Your investment options

Investments | Your investment options guide

ROYAL LONDON

When you invest, understanding where your money is invested – and how – is important.

In this guide, we'll help you make sense of your Royal London investment options to find one that's right for you.

What's inside

An introduction to investing

Investing puts your money to work with the aim of helping it grow in value.

Why invest?

If you only hold your money as cash savings, you face the risk that inflation – the rate at which the price of things is rising – will grow faster than the interest you're getting on your money. If that happens, inflation eats away at the value of cash savings over time. Effectively, your savings buy you less and less of the things you want and need every day as time goes on.

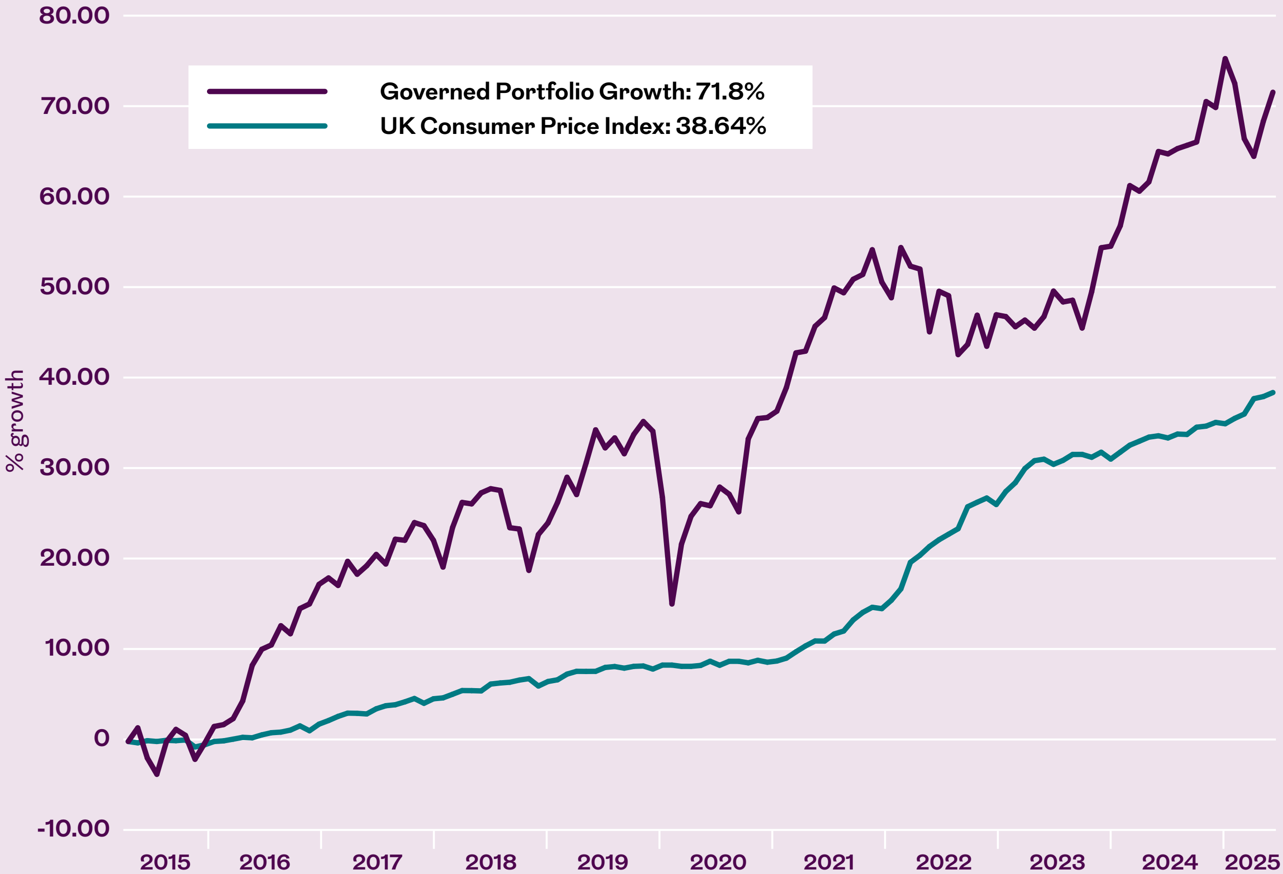
Investing can offer a better chance for your money to at least keep pace with inflation – hopefully with room for some extra growth on top, too.

Of course, investing comes with a risk of loss. The value of investments can go down as well as up, so you may get back less than you pay in. This is known as investment risk, with the risk of losing money higher than if you kept it in a savings account.

But the hope is that, despite fluctuations in value, the overall growth you get on your investments will be higher than the interest available on savings.

As an example, the graph on the next page shows the 10-year performance of our Governed Portfolio (GP) Growth, the 'middle' option of our seven Governed Portfolios. We categorise the Governed Portfolios by how much investment risk they take.

Over this period, you'll see that the returns on the GP Growth, which contains a mix of different types of investments, have largely been higher than inflation as measured by the Consumer Price Index (the measure used by the Government to set the Bank of England's target for inflation). This means any money invested in the GP Growth grew faster than inflation.



Source Lipper, as at 30 June 2025. Performance figures calculated after the annual management charge (AMC) which applies to the fund has been taken off.

Of course, past performance is not a guide to future performance. Investment returns aren't guaranteed, and you may not get back what you paid in. Plus, the GP Growth is just one of our investment options. Some may not have performed as well, while others may have performed better.

Our approach to responsible investment

Driven by our Purpose, we look to act and invest responsibly. Our approach includes the following four 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 action to influence change. We believe in engaging with these companies to support them to improve their corporate behaviour and encourage change.

Voting

We use our voting rights on a range of issues. This includes voting on matters such as how companies are run (often referred to as governance), their impact on climate change, board appointments, changes to a company's structure, pay and compensation, and mergers and acquisitions.

ESG integration

We expect all the asset managers who manage your investments to consider environmental, social and governance factors in their investment decision-making process.

Collaboration

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

Understanding how you feel about risk

All investments carry some degree of risk. The more risk you're willing to take with your investments, the higher your potential return – but the greater your chance of loss. Lower-risk investments on the other hand offer greater security but lower potential returns.

How you feel about risk is one of the most important parts of picking the right investments. Some people are very comfortable taking risk, while others don't like it at all.

Maybe you already know where you sit on this scale. However, if you're not sure how much investment risk you're comfortable taking, our risk profiler can help. All you have to do is answer 12 simple questions here: **royallondon.com/riskprofiler**

Talking to a financial adviser can also help make sure you choose an investment option with the right level of risk to suit your needs.

As well as helping you identify how much risk you're comfortable taking (**your attitude to risk**), an adviser can help you understand your **capacity for risk**. This is about how much risk you can afford to take financially. Typically, the higher your level of wealth and income, the higher your capacity for risk.

Very cautious	Cautious	Moderately cautious	Balanced	Moderately adventurous	Adventurous	Very adventurous
Low risk	←				→	High risk

Very cautious

Knowing your money's safe matters more than high returns. You'd rather keep it in the bank than invest it in the stock market.

Cautious

You don't like taking risks with your investments. You'd rather keep your money in the bank, but you'll think about investments if there's potential for better returns in the long run.

Moderately cautious

You're usually uncomfortable taking risks with your investments. But you're willing to take limited risks because you know that could bring better returns in the long run.

Balanced

You know that reaching your investment goals means taking risk and you're ready to do that with at least some of your investments.

Moderately adventurous

You're ready to take a risk with a substantial chunk of your investments because you know it could result in better returns in the long run.

Adventurous

You're happy to take on risk with most of your investments. You know it's crucial for returns in the long run.

Very adventurous

You're ready to take considerable risks with all your investments to get the highest returns you can.

Your risk profile

Once you understand how much risk you're comfortable taking and how much risk you can afford to take, you're better placed to see which of our investment options might best support your financial goals.

What you can invest in

To help you get the best possible returns in line with how you feel about risk, you should think about investing in a range of different types of investments – known as asset classes.

How much you invest in each asset class depends on how much or how little risk you're comfortable taking. Different types of investments tend to perform differently depending on what's happening in the economy.

Spreading your money across a mix of investments (known as diversification) means that if one type of investment performs badly, the performance of other investments should help lessen the overall impact.

Pulling off the balancing act

Getting this balance right can make all the difference. So if you're a hands-on investor – someone who wants to choose and manage their own investments – it's important that you regularly check that the mix of investments you have remains in line with how you feel about risk.

Our Governed Range options hold a mix of investments, including:

- **Equities (shares)**
  When you buy shares in a company, you own part of that company along with a proportion of its assets and a share of any profits.
- **Bonds**
  Essentially loans to countries (government bonds) or companies (corporate bonds), which aim to repay what you loan them on a set date in the future, as well as paying interest.
- **Property**
  Typically commercial property like shopping centres and office buildings rather than houses. Investment returns usually come from rent or growth in the value of the property.
- **Commodities**
  Basic goods and raw materials such as gold and other metals, sugar and wheat.

As different investments involve different levels of risk, the risk level of each of our Governed Range options is determined by how much of each type of investment it holds.

Find out more about different types of investments on our website:
RoyalLondon.com/what-can-i-invest-in

Making sense of your options

There's a lot of choice about how to invest your money. But while choice is a good thing, it can make it harder to pick the option that's best for you.

Our investment options are all about balancing the reward you want to get with the risk you're prepared to take.

Royal London's ready-made Governed Range

Our Governed Range offers ready-made investment options created by our in-house experts. If you're a new investor or don't have the time to manage your investments yourself, these options offer the most support.

The Governed Range includes:

- **Governed Portfolios** – seven options with varying levels of risk so you can choose the one that most closely matches the amount of risk you're comfortable taking
- **Governed Retirement Income Portfolios (GRIPs)** – five risk-rated portfolios designed to support taking a regular income in retirement, while keeping the rest of your money invested
- **Lifestyle strategies** – designed to manage your investments from when you start investing through to retirement.

Every option in our Governed Range comes with active management, which means our experts actively make changes to keep them on track. You don't have to do a thing. The Governed Range also offers a responsible investment approach as standard.

All this comes at no extra cost over the annual management charge you pay. There's more information about our Governed Range on page 12.

Talk to an expert

This guide can't tell you what to do – it only shows you the options. It's best to make any decisions about your investments with help from a financial adviser.

Need advice?

If you don't already have a financial adviser, there are several places you can search for one in your area. Advisers may charge for their services, but they should agree any fees with you upfront.

There's more information on how to find a financial adviser on our website: **RoyalLondon.com/find-a-financial-adviser/**

Our full fund range

The Governed Range is available to all customers – no matter how much investment experience you have. As we manage the Governed Range options for you, it's a less time-consuming option than using our full fund range.

However, if you're a more experienced investor with the time to choose and manage your own investments, you might want to consider our full fund range. There are more than 170 funds to choose from, some managed by Royal London Asset Management and some by other well-known external fund managers.

This option gives you the freedom to pick options that you feel will best support your goals. But it needs a lot of time and a fair amount of investment knowledge. You'll need to regularly review your investments and make changes to them to respond to what's happening in markets to make sure they stay on track to meet your goals.

You'll find more information on our full fund range on page 17 of this guide.

Choosing your investments

Deciding which investments might be right for you can be tricky. Whether our Governed Range or our full fund range could work for you depends on your needs and circumstances. If you don't feel like you can make this decision yourself, you'll probably benefit from asking a financial adviser to help.

However, once you've decided on your investments, we make it easy to select them using our online services. You can also change your investments at any time with just a few clicks by logging in to your Royal London account. That means it's quick and easy to move your investments if you want or need to, although you should always consider the impact of making any changes to your investments. If you're not sure, speak to a financial adviser.

Investment options: our ready-made Governed Range

If you're new to investing, or don't have time for the hands-on approach of picking your own investments, the ready-made investment options in Royal London's Governed Range could be right for you.

Available to all Royal London investors, these were created by our in-house experts. All you need to do is choose the option which most closely matches your goals and the level of investment risk you're comfortable taking. We'll do the rest.

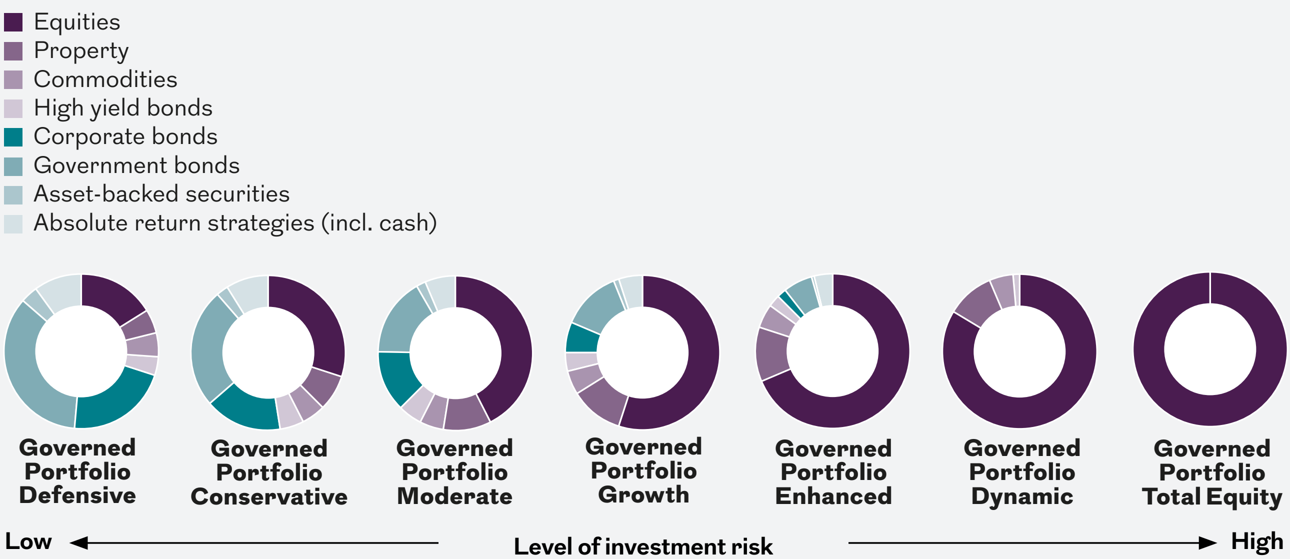
Governed Portfolios

Each of our ready-made 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.

To discover more about how much investment risk you're comfortable with, take a look at our risk profiler tool: **royallondon.com/riskprofiler**

Benefits of our ready-made Governed Portfolios

- Created by experts and monitored by our in-house teams at no extra cost
- Include a diversified range of investments
- Choice of seven portfolios to suit how much risk you're comfortable taking



Governed Retirement Income Portfolios

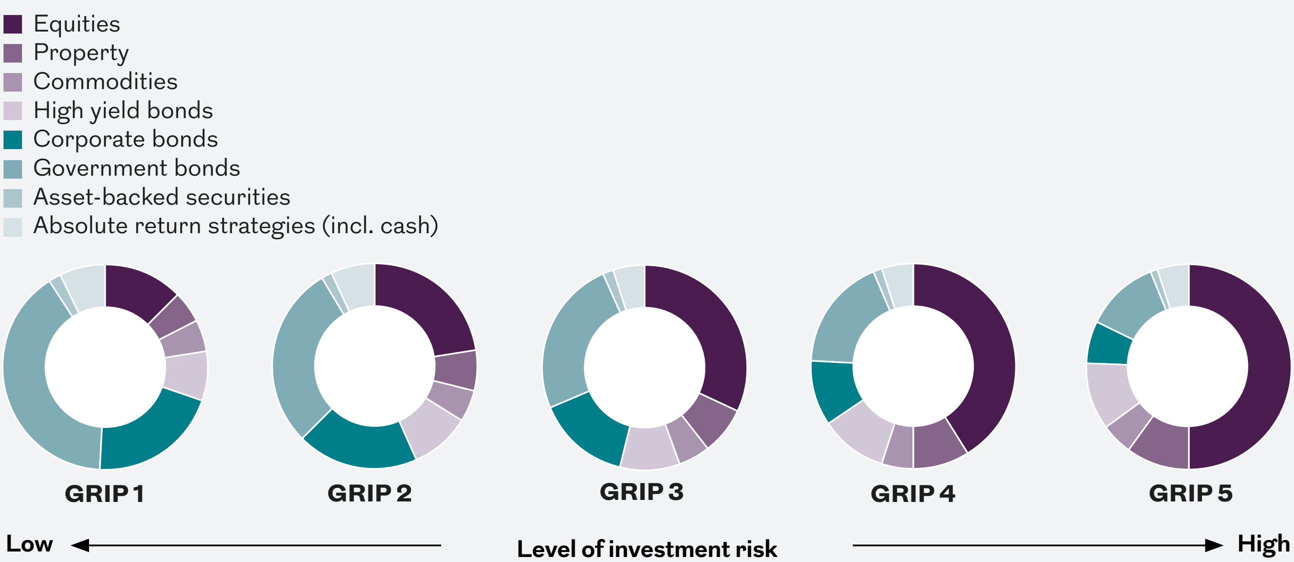
If you're planning to take a regular income in retirement and keep the rest of your money invested, you might want to consider our **Governed Retirement Income Portfolios** (or GRIPs for short).

The five GRIPs each have a different level of risk, so you can choose one that most closely matches your attitude to risk. As part of our Governed Range, the GRIPs benefit from regular reviews and ongoing fine-tuning to make sure they're sticking to their objectives – all at no extra cost above the annual management charge.

When you take money out can have a big impact on your investments. We've designed the GRIPs to take advantage of opportunities in markets to help the money you keep invested grow, while taking into account the risk of sudden market shocks.

Benefits of our GRIPs

- Choice of five portfolios to suit how much risk you're comfortable taking
- Looked after by experts
- Designed to be resilient to support your retirement income – whatever's happening in markets



Lifestyle strategies

As you approach retirement, our lifestyle strategies automatically move your investments from higher-risk to lower-risk investments. This can help lessen the impact of potential shocks, such as significant falls in markets, when you have less time to make up any losses.

Lifestyle strategies also consider how you plan to take your money. This might be:

- **An annuity** – which will pay you a secure income for the rest of your life
- **Drawdown** – flexible access that lets you dip into your retirement savings while the rest stays invested
- **Cash** – where you take your retirement savings as one or more cash lump sums/payments.

To choose the right lifestyle strategy, just decide how much risk you're comfortable taking and how you plan to take your money.

Benefits of our lifestyle strategies

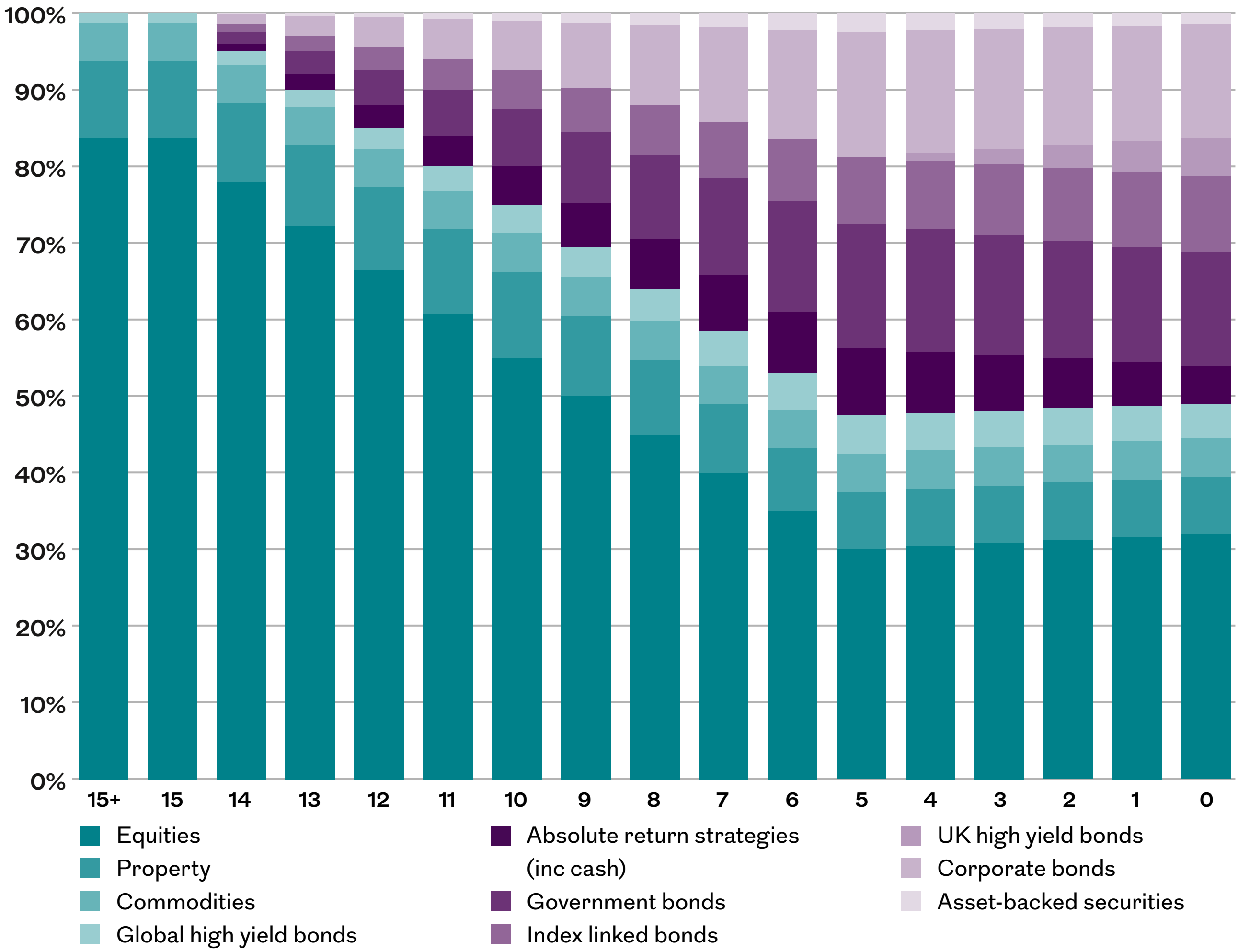
- Gradually and automatically reduce your level of investment risk as you approach retirement
- Support the three main retirement income options: secure income (annuity) flexible access (drawdown) and cash as one or multiple lump sum(s)
- A choice of risk-rated strategies so you can also find one which matches your attitude to risk

If your circumstances change, you can move into another lifestyle strategy or investment option at any time. And you can still take your money any way you like when you retire regardless of which lifestyle strategy or other investment option you're in, subject to any regulations.

How lifestyle strategies work

The chart below shows how our medium-risk Balanced Lifestyle Strategy (Drawdown) works. Along the bottom is the number of years you have left to retirement. The colours show the proportion that's in different types of investments. As you get closer to retirement, the lifestyle strategy reduces how much is in riskier investments, such as equities, and increases how much is in lower-risk investments, such as bonds.

This is done by moving into Governed Portfolios with lower levels of risk. Then, at retirement, the lifestyle strategies will move into one of our Governed Retirement Income Portfolios, which are designed for keeping your retirement savings invested and taking a regular income from them.



Choice of lifestyle strategies

This table shows where each of the lifestyle strategies invests your money based on how close you are to retirement.

Time to retirement				
Lifestyle strategy	**15 years + →**	**10 years + →**	**5 years + →**	**Approaching retirement**
Cautious Lifestyle Strategy	Governed Portfolio Enhanced	Governed Portfolio Moderate	Governed Portfolio Defensive	• Governed Retirement Income Portfolio 1 (Drawdown) • RLS Deposit Fund (Cash) • RLS Annuity Fund (Annuity)
Moderately Cautious Lifestyle Strategy	Governed Portfolio Dynamic	Governed Portfolio Growth	Governed Portfolio Defensive	• Governed Retirement Income Portfolio 2 (Drawdown) • RLS Deposit Fund (Cash) • RLS Annuity Fund (Annuity)
Balanced Lifestyle Strategy	Governed Portfolio Dynamic	Governed Portfolio Growth	Governed Portfolio Conservative	• Governed Retirement Income Portfolio 3 (Drawdown) • RLS Deposit Fund (Cash) • RLS Annuity Fund (Annuity)
Moderately Adventurous Lifestyle Strategy	Governed Portfolio Total Equity	Governed Portfolio Growth	Governed Portfolio Conservative	• Governed Retirement Income Portfolio 4 (Drawdown) • RLS Deposit Fund (Cash) • RLS Annuity Fund (Annuity)
Adventurous Lifestyle Strategy	Governed Portfolio Total Equity	Governed Portfolio Enhanced	Governed Portfolio Moderate	• Governed Retirement Income Portfolio 5 (Drawdown) • RLS Deposit Fund (Cash) • RLS Annuity Fund (Annuity)

Investment options: the full fund range

170+ FUNDS

70+ managed by Royal London

90+ managed by other fund managers

Control your own investments

If you have experience investing, you might want to choose and manage your investments yourself. You can set your investment strategy, pick your funds, and review and manage them.

This means you're responsible for deciding when and how to change things to stay in step with how you feel about risk and to respond to how your investments are doing.

We have more than 170 funds. That's plenty of choice when it comes to fund managers, investment styles and markets around the world.

The range includes a number of sustainable funds if you're looking to align your investments with your values. These invest in companies that contribute to society and the environment.

Spreading your investments

Most experts agree that successful investing is down to having the right mix of investments, such as equities (shares), bonds, property and cash. If one type of investment performs badly, your overall portfolio might not be so badly hit as the performance of other investments should help lessen the impact.

Choosing your own investments

This means you'll need to decide how much risk you want to take with your investments.

You'll also have to keep an eye on your investments to make sure they don't open you up to more risk (or less) as time goes on.

Watching your investments

Taking charge of your own investments can be a rewarding option if you know your way around. You'll also need commitment and time to manage them to make sure they stay on track to meet your goals.

If you don't have the time or you're not confident doing this, you should speak to a financial adviser.

Investment pathways

What are investment pathways?

The Financial Conduct Authority introduced investment pathways to give people who are taking money from their pension savings simple, good-value investment options.

These are available to our pension customers only.

Investment pathways are separate from our other investment options. Our four investment pathways cover the most common ways that people generally choose to take money from their pension, plus an option for people who don't have any plans to touch their money within the next five years, apart from taking their tax-free cash. You choose the one which most closely matches your plans for your pension savings.

Our investment pathways solutions

All our investment pathways are managed by experts and regularly checked to make sure that they include the best mix of investments to continue to meet their aims.

Where necessary, our experts adjust the mix of investments. You don't need to do anything - this is all included at no extra cost to you.

I have no plans to touch my money in the next five years

Investment pathway 1

Aims to help your money continue to grow in value.

I plan to use my money to set up a guaranteed income (annuity) within the next five years

Investment pathway 2

Aims to give more certainty about annuity income you may be able to set up in the future, although we can't guarantee this.

I plan to start taking my money as a long-term income within the next five years

Investment pathway 3

Aims to help your money continue to grow in value to support taking an ongoing income.

I plan to take out all my money within the next five years

Investment pathway 4

Aims to help your money continue to grow in value, while also supporting any withdrawals you make.

More about the investment pathways

You can find out more about our investment pathways, and also view and download factsheets on our website at **royallondon.com/pensions/investment-options/investment-pathways/**

Remember, the value of investments can go down as well as up, so you may not get back all the money you pay in.

We hope this guide makes your investment choices clearer. If you have any questions about next steps, think about speaking to a financial adviser. They can help you identify the investments which are right for you and your goals.

You can also visit our website at 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.

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royallondon.com

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