure they're recommending an investment solution that suits the ever-changing needs of their clients.

When you recommend us to your clients, you can be sure everything we do has their best interests in mind. Being a mutual means we have no shareholders to answer to. So when it comes to delivering good outcomes, we can look beyond the here and now, and focus on helping your clients achieve their long-term investment goals.

At the heart of our investment offering is our Governed Range – risk-graded multi asset portfolios.

Each portfolio is actively managed by Royal London Asset Management's team of highly experienced investment experts, including economists, strategists and fund managers, who look after £181 billion[1] across all major asset classes.

Combined with ongoing oversight and governance from our Investment Advisory Committee (IAC), this active management includes regular rebalancing and tactical asset allocation changes.

We deliver all of these features – as well as a responsible investment approach – at no extra cost.

Because your clients deserve more than just an investment.

[1] As at 30 June 2025, subject to rounding.

What's inside

Our approach to multi asset investing

Our approach to multi asset investing is built around six key areas we believe will help your clients achieve their investment objectives.

Impartial governance

Boost investor confidence with our independently led guidance and oversight.

Broad diversification

Strengthen resilience and target opportunities across a wide range of asset classes.

Active management

Add value with tactical updates to the asset mix and underlying active strategies.

Expert guidance

Benefit from the knowledge and experience offered by Royal London Asset Management.

Responsible investment

Help your clients incorporate a responsible investment approach into their investments without increasing their costs.

Client-focused

Give your clients a satisfying experience, with engaging updates and digital performance tracking.

The Governed Range

Have peace of mind knowing your clients' money is invested in a multi asset solution, with over 2 million plans invested and over £72 billion of assets under management[2].

Each risk-graded portfolio aims to deliver above-inflation growth, within tightly controlled risk budgets.

What's more, they come with active management, impartial governance and a responsible investment approach – at no extra cost. So you can recommend a solution to suit the needs of all your clients.

Clients saving for long-term goals

Our Governed Portfolios (GPs) take account of your clients' attitude to risk.

Clients taking an income

Our Governed Retirement Income Portfolios (GRIPs) factor in what risk your clients need to take in order to achieve their desired level of income.

Clients with a specific retirement goal

Our lifestyle strategies are designed for clients who have a specific retirement goal in mind – like taking cash, buying an annuity or enjoying a regular income.

[2] As at 30 June 2025.

Impartial governance

Boost investor confidence with our independently led guidance and oversight.

Our Investment Advisory Committee (IAC) oversees the design of the Governed Range and reviews this on an ongoing basis, to make sure each portfolio continues to meet its objectives.

Headed up by an independent chair, the IAC consists of five industry experts, who meet quarterly to review and monitor the strategic asset allocation and tactical position of each risk-graded portfolio.

This ongoing governance is supported by active management from the Royal London Asset Management Multi Asset team, environmental, social and governance (ESG) insights from Royal London Asset Management's dedicated Responsible Investment team, and in-depth analysis from Moody's Analytics and Morningstar Investment Management.

So you can have confidence that your clients' money is being looked after by experts.

Candia Kingston
Independent Chair

JB Beckett
Independent Representative

Ewan Smith
Independent Representative

Will Nicoll
Chief Investment Officer, Royal London Asset Management

Vidur Bahree
Group Investment Director, Royal London Group

Investment Advisory Committee

ROYAL LONDON ASSET MANAGEMENT

MOODY'S ANALYTICS

MORNINGSTAR®

Design of the Governed Range

The strategic asset allocation (SAA) represents our long-term view of an efficient asset mix for each portfolio. The IAC monitors how the portfolios are delivering against their risk objectives every quarter, as well as carrying out a more detailed review every 12 months and a formal review every three years.

The formal review ensures that portfolios remain appropriate for their long-term objectives, which are designed to optimise returns within their risk framework.

SAA objective and approach

Each portfolio has a real return objective and is designed around a risk target framework, where risk metrics are based on the objective of each portfolio.

The objective of the reviews is to improve long-term outcomes for your clients. The IAC reviews expected risk, return and correlations for each asset class, in order to identify the most efficient mix going forward for the longer term.

SAA process

The long-term expected return, volatility and correlation assumptions used are based on Moody's Analytics' capital market assumptions, which are then overlaid with a Royal London house view.

Each asset class has a set of assumptions that reflects our expectations of risk, return and how they move in relation to one another. These assumptions determine the risk/return trade-off for each asset class.

The next stage of the process is to review and test the current SAAs against hundreds of potential other combinations of portfolios and over thousands of different future scenarios. For this, we work with the assumptions Moody's Analytics has provided, and overlay these with our house view.

This helps us identify which asset allocation offers the best potential performance for the level of risk taken in each portfolio, and the best risk/return trade-off.

Strategic asset allocation

Governed Portfolios (GPs)

The table below shows the current strategic asset allocation of each Governed Portfolio.

Asset Class	Governed Portfolio Defensive	Governed Portfolio Conservative	Governed Portfolio Moderate	Governed Portfolio Growth	Governed Portfolio Enhanced	Governed Portfolio Dynamic	Governed Portfolio Total Equity
Equities	16.25%	30.00%	42.50%	55.00%	68.75%	83.75%	100.00%
Property	5.00%	7.50%	10.00%	11.25%	11.25%	10.00%	0.00%
Commodities	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%
Global high yield bonds	3.75%	5.00%	5.00%	3.75%	2.50%	1.25%	0.00%
UK corporate bonds	9.00%	6.25%	5.00%	3.25%	1.50%	0.00%	0.00%
Global corporate bond	3.50%	2.50%	2.50%	1.75%	0.50%	0.00%	0.00%
Short duration UK corporate bonds	9.00%	7.50%	5.50%	1.50%	0.00%	0.00%	0.00%
UK index linked bonds	5.00%	5.00%	5.00%	5.00%	2.50%	0.00%	0.00%
Short duration global index linked bonds	5.00%	3.75%	0.00%	0.00%	0.00%	0.00%	0.00%
UK government bonds	13.25%	9.25%	7.00%	5.75%	3.00%	0.00%	0.00%
Global government bonds	3.00%	2.00%	1.75%	1.75%	0.75%	0.00%	0.00%
Short duration UK government bonds	8.75%	5.00%	2.50%	0.00%	0.00%	0.00%	0.00%
Asset-backed securities	3.50%	2.50%	2.00%	1.00%	0.50%	0.00%	0.00%
Absolute return strategies (including cash)	10.00%	8.75%	6.25%	5.00%	3.75%	0.00%	0.00%

Strategic asset allocation effective from 17 July 2025.

Strategic asset allocation

Governed Retirement Income Portfolios (GRIPs)

Each GRIP is spread across different types of assets to make the portfolios more resilient to unexpected market shocks or inflation spikes.

Current strategic asset allocations are shown below.

Asset class	GRIP 1	GRIP 2	GRIP 3	GRIP 4	GRIP 5
Equities	12.50%	22.75%	32.00%	41.25%	50.00%
Property	5.00%	6.25%	7.50%	8.75%	10.00%
Commodities	5.00%	5.00%	5.00%	5.00%	5.00%
Global high yield bonds	3.00%	4.50%	4.50%	4.50%	4.50%
Sterling extra yield bonds	5.00%	5.00%	5.00%	6.25%	6.25%
UK corporate bonds	14.00%	13.00%	10.00%	7.25%	4.00%
Global corporate bonds	4.00%	3.50%	3.25%	2.00%	2.00%
Short duration UK corporate bonds	2.50%	2.50%	1.50%	1.00%	0.50%
UK index linked bonds	7.50%	7.50%	7.50%	5.25%	5.00%
Short duration global index linked bonds	5.00%	2.50%	2.50%	0.00%	0.00%
UK government bonds	12.50%	12.50%	11.25%	10.00%	5.75%
Global government bonds	4.00%	3.75%	2.50%	2.50%	1.00%
Short duration UK government bonds	11.00%	2.75%	1.00%	0.00%	0.00%
Asset-backed securities	2.00%	1.75%	1.50%	1.25%	1.00%
Absolute return strategies (including cash)	7.00%	6.75%	5.00%	5.00%	5.00%

Strategic asset allocation effective from 17 July 2025.

The value of good governance

Good governance is essential to deliver good customer outcomes and help your clients achieve their long-term investment goals.

Candia Kingston
Independent Chair

Delivering long-term value

The key to good governance is a focus on long-term outcomes, rather than short-term outcomes.

Being a mutual means Royal London is well placed to focus on the long-term outcomes of your clients.

Our investment beliefs

The IAC has a core set of investment beliefs, which provide the foundations of our governance framework and underlie every decision we make.

For example, we believe in using active management to help capitalise on market opportunities and drive long-term performance. However, we're open to using passive exposure, preferably with an overlay of ESG considerations.

Well-diversified portfolios and strategies will result in more consistent performance across a wide range of economic conditions; and integrating ESG factors into our decision-making process is essential both from a risk and returns perspective.

The role of the IAC

The IAC oversees the design of the Governed Range, offering impartial guidance, support and advice on the best mix of investments, anticipating potential challenges and dealing with any issues as they arise.

We monitor the strategic and tactical asset allocations of the Governed Range on a quarterly basis, to make sure the portfolios stay within acceptable risk levels and they're delivering sufficient returns, as well as reviewing any tactical decisions taken.

We publish our IAC minutes every quarter[3], so you and your clients can see what we're talking about and any decisions we've made.

The importance of independent experts

Having independent representatives on the IAC means that any decisions remain impartial, and helps avoid any potential conflicts of interest. This is more important when a provider uses an in-house investment manager, like Royal London Asset Management. As independent representatives, we can make sure it's held to account in the same way as an external fund manager.

Having independent representatives with diverse investment backgrounds also brings a different perspective to the decision-making process, and means we can challenge on different areas.

Combined with the independent expertise of Moody's Analytics and Morningstar Investment Management, we believe that Royal London has a robust governance framework that's second to none.

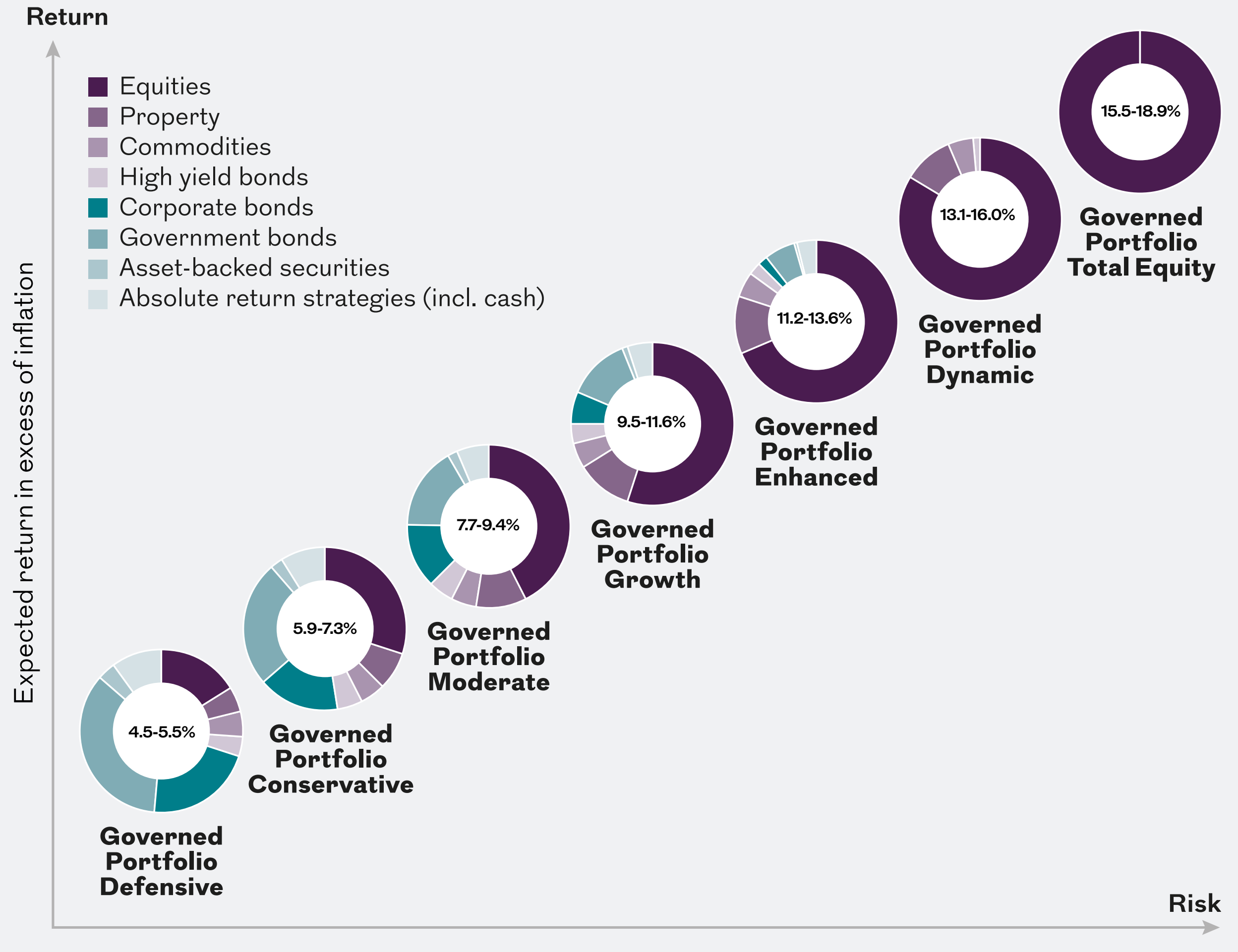
[3] adviser.royallondon.com/IACminutes

Managing the Governed Portfolios

The Governed Portfolios aim to strike the right balance between the risk your clients are willing to take and the returns they can expect to receive from long-term investments.

Each quarter, we ask Moody's Analytics to use its stochastic modelling expertise to estimate the annual volatility of each portfolio in current market conditions, to make sure they stay within their risk budgets.

In the event that a portfolio's volatility is outside its target range, the IAC will review the strategic asset allocation and tactical position of each portfolio, with the aim of bringing it back within the target range.

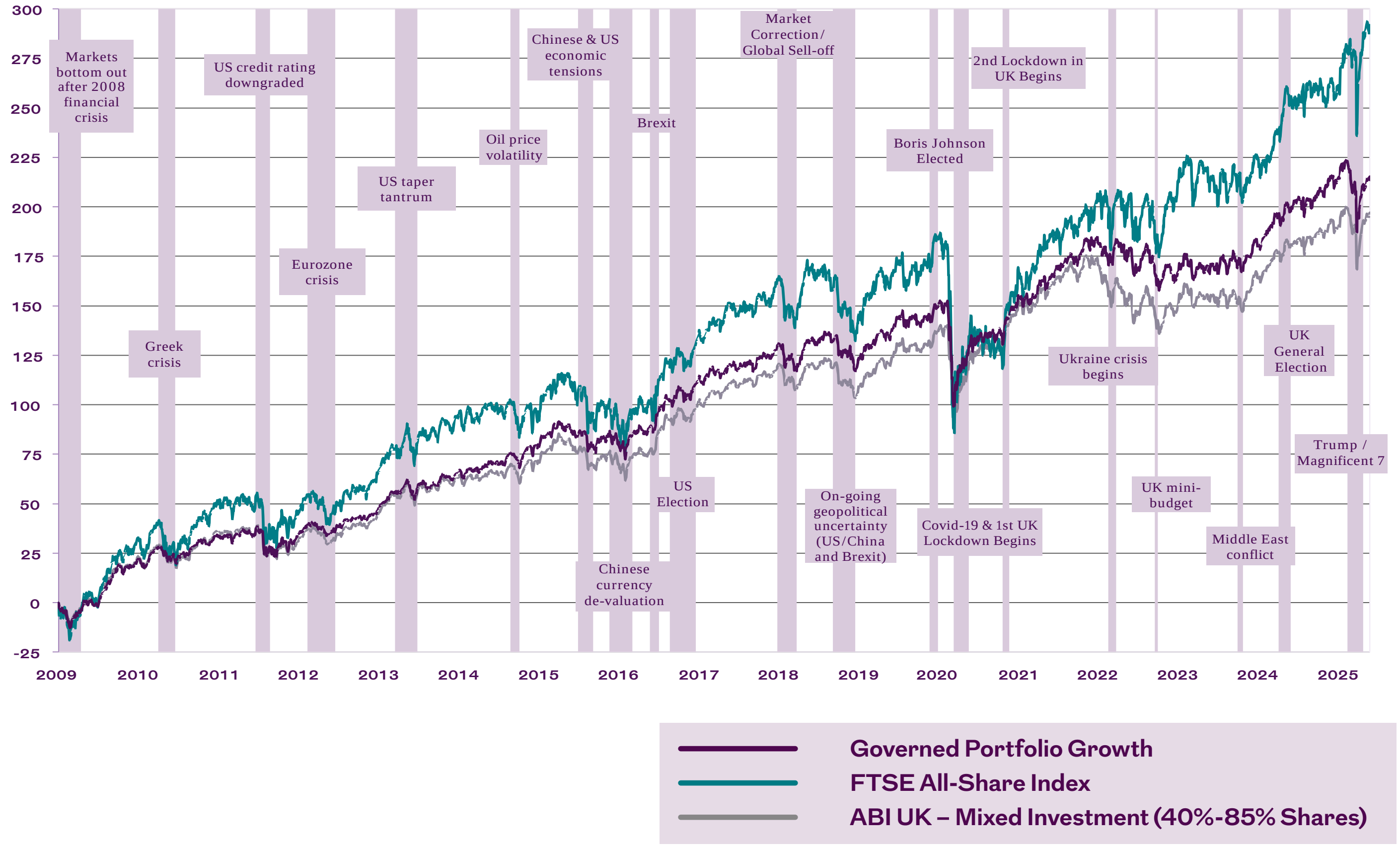


Source: Royal London as at 17 July 2025.
For illustrative purposes only. Investment returns may fluctuate and aren't guaranteed. It shows a broad trend and isn't an accurate representation of the risks and expected returns of the Governed Portfolios.

Track record of managing volatility

The Governed Range has a track record of delivering successful investment outcomes since 2009, demonstrating the resilience of the portfolios and Royal London Asset Management's expertise in managing portfolios through various economic, geopolitical and market events.

This chart shows how our medium-term, balanced portfolio (Governed Portfolio Growth) has performed relative to the FTSE All-Share Index and ABI Mixed Investment 40-85 sector since launch.



Source: Lipper, Royal London, as at 30 June 2025. Past performance isn't a guide to the future. Prices can go down as well as up. Investment returns may fluctuate and aren't guaranteed, so clients could get back less than the amount paid in.

Managing the Governed Retirement Income Portfolios

Launched in 2012, our Governed Retirement Income Portfolios, or GRIPs, are five multi asset portfolios designed for clients looking to take a sustainable level of income from their retirement savings.

Design of the GRIPs

The GRIPs have been designed to be resilient and cope with challenging market conditions, while capturing market upside, and are well diversified across a mix of equities, high yield bonds, corporate bonds, index linked gilts, property and commodities.

Each GRIP has its own strategic asset allocation, which we model every quarter against a wide range of market scenarios, to help us understand expected risk and return metrics, and make sure that each portfolio takes an appropriate level of risk.

To do this, we focus on downside risk metrics and income sustainability, with the support of Moody's Analytics and its global expertise in stochastic modelling, as well as our IAC, which assesses if any changes are needed.

Income sustainability

Income sustainability is one of the key performance metrics for the GRIPs. Simply put, this is the measure of how likely it is that a client's investment will meet their specific retirement needs.

We know that every client is different, so we aim to maximise sustainability across a range of income paths, by monitoring risk metrics that are focused on real income.

One of the key risk metrics we model is downside risk, which allows us to understand how the GRIPs might perform in different market scenarios. We also monitor actual performance against our expectations. This helps make sure the GRIPs can provide consistent performance and support regular income withdrawals across various market conditions.

Supporting your drawdown conversations

One of the key conversations you'll have with your drawdown clients is how to sustain their desired level of income when they retire.

We have a range of tools to help you monitor the income sustainability of your clients' plans while invested in the GRIPs.

We produce a quarterly heat map, showing income sustainability scores based on how much income is taken from the plan and for how long. This can be used to demonstrate what is and isn't a sustainable level of income.

Our **drawdown governance service**[4] provides quarterly updates of clients' personal income sustainability scores, based on the stochastic modelling expertise of Moody's Analytics. This score takes into account each client's income schedule, investment performance and retirement target, and supports conversations about the long-term sustainability of income plans, particularly following periods of significant market volatility.

Coupled with the resilience of the GRIPs, these tools can help you build a robust process to monitor your clients' income.

[4] adviser.royallondon.com/drawdowngovernance

Equity flexibility

All our portfolios benefit from additional flexibility, which allows the equity component of the chosen portfolio to be self-selected, using any of the equity funds within our fund range. This can help with diversification of investment style across the portfolios. Here are three examples of alternative equity funds.

Sustainable option

Clients can choose to replace the default equity component of the chosen portfolio with one or both of the two equity funds in our **Sustainable Fund Range**[5] – the RLS Sustainable Leaders or the RLS Global Sustainable Equity Fund. These funds look to invest in companies which contribute positively to our society and the environment, and are available at no extra charge.

Alternative tracker option

The alternative tracker option invests the equity portion of each portfolio in either the RLP/BlackRock ACS Global Blend Fund or the RLI/BlackRock Global Blend Fund, depending on whether a client is investing through a pension product or our Stocks and Shares ISA respectively. This is a global equity tracker fund that's automatically blended between UK and overseas equities, as part of our governance review process, and is available at no extra charge.

Alternative active option

The alternative active version invests the equity portion of each portfolio in a specialist multi-manager fund, the RLS Global Blend Core Plus (RLS Global Growth) Fund. This is an actively managed global equity fund of funds that's automatically blended between UK and overseas equities as part of our governance review process, and is available at no extra charge.

[5] adviser.royallondon.com/sustainable-funds

Our approach to diversification

Helps to strengthen resilience and target opportunities across a wide range of asset classes.

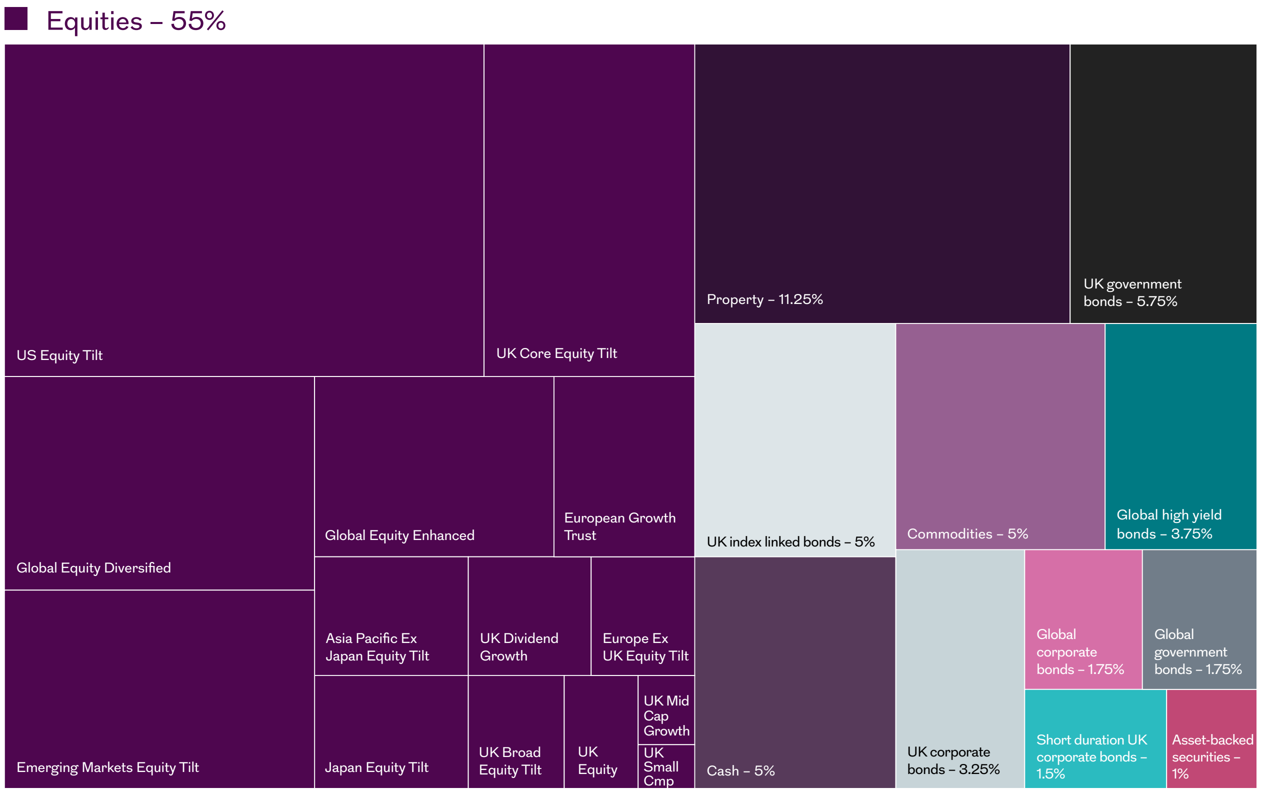
We believe that investing in a wide range of asset classes will result in more consistent performance across a wide range of economic conditions, and help deliver better outcomes for your clients.

The Governed Range portfolios hold a broad mix of assets – for example equities, bricks-and-mortar property, government bonds, corporate bonds, commodities and cash. That spread is deliberate to help the portfolios withstand sudden market shocks – so when one particular asset class is performing poorly, the portfolios shouldn't be as badly affected. This also adds additional resilience and protection from inflation risk.

We also consider ESG risk factors across all the main asset classes within our Governed Range.

Asset classes within our Governed Portfolios

To give an example of the asset classes within our Governed Portfolios, the diagram opposite shows the split of assets in Governed Portfolio Growth.



Source: Royal London, strategic asset allocation breakdown as at 17 July 2025 and equity split breakdown as at 30 June 2025. Please note that figures may not add up to 100%, due to rounding.

Why we invest in certain asset classes

The three asset classes where we take a different approach from other multi asset solutions are property, commodities and fixed income.

Property

Property is a real, tangible asset, which is actively managed. Royal London Asset Management's highly experienced property team understands the lifecycle of property management and includes sector specialists covering offices, retail property, industrial property and alternatives.

The portfolios have property holdings across many sectors, which helps reduce any liquidity challenges.

The property component of the Governed Range invests in high-quality bricks-and-mortar commercial properties across the UK, with the aim of adding real diversification benefits to your clients' investments. Commercial property is a good inflation hedge, typically generating rental income above the rate of inflation. This generates capital for Royal London Asset Management to redevelop properties and increase their value.

Integration of ESG factors also helps to determine acquisition, development and asset management strategies. This includes aiming to deliver positive environmental and social outcomes, and reducing any negative impacts through ongoing property management.

Commodities

Rather than owning physical commodities, the Governed Range portfolios use derivative instruments to track the performance of the underlying commodities, with the goal of delivering returns in line with the Bloomberg Commodity Index (industry-standard commodity benchmark made up of metals, energy and agriculture).

This approach avoids the high costs of owning, storing and transporting the physical commodity, but still provides diversification benefits and a hedge against rising inflation.

Holdings in these commodity futures don't give investors a vote and can't directly impact corporate behaviour. But Royal London Asset Management can influence environmental, social and governance issues involved in the production and consumption of commodities, primarily through engagement with companies held in the equity parts of the portfolios and wider involvement in policy advocacy and industry initiatives.

Fixed income

Bonds traditionally perform differently to equities, so the Governed Range portfolios hold a wide range across both companies and governments.

Considering ESG risk provides Royal London Asset Management's Leveraged Finance team with an additional perspective on its traditional analysis. The team recognises that governance issues may pose the greatest near-term financial risk to companies in high yield markets, while environmental and social issues may have longer-term impacts on returns.

This rigorous credit research process leads to an overall internal rating score, which incorporates nine fundamental factors, including free cash flow and growth prospects. As one of these factors, ESG issues can move the rating in the internal model up or down. The team works with the Responsible Investment team to investigate and understand any significant ESG risks, but the final investment decision lies with the fund manager and takes relative valuation into account.

Royal London Asset Management's Credit team uses ESG analysis in the same way as any other form of credit research – to uncover information that credit rating agencies and other market participants might be missing, helping it to make better investment decisions for your clients.

Equities

Equity exposure within the Governed Range portfolios is through the RLP Global Managed Fund for pension products and the RLI Global Managed Fund for our Stocks and Shares ISA. These funds cover global equity markets, including the UK, developed overseas markets and emerging markets.

Within each region, there are different companies operating in different sectors, with every major industry represented. This means there's a very high level of diversification.

The integration of ESG differs for active and tilt fund strategies:

Active equity funds	Around 30% of the equity component is invested in actively managed equity funds, with fund managers using ESG insights in their decision-making process.
Tilt funds	The funds' financial objective is to generate returns in line with the benchmark index over rolling three-year periods after the deduction of charges. Their climate objective is to achieve a carbon footprint of at least 10% lower than that of the benchmark index, although this isn't guaranteed. The funds aim to achieve their climate objective by actively adjusting (tilting) to be overweight in some companies and underweight in other companies, compared to the benchmark. It's important to note that the funds' financial objective is prioritised over their climate objective. In addition, the funds have an intrinsic investment goal to align to net zero by 2050, with an interim 50% carbon reduction target by 2030. The tilt funds are managed by Royal London Asset Management. It uses its own internal tools and models, together with external data, to decide whether to increase or reduce the level of holdings in the companies making up the benchmark index. This active management approach gives it the flexibility to reduce exposure to companies with poor E, S or G practices, and increase exposure to those with better practices.

Active management and expert guidance

Added value with tactical updates to the asset mix and underlying active strategies, as well as the knowledge and experience of Royal London Asset Management.

The Royal London Asset Management Multi Asset team applies a tactical overlay to each portfolio within the Governed Range. This is a robust and repeatable monthly asset allocation process, that takes shorter-term market movements into account.

The team constantly monitors the economy to exploit these market movements and steer the Governed Range towards stronger growth, by tactically adjusting the asset allocation of each portfolio within a risk-controlled framework. This is supported by additional oversight from the IAC.

If the team decides that the mix of assets needs to be adjusted, it will do this automatically on your behalf – you don't need to do anything.

As shown in the chart, historical asset class performance has seen wide variations in returns year on year.

The black box represents our Governed Portfolio Growth. Here you can see a smoother transition, with less volatility in performance. This stresses the importance of selecting a diverse range of assets that can be tactically adjusted in the short term, with the aim of optimising growth.

Year

Perfotmance Rank	2017	2018	2019	2020	2021	2022	2023	2024	2025
1	EM Stocks 25.8	Property 4.5	Global Stocks 22.6	EM Stocks 15.0	Commodities 28.3	Commodities 30.7	Global Stocks 16.0	Global Stocks 20.2	EM Stocks 25.1
2	Global Stocks 14.0	Cash 0.6	UK Stocks 19.2	Global Stocks 14.3	Global Stocks 20.1	Cash 1.4	Global HY 11.9	Multi Asset 10.0	UK Stocks 24.0
3	UK Stocks 13.1	Gilts 0.6	EM Stocks 14.3	IL Gilts 11.0	UK Stocks 18.3	UK Stocks 0.3	Corp Bonds 8.6	EM Stocks 10.0	Global Stocks 14.3
4	Property 8.5	IL Gilts -0.3	Multi Asset 13.9	Gilts 8.3	Multi Asset 13.8	Multi Asset -6.9	UK Stocks 7.9	UK Stocks 9.5	Multi Asset 10.2
5	Multi Asset 8.3	Corp Bonds -1.5	Global HY 12.3	Corp Bonds 7.8	Property 12.3	Global Stocks -7.8	Multi Asset 7.6	Global HY 8.9	Global HY 8.4
6	Global HY 6.7	Global Stocks -3.1	Corp Bonds 9.3	Global HY 5.0	IL Gilts 4.2	Property -8.8	Cash 4.7	Commodities 7.3	Commodities 7.8
7	Corp Bonds 4.3	Global HY -3.6	Gilts 6.9	Cash 0.2	Global HY 2.8	EM Stocks -9.6	EM Stocks 4.1	Cash 5.2	Corp Bonds 6.9
8	IL Gilts 2.3	Multi Asset -4.3	IL Gilts 6.4	Multi Asset 0.2	Cash 0.1	Global HY -12.6	Gilts 3.7	Corp Bonds 1.7	Gilts 5.0
9	Gilts 1.8	Commodities -5.7	Commodities 3.5	Property -4.4	EM Stocks -1.3	Corp Bonds -17.7	IL Gilts 0.9	Property 1.6	Cash 4.3
10	Cash 0.3	EM Stocks -8.9	Cash 0.7	Commodities -6.1	Corp Bonds -3.1	Gilts -23.8	Property -0.7	Gilts -3.3	Property 1.6
11	Commodities -7.1	UK Stocks -9.5	Property -0.9	UK Stocks -9.8	Gilts -5.2	IL Gilts -33.6	Commodities -13.1	IL Gilts -8.3	IL Gilts 1.3

Source: Lipper, Royal London, as at 31 December 2025. Past performance isn't a guide to the future. Prices can go down as well as up. Investment returns may fluctuate and aren't guaranteed, so clients could get back less than the amount paid in. Multi Asset return = Governed Portfolio Growth. Governed Portfolio returns are net of 1% annual management charge.

Systematic framework for tactical decision-making

Royal London Asset Management's Multi Asset team focuses on tactical asset allocation as a key driver of returns – a central part of this is the Investment Clock.

Trevor Greetham
Head of Multi Asset, Royal London Asset Management

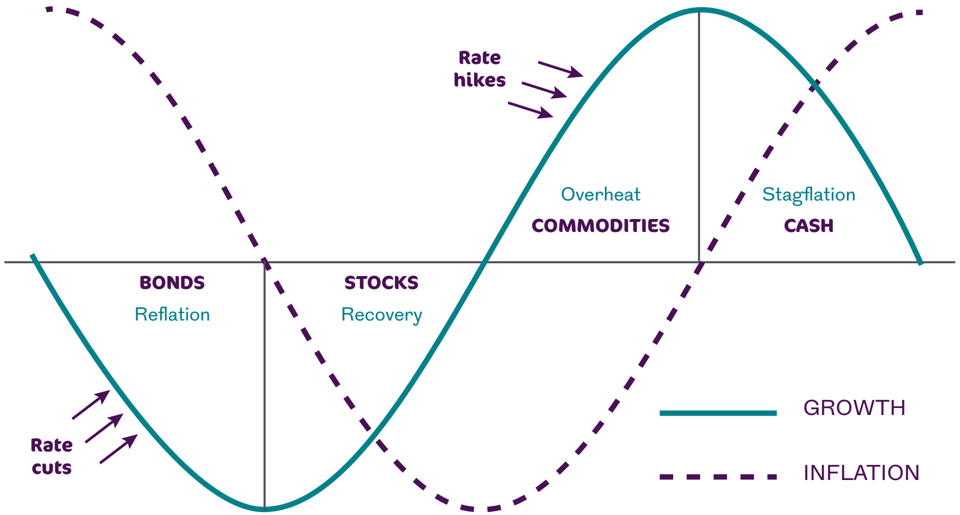
Asset class rotation and the economic cycle

The thick teal line in the business cycle shown opposite shows growth – a boom/bust cycle, which on average lasts five years. The purple dashed line is inflation. Inflation rises for a while after growth surges, then takes a while before it drops again.

Since growth and inflation are two different cycles, this creates four different stages of the business cycle.

Investments will perform differently as we move throughout the cycle, which can present opportunities for tactical decision-making. For example:

- Bonds do well in the Reflation phase, where both growth and inflation are falling
- Stocks do best in the Recovery phase, where growth is strong, and inflation is still falling
- Commodities tend to do best in the Overheat phase, where there's strong growth and rising inflation
- Cash performs best in the Stagflation phase, where growth starts falling again, but inflation remains high



Visit our Investment Clock webpage[6] where you can find commentary, blogs and articles that can help put this into context for you and your clients, and keep you up to date on how the Multi Asset team is effectively managing money using this model.

[6] adviser.royallondon.com/governed-portfolios/investment-clock

The Investment Clock

The Investment Clock is a proprietary quantitative model used by Royal London Asset Management's Multi Asset team to guide the tactical strategy of the Governed Range. The Clock is the product of 20 years of research, aiming to maximise exposure to investments which perform well at different stages of the economic cycle.

The Investment Clock relates the global business cycle to the performance of various investments. This helps the team easily identify which stage of the business cycle we're in and where the economy is heading in terms of global growth and global inflation. So you can have confidence that the team is taking steps to invest your clients' money in the right asset classes, at the right time.

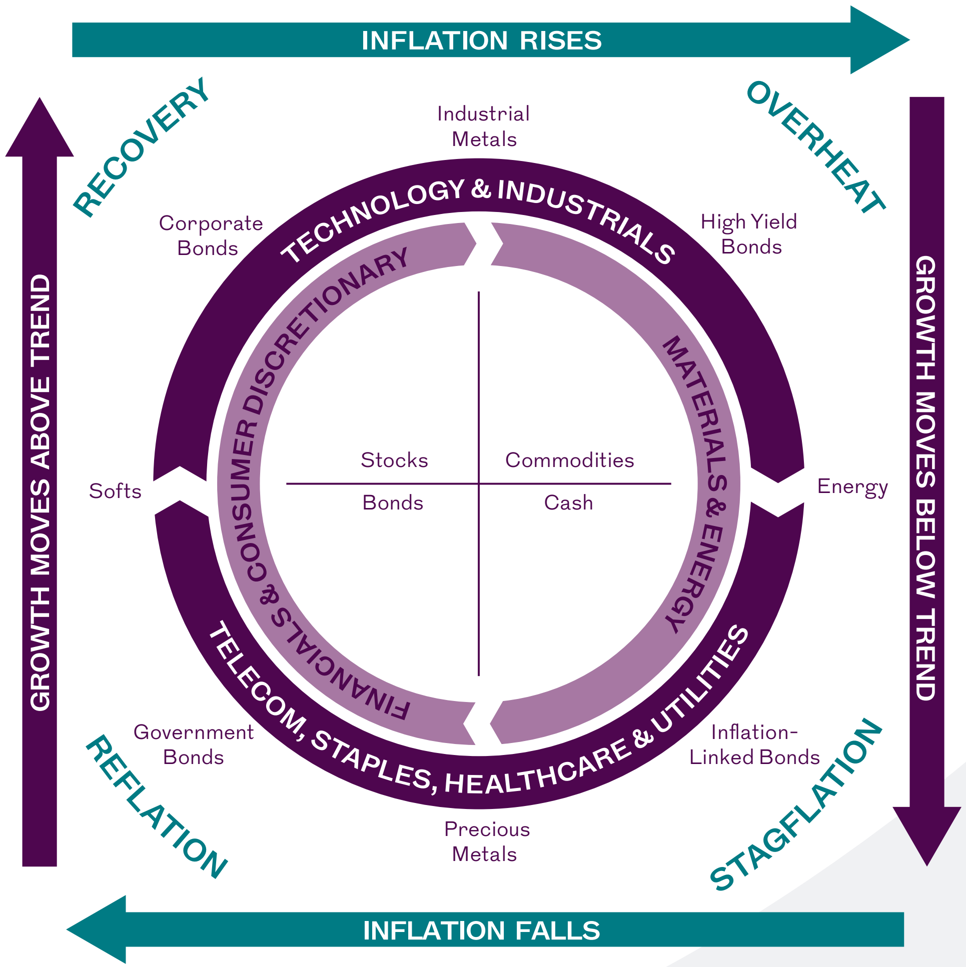
The Clock's horizontal axis measures inflation, while its vertical axis indicates economic growth.

The economic cycle moves through waves – from prosperity to decline – with central banks inflating or deflating monetary policy as a means of stabilising activity within the economy.

Clock readings are based on a wide range of global economic data releases that give an indication on the direction of economic growth and inflation.

The Investment Clock is useful in identifying which assets are likely to perform best across the economic cycle, but it doesn't give the whole picture. That's why the Multi Asset team also uses a range of quantitative models, including fundamental, valuation and technical factors, to inform their investment decision-making.

Scrutinising these models helps the team arrive at a view of where we are in the cycle and how portfolios need to be positioned. The team also uses its skill and judgement to review and analyse the data, to ensure it makes the right tactical decisions. It shares this insight with the IAC to help inform the design of the Governed Range.



Source: Royal London Asset Management. For illustrative purposes only.

Risk budgets for tactical asset allocation

Each portfolio within the Governed Range has a clearly defined risk target and risk budget, which is defined using 'tracking error'.

The tracking error is constrained by the IAC to make sure the portfolios don't breach their risk budgets. Every adjustment which moves a portfolio away from its benchmark creates 'active risk' – the possibility that performance will be different from the benchmark.

There are two sources of active risk:

1. Asset allocation risk

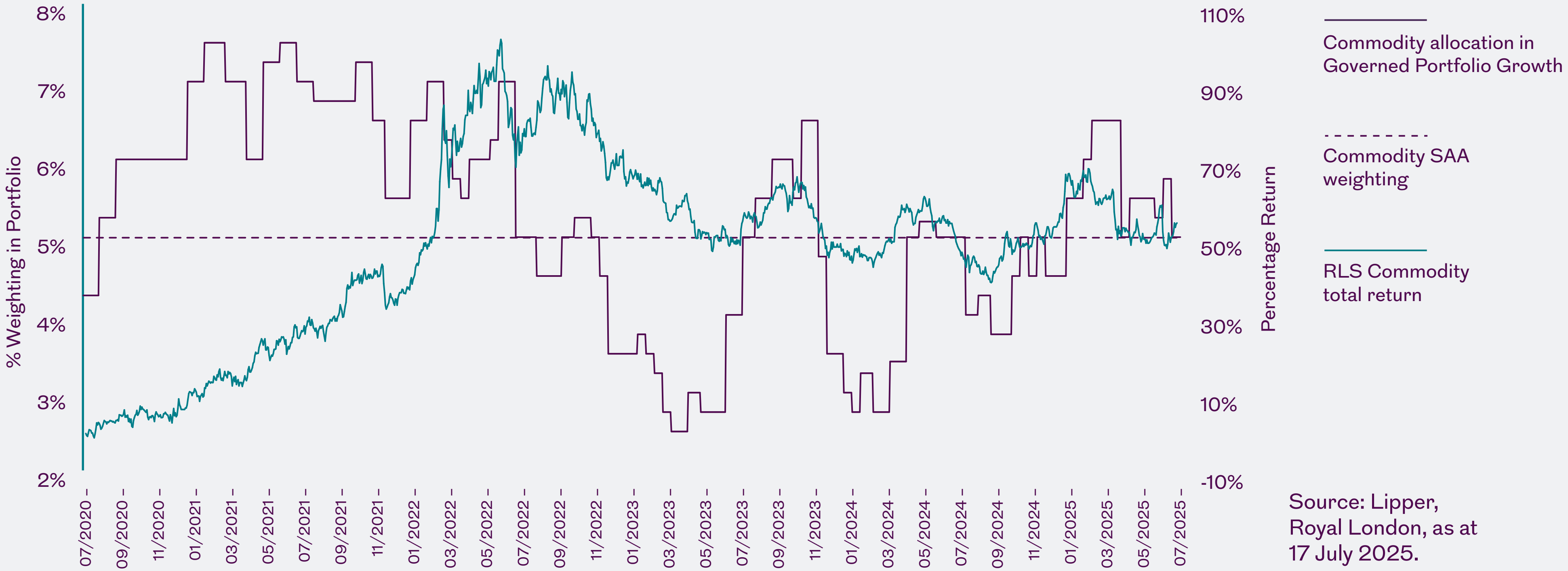
The tactical position, which involves being overweight or underweight in some asset classes relative to the benchmark.

2. Stock selection risk

The funds within each portfolio are also actively managed, so performance may be different from individual benchmarks, because they hold different assets from the benchmark index.

The tracking error number combines these active risks into a single figure. For example, a tracking error of 1% means the return from the portfolio will be within 1% of the benchmark return approximately two years out of three, and within 2% of the benchmark return approximately 19 years out of 20.

The diagram below shows how these tactical risk budgets have been used to make adjustments to the commodity exposure within Governed Portfolio Growth.



Source: Lipper, Royal London, as at 17 July 2025.

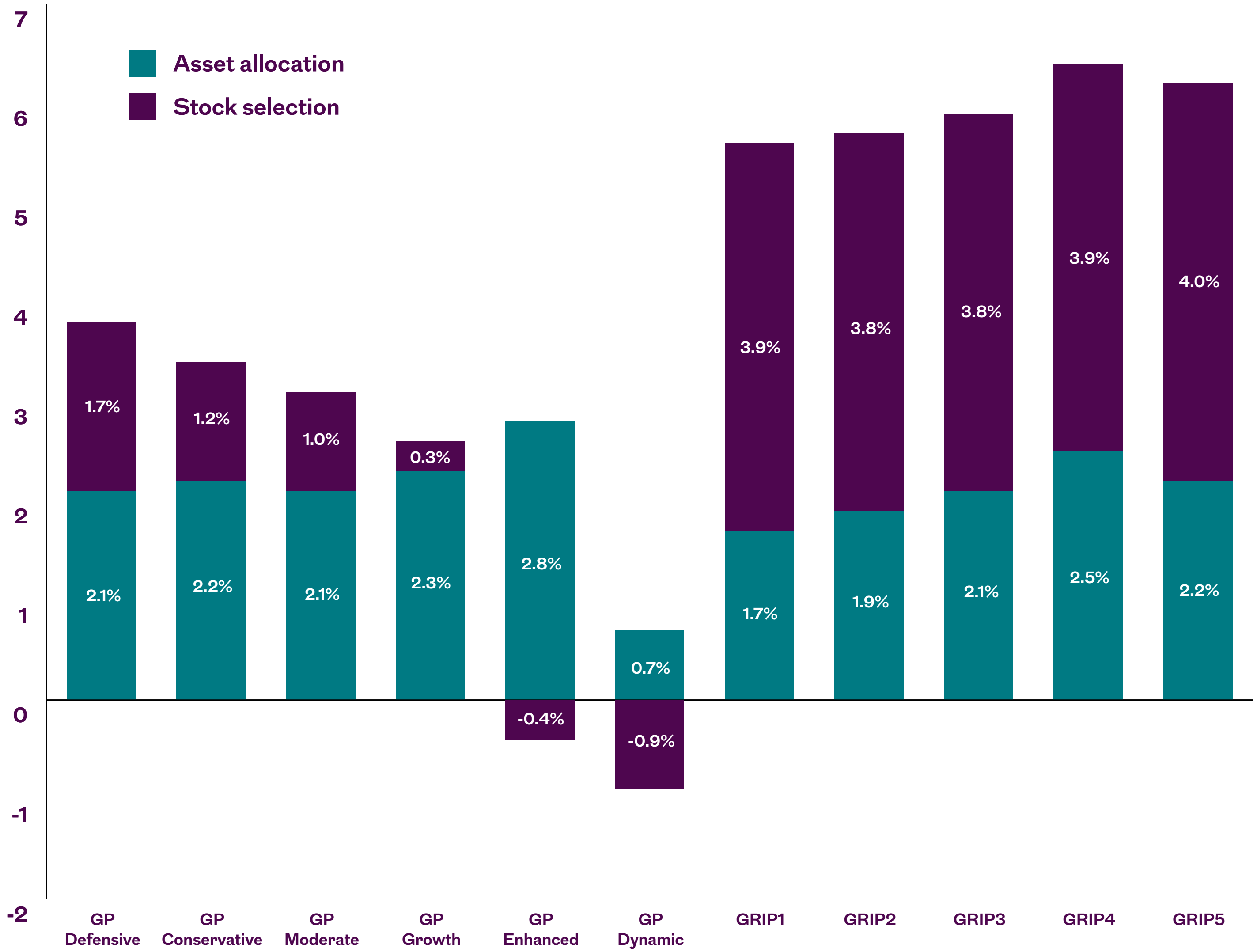
Tactical performance attribution

Asset allocation performance is a result of the tactical decisions made by the Royal London Asset Management Multi Asset team, and stock selection performance is a result of how the underlying active fund managers perform.

Adding these together gives the overall performance of each portfolio against benchmark. For example, for Governed Portfolio Growth, the Multi Asset team has added 2.3% with its asset allocation models over the last five years to the end of June 2025, and the stock selection has added 0.3%. In total, this is 2.6% above benchmark. Please note that these numbers aren't annualised.

These adjustments have added an average of 3.7% for customers invested in the Governed Range over the last five years.

Source: Lipper, Royal London, as at 30 June 2025. We don't currently have any attribution figures for Governed Portfolio Total Equity as it's a newly launched portfolio.



Responsible investment and the Governed Range

Meet your clients' needs with a solution that includes a responsible investment approach without increasing their costs.

We're responsible for managing £181 billion of our customers' money. We believe that money can play a part in helping society transition to a sustainable world, as well as providing your clients with investment returns.

A responsible investment approach is a key part of our overall investment strategy for the Governed Portfolios and comes at no extra cost.

Our approach focuses on the following areas:

Engagement

Taking money out of or excluding companies that don't meet certain criteria around environmental, social and governance (ESG) issues may seem simple. However this would mean we're unable to take positive action to influence change. We believe in engaging with the companies we invest in on your client's behalf to support them in improving their corporate behaviour and to encourage positive change.

Voting

We use our voting rights on a range of issues, including corporate governance, impact on climate change, board appointments, changes to a company's structure, pay and compensation, and mergers and acquisitions.

ESG integration

To support its investment teams, Royal London Asset Management has an in-house team of investment professionals with responsible investment and ESG subject matter expertise. This team helps support fund managers and analysts to assess ESG risks and opportunities across equity, fixed income and property investment processes.

Royal London Asset Management uses a mix of internal and external ESG research to inform its investment decisions. By overlaying third-party research with bespoke in-house expertise, it can evaluate and monitor material ESG risks relevant to a specific asset class or fund.

Much of its in-house research activity has been centred on providing the means to empower and enable fund management teams to integrate ESG factors into their processes. Royal London Asset Management has developed a bespoke ESG Dashboard and analytical tools to enhance fund managers' ability to make active investment decisions.

These tools collate and summarise ESG information at company level, including voting and engagement data, in-house ESG scoring and trends, and detailed carbon performance data and analytics.

Collaboration

We collaborate with policymakers, the companies we invest in on your clients' behalf, industry groups and other stakeholders on key issues such as climate change to support meaningful regulatory and industry change.

Our climate commitments

We're working to halve emissions from our investments by 2030 compared to a 2020 benchmark, and to achieve net zero emissions by 2050.

Our commitments are based on the expectation that governments and policymakers will deliver on their commitments to achieve the goals of the Paris Agreement and that required actions don't go against our legal and regulatory obligations to our members and customers.

We also aim to:

- Achieve net zero direct operational emissions by 2030
- Reach net zero emissions from our non-investment value chain by 2050, from a 2019 baseline.

We already buy 100% renewable energy to power our offices and we're aiming for all our UK company cars to be electric by 2026.

Our approach to stewardship

When your clients invest with Royal London, they're not only putting their money in reliable hands, but responsible ones too.

Ashley Hamilton Claxton
Head of Responsible Investment,
Royal London Asset Management

Now is not the time to be passive

Our lives and lifestyle as we know them are in jeopardy – economic inequality, climate change, soil erosion, water pollution, cyber-crime and political instability are now recognised as endemic, long-term trends that must be resisted and overturned. How do we harness this collective momentum to make the strategic shifts to achieve our shared long-term social, environmental and financial goals? One thing is certain, none of us can afford to be passive. This is the time to be active, engaged and part of the solution.

At Royal London, we've heeded this call to action. In 2021, we moved over £20 billion of our tracker equity investments away from market-weighted benchmarks into ESG and carbon-tilted funds. This was a strategic and decisive move, based on our belief that the market doesn't properly value ESG risks or inefficiencies, and that climate change poses a significant market risk that's not priced into equity valuations.

Using our shareholder rights

One significant challenge we face as a business, is how to stay focused on the things that matter, spending our energy where we can have the most influence. That's why we choose to focus on specific key engagement and research topics – carefully selecting those where we can make a difference for your clients, and where we can play our part for the environment and society.

We continue to use our shareholder rights to actively participate at annual meetings, choosing to examine each vote before casting it. This essential act of stewardship is simply too important to outsource. We're improving how we measure, monitor and govern our approach to ESG risk, and embedding this into security selection, portfolio construction and product development where appropriate.

Our climate commitments

We believe that the best outcome for our customers is that, collectively, we achieve the goals of the Paris Agreement and this informs our strategic goals. This is why we've committed at firm level to reduce the emissions of our investments by 50% by 2030 as part of the transition to net zero by 2050*.

We acknowledge by setting these targets, we and the rest of the investment industry have a big task ahead of us.

However, people want to invest more sustainably, want to support businesses that recognise and share their values, and want to play their part in the transition to a lower-carbon economy through their pensions, savings and investments.

We believe our approach to stewardship and responsible investment makes us well placed to help you and your clients do just that.

* The term net zero means achieving a balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed from it. The commitment is based on the expectation that governments and policy makers will deliver on commitments to achieve the 1.5°C temperature goal of the Paris Agreement. It also assumes this action does not contravene Royal London Asset Management's fiduciary duty to external investors. The commitment is base lined on the year 2020. It includes assets managed and controlled by Royal London Asset Management, but excludes segregated mandates managed on behalf of external clients, unless otherwise instructed.

Supporting your client conversations

Give your clients a satisfying experience, with engaging updates from our investment experts and digital performance tracking.

You can use this alongside our tools and services to support and enrich your ongoing client conversations.

All this content is conveniently **packaged up on our website**[7], so you can access everything you need in one place.

For more information about our Governed Range and the benefits for you and your clients, speak to your usual Royal London contact, or visit the **investment section of our website**.

Client-facing investment guide

This guide pulls out the key benefits of our investment proposition to help support your client recommendation.

Monthly market commentary

Share our market commentary with your clients, to highlight what's happening in markets and what this means for their investments.

Mobile app

Clients can keep track of where their money's invested and access information on investment topics.

Financial planning tool

Create a financial plan to give your clients a full picture of their different sources of income and how their spending needs could change over time.

Client review service

With just a few simple clicks, you can create branded, visual reports which delve further into the year-on-year performance of your clients' plans – and their outlook for the future.

Drawdown governance service

For clients who are taking a regular income, you can create branded reports to help you track, discuss and manage the ongoing sustainability of their income.

[7] adviser.royallondon.com/supporting-your-investment-conversations

Royal London
royallondon.com

**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.**

March 2026

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