ROYAL LONDON GLOBAL MULTI ASSET PORTFOLIOS FUND RANGE

REASONS WHY

For professional clients only - this document is intended for financial advisers to use with investors.

This document has sample 'reasons why' paragraphs to be used as a guide only. Any client suitability letters should be approved according to your usual compliance procedures.

Why Royal London Asset Management?

Royal London Asset Management (RLAM) was established in 1988 and manages £137.1bn of assets (as at 30.9.2019). RLAM is a wholly owned and central part of the Royal London Group, the UK's largest mutual life, pensions and investment company.

RLAM invests across all the major asset classes. RLAM's teams of investment specialists are all located in their London office. RLAM is committed to attracting and retaining talented individuals as we believe expert, stable teams are central to delivering outperformance over the medium to long term. We have a tradition of independent thinking, yet encourage a collegiate approach where appropriate, aiming to achieve the best investment outcomes for investors.

Why multi asset?

Multi asset funds combine a blend of different asset types, depending on their individual remits. Different asset types tend to perform well under different conditions and at different times. By spreading investment across a range of these assets, investors avoid 'putting all their eggs in one basket', diversifying across a mix of asset exposures. This is aimed at smoothing investment returns, reducing the impact on one particular asset type on the Fund. Multi asset funds can present an effective means of combining these exposures within a single vehicle.

Why GMAPs?

The Royal London Global Multi Asset Portfolios (GMAPs) are a range of six multi asset funds which each invest in a different blend of assets. The Funds each have a different risk and return profile, based on their differing exposures across asset classes.

The Funds invest in other funds which are predominantly managed by RLAM, rather than investing directly in the underlying holdings. This means that they offer a high level of diversification built in.

At a glance

The funds are managed in line with the following at their core:

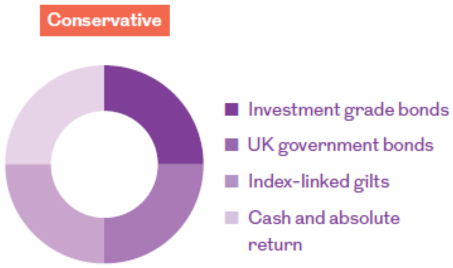
- Risk management – The risk process applied to the funds is designed to make sure that the funds are managed in a disciplined and repeatable manner. This process begins with their design, with the asset mix of each fund designed to cater to a given investment objective and attitude to risk. The Funds are also monitored on an ongoing basis by an independent risk committee, with the aim of ensuring that the funds are being managed appropriately and are suitably positioned.
- Asset mix – The Funds' exposures across different asset types have been designed to meet specific risk and return requirements. These exposures may however, vary over time in line with the manager's views, in order to allow the fund's to be adjusted in line with market conditions.
- Active and passive investments – The GMAPs offer exposure to both actively managed funds as well as some equity tracker funds. The combination of both provides balance and means that costs are reduced. The Funds have a target Fund Management Fee of 0.6%.

Fund management team

RLAM's Multi Asset Team was established in 2015 with the aim of creating a range of funds for a broad spectrum of investor needs. The GMAP range is managed by Trevor Greetham, RLAM's Head of Multi Asset. Trevor has 25 years' investment experience, having previously held roles at Fidelity and Merrill Lynch. Trevor is a qualified actuary. He is supported by the eight-strong Multi Asset Team at RLAM, which includes RLAM's senior economist as well as Portfolio managers and Quantitative Analysts. The team has 19 years' average investment experience. In addition, they are able to benefit from the expertise within RLAM's other investment teams all located in our London office.

Why RL GMAP Conservative Fund?

The RL GMAP Conservative Fund invests in other funds which in turn invest in bonds. The Fund offers diversified exposure, evenly split across the fixed income asset types indicated below. Please note weightings to these assets may vary over time in line with the Fund manager's views.

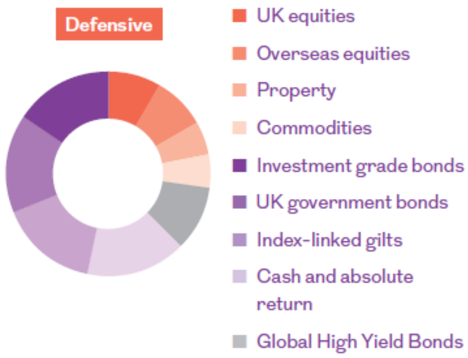


The Fund invests in government bonds issued by the UK government also known as gilts, as well as index linked gilts - UK government bonds whose income is related to a price index aimed at offering protection from inflation. It also invests in bonds issued by companies – or corporate bonds. These will predominantly be 'investment grade' bonds, where the risk of an investor not getting their money back due to default is deemed to be lower. The Fund also includes exposure to some cash and absolute return instruments.

The Fund seeks to provide the lowest level of return with the lowest level of risk when compared to the other funds within the GMAP range.

Why RL GMAP Defensive Fund?

The RL GMAP Defensive Fund invests in other funds whose underlying holdings are invested across equities, bonds, property and commodities. The Fund offers diversified exposure across the asset types below, with a bias towards bond investments. Please note weightings to these assets may vary over time in line with the Fund manager's views.



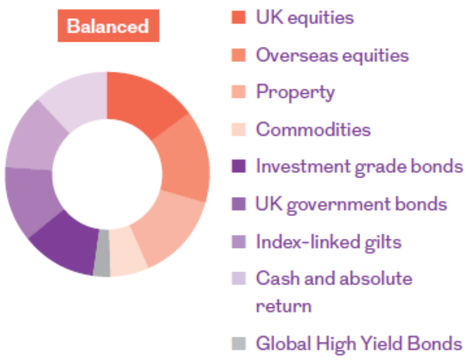
The bond portion of the Fund will include investments in government bonds issued by the UK government also known as gilts, as well as index linked gilts - UK government bonds whose income is related to a price index aimed at offering protection from inflation. It also invests in bonds issued by companies – or corporate bonds. This will include both ‘investment grade’ bonds, where the risk of an investor not getting their money back due to default is deemed to be lower and ‘sub investment grade’ or ‘high yield’ bonds, where this risk is higher. The Fund also includes exposure to some cash and absolute return instruments.

Other asset types invested in include equities – through funds investing in stocks and shares issued by companies in the UK and overseas. The Fund’s property holding will include funds that invest directly in commercial property as well as those that invest in mortgages and other forms of real estate. Commodities are basic commercial goods, often used in the production of other goods and services, for example grains, gold, beef, oil and natural gas. The Fund will gain exposure to these assets as they are traded on an exchange.

The Fund seeks to provide a low level of return with a low level of risk when compared to other funds within the GMAP range.

Why RL GMAP Balanced Fund?

The RL GMAP Balanced Fund invests in other funds whose underlying holdings are invested across equities, bonds, property and commodities. The Fund offers diversified exposure across the asset types below, with equal weighting to bonds versus other typically riskier assets. Please note weightings to these assets may vary over time in line with the Fund manager’s views.



The bond portion of the Fund will include investments in government bonds issued by the UK government also known as gilts, as well as index linked gilts - UK government bonds whose income is related to a price index aimed at offering protection from inflation. It also invests in bonds issued by companies – or corporate bonds. This will include both ‘investment grade’ bonds, where the risk of an investor not getting their money back due to default is deemed to be lower and ‘sub investment grade’ or ‘high yield’ bonds, where this risk is higher. The Fund also includes exposure to some cash and absolute return instruments.

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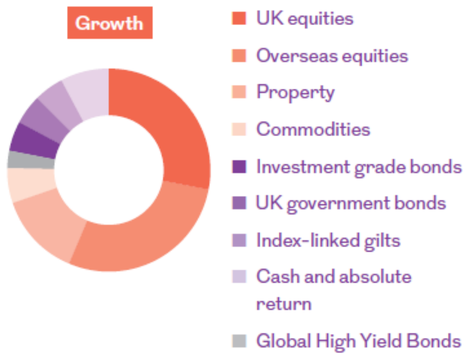
The Fund seeks to provide a mid-level of return with a mid-level of risk when compared to other funds within the GMAP range.

Why RL GMAP Growth Fund?

The RL GMAP Growth Fund invests in other funds whose underlying holdings are invested across equities, bonds, property and commodities. The Fund offers diversified exposure across the asset types below, with a greater weighting to typically riskier assets versus bonds. Please note weightings to these assets may vary over time in line with the Fund manager's views.



The Fund's equity exposure includes funds investing in stocks and shares issued by companies in the UK and overseas. Its property holding will include funds that invest directly in commercial property as well as those that invest in mortgages and other forms of real estate. Commodities are basic commercial goods, often used in the production of other goods and services, for example grains, gold, beef, oil and natural gas. The Fund will gain exposure to these assets as they are traded on an exchange.

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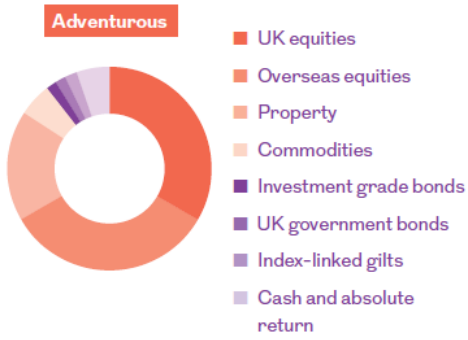
The Fund seeks to provide a mid-to-high level of return with a mid-to-high level of risk when compared to other funds within the GMAP range.

Why RL GMAP Adventurous Fund?

The RL GMAP Adventurous Fund invests in other funds whose underlying holdings are invested across equities, bonds, property and commodities. The Fund offers diversified exposure across the asset types below, with a significantly greater weighting to typically riskier assets versus bonds. Please note weightings to these assets may vary over time in line with the Fund manager's views.



The Fund's equity exposure includes funds investing in stocks and shares issued by companies in the UK and overseas. Its property holding will include funds that invest directly in commercial property as well as those that invest in mortgages and other forms of real estate. Commodities are basic commercial goods, often used in the production of other goods and services, for example grains, gold, beef, oil and natural gas. The Fund will gain exposure to these assets as they are traded on an exchange.

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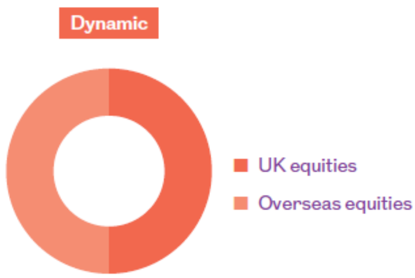
The Fund seeks to provide a high level of return with a high level of risk when compared to other funds within the GMAP range.

Why RL GMAP Dynamic Fund?

The RL GMAP Adventurous Fund invests in other funds whose underlying holdings are invested in both UK and overseas equities. The Fund offers diversified exposure across equities. Please note weightings to these assets may vary over time in line with the Fund manager's views.



The Fund’s equity exposure includes funds investing in stocks and shares issued by companies in the UK and overseas.

The Fund seeks to provide the highest level of return with the highest level of risk when compared to the other funds within the GMAP range.

Glossary of key terms

Absolute return

Absolute return funds aim to deliver positive returns in any market conditions, but returns are not guaranteed. This differs from traditional funds which tend to focus on relative return, or comparative returns versus a benchmark or other measure. Absolute return funds seek to make positive returns by employing investment management techniques that differ from traditional funds – including the use of derivatives (see below).

Corporate and Government Bonds

Corporate bonds are loans issued by companies for a set period, during which the company pays interest. Corporate bonds tend to be less volatile investments than equities but provide the opportunity or higher growth than deposits.

Governments bonds (Gilts) work in much the same was as corporate bonds but are considered very safe as the Government is unlikely to go bankrupt.

Both Corporate and Government bonds return the original amount at the end of the term.

Commodities

Commodities are basic commercial goods, often used in the production of other goods and services, for example grains, gold, beef, oil and natural gas. The quality of these commodities is generally uniform across producers and they can be traded on an exchange

Diversification

Diversification refers to the mixing of a variety of investments within a portfolio. Diversification aims to smooth out risk so that positive performance from some investments neutralises negative performance from others, seeking to create higher returns and lower risk over time.

Derivatives

A derivative is a security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Futures contracts, forward contracts, options and swaps are the most common types of derivatives. Most derivatives are characterized by high leverage or borrowing.

Equities

Equities are company shares. Limited companies can sell shares to raise capital, paying a share of their profit (known as a dividend) to the buyer in return. Shares are bought and sold on the stock market, and their prices fluctuate based on a number of factors including the company's potential profitability, currency exchange rates etc. As a result, they tend to be too volatile for short-term investors. However, it is widely accepted that equities have the potential for better returns over medium and longer terms. It's also worth bearing in mind that equities traded on some overseas stock exchanges can be more volatile than UK equities.

High yield bonds

Sub investment grade or high yield bonds are those which are deemed to have a much higher chance of default. To reflect this increased risk, these bonds tend to offer higher yields.

Index linked gilts

Index linked gilts are UK government bonds whose income payments are linked to a specific price index – typically the Consumer Price Index. These bonds are aimed at protecting investors from changes in the index and providing them with a real rate of return.

Investment grade

Bonds often receive a credit rating from various rating agencies. A credit rating is an opinion on how likely it is that investors will be paid on time and receive their capital back when the bond matures. Investment grade bonds are deemed to have a lower risk of default, indicating investors are more likely to get their capital back and income paid on time versus sub investment grade or high yield bonds.

Mixed assets

Some funds will invest in a mixture of different asset classes such as company shares, property and deposits. This way, if one particular investment performs poorly, you won't be as badly affected because your risk is spread more widely.

Property

There are two main types of property funds:

Direct property funds invest in bricks and mortar properties such as retail outlets, industrial sites and office buildings. One proviso: because the property in a fund may not be readily saleable, it's possible that you might not be able to cash in your investment in a property fund when you want to. Also the value of property is generally a matter of a valuer's opinion rather than fact.

Property security funds invest in Real Estate Investment Trusts and shares in property companies. These funds typically experience short-term price movements similar to equity funds but would be expected to have characteristics similar to direct property funds over the longer term. They are also less likely to place restrictions on cashing in your investment than direct property funds.

Risk

Risk exists in a number of different situations, but the main concern is with financial risk, which is the volatility associated with the prices on and returns from investments.

It is important to remember that investment returns may fluctuate and are not guaranteed, and you might not get back the original value of your investment.

Risk attitude profiling

The more risk you are willing to take with your investments, the higher the potential return - but the greater the chance of loss. Lower risk investments on the other hand offer greater security but lower potential returns.

Risk tolerance

Risk tolerance will depend on an individual's financial circumstances and goals. Financial risk tolerance can be split into two parts:

- **Risk capacity - the ability to take risk**
  - This relates to the individual's financial circumstances and investment goals. Generally speaking someone with a higher level of wealth and income (relative to any liabilities they have) and a longer investment term will be able to take more risk, giving them a higher risk capacity.
- **Risk attitude - the willingness to take risk**
  - Risk attitude has more to do with the individual's psychology than with their financial circumstances. Some will find the prospect of volatility in their investments and the chance of losses distressing to think about. Others will be more relaxed about those issues.

Important information

For professional clients only, not suitable for retail investors.

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested.

For more information on the fund or the risks of investing, please refer to the fund factsheet, Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Price page on www.rlam.co.uk.

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