ROYAL LONDON

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Royal London Market update

Lorna Blyth provides an update on the impact of recent market events on the Governed Range.

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Markets remain volatile as we move into May, however we have seen an improving trend across all the portfolios and the bounce back from the March low continues on the back of central bank and government support. This can be seen by tracking the return from Governed Portfolio 4 which fell as low as -19% since the start of the year to mid March but is now back up to -13% year to date. You can see returns for all the portfolios over the short and long term in the link at the end of this update. We often talk about a tail event in investing, also described as a 1 in 20, or a black swan event. Our modelling shows that in these scenarios we can expect Governed Portfolio 4 to fall around 20% over any one year so while these moves feel extreme they remain within the range of expectations which we model.

Having said all that, the FTSE fell 3.5% on 30 April, following an announcement from Shell that it was cutting its dividend for the first time since the second world war. Month end flows can cause some odd movements in market indices and we shouldn't put too much focus on a single data point, but it does highlight that volatility remains as companies respond to the impact of COVID and lockdown measures on earnings.

All the portfolios are spread across a range of asset classes and this diversification is deliberate. It is designed to optimise performance and better withstand shocks. This approach has softened the absolute returns delivered however, it should be balanced against the fact that we were overweight equities and high yield going into the downturn which has impacted our short term performance. Our view is that the fall in global high yield is overdone and this represents an opportunity in the medium to long term which RLAM are well placed to take advantage of. The long term assumptions backing these decisions have been reviewed and we are comfortable they remain valid.

Our Investment Advisory Committee will meet on 3 June to review the latest data set from Moody's which informs our strategic asset allocations and sets the guidelines for our tactical positions. While all our governance meetings are important this one will be particularly so given the current environment as we seek to understand the impact of COVID19 and the stimulus measures on our longer term assumptions. RLAM have a long-term track record of adding value across our portfolios and typically use periods like this to top up allocations that generate growth in the long run and we will use this meeting to review current positioning and rationale. Minutes from the meeting will be published on our website afterwards.

Please note that this is a fast-moving environment and markets and impacts on portfolios are changing. Opinions contained in this document represent views of our fund managers at time of writing.

Governed Range investment activity

After a violent sell-off in March, stock markets retraced around half their losses in April based on more optimism regarding coronavirus risk diminishing and various policy measures to mitigate damage to the global economy. However, uncertainty over both the depth and duration of the global health and economic crisis remains high.

Across the Governed Range we have reduced risk but remain slightly overweight equities. We have not gone underweight because US and European public health experts are beginning to talk of some hope regarding the virus impact peaking, which may lead to lockdowns being eased more widely and economic activity beginning to recover. Additionally, a broad range of monetary and fiscal stimulus measures have been announced globally; these will significantly help growth once restrictions on activity can be eased.

We remain slightly overweight US equities (including the tech sector) given the relatively defensive nature of the market and the resilience of tech earnings in the pandemic and are. also moderately overweight Emerging Markets, potentially a safer haven as the virus appears to be under control in China. We are underweight UK equities; a long-term underperformer hampered by a heavy resource sector weighting. We remain overweight high yield bonds, particularly short duration high yield, as we expect the asset class to be resilient over the medium term. We remain broadly neutral on UK commercial property where we have seen diversification benefits relative to equities. We have de-risked our currency positions, remaining short the economically-exposed Australian dollar and more recently moving short sterling while shifting in favour of the more defensive US dollar and Japanese yen.

You can read more about our latest tactical change **here**.

Market outlook, Trevor Greetham, Head of Multi Asset Funds, RLAM

Sustained recovery in markets will probably have to wait until there is more confidence regarding the coronavirus pandemic being under control globally, shuttered parts of the world economy are re-opened and consumer confidence rises from its lows as people are allowed to return to work. We expect our Investment Clock model to reflect this situation by moving from its disinflationary "Reflation" zone, with weak growth and inflation, and to "Recovery" as global growth recovers. We intend to make full use of our active tactical asset allocation risk budget to add to equity exposure when we judge the time is right.

Our investment process has weathered difficult markets in the past and we added significant value over the 2007-9 Global Financial Crisis. We believe a disciplined and active approach to both risk control and tactical asset allocation will be crucial in portfolios, as markets respond to the current crisis and policy responses being implemented.

You can read the latest Investment Clock report **here**.

RLAM Economic Viewpoint

After last week's business survey data, it was the turn of GDP numbers to remind us of the economic damage being wrought by the current crisis. In France, GDP declined in Q1 by the most in a single quarter since 1949. For the euro area as a whole, output fell 3.8%. Earlier in the week, the US also recorded negative GDP growth – though showing less of a contraction in activity than in the euro area, likely reflecting later lockdowns. What in normal times would be an awful set of GDP numbers, is now just the prelude for something more awful in Q2 (which will reflect more weeks of lockdown).

There were more plans published for, and announcements of, easing social distancing in parts of Europe this week. That is positive news for the economy but not in a straightforward way. 1) Social distancing isn't being abandoned – just eased, gradually. 2) The strength of the recovery depends on the degree of economic scarring that is taking place now – how many are losing their jobs outright; how many companies don't reopen; what kind of balance sheet damage is being inflicted. A lot of economic policy support has been directed to these concerns. 3) Just because the government tells businesses and households that they can now do something, doesn't mean that they will. Governments can't just switch economic activity on again. While fear of the virus remains, the recovery will lag. Among other things, many households will worry about their job security, which itself will hold back spending. In the European Commission sentiment surveys this week, we saw sharp increases in unemployment expectations. Data from China reminded us that the path of recovery everywhere is likely to be an uneven one as manufacturing PMI business surveys deteriorated a bit in April, having bounced strongly in March as China's lockdowns ended. Meanwhile the services survey suggested some parts of the services sector are seeing falling activity, despite lockdowns having ended.

In the US, it was interesting to see the personal savings rate rise sharply in Q1 as consumer spending fell ahead of incomes. Temporarily more generous US unemployment benefit should help support incomes somewhat in Q2. Higher household savings would be helpful in supporting future spending, but much will depend on how many workers are re-hired in the recovery and to what degree virus worries constrain consumer behaviour.

As for economic policymakers, the past week saw central banks in focus with US Fed Chair Powell and ECB President Lagarde both giving press conferences. The ECB provided more support for the recovery in the shape of more generous terms for one of its facilities and the introduction of a new liquidity facility. The sense from both central bankers was that we are still in the middle of the economic battle and as more action is needed, more will be taken. Economic policymakers remain – rightly – focused on winning the current battle against the economic effects of the coronavirus, but that doesn't mean that it isn't important to look further ahead. At the end of last week, the US Congressional Budget Office (CBO) produced a set of preliminary US fiscal forecasts, projecting that the US deficit will hit 17.9% GDP in 2020. It is already fair to wonder when pressure for spending cuts and austerity will rear its head again across many countries. Too soon and that will be a serious problem for this recovery where fiscal policy is doing the heavy lifting, facilitated by central banks keeping down borrowing costs.

Market view from Piers Hillier, CIO, RLAM

Inevitably, we are going to see some shocking economic data over the next few months. This week proved no exception as it emerged that the six-week total of Americans filing for unemployment benefits rose to more than 30 million and a number of US corporates provided exceptionally weak earnings guidance. Unsurprisingly, the PMI data was horrific in the UK, US and euro area, though these data are measures of breadth in activity rather than depth.

Adding to the concerns for investors, President Trump used his press conference yesterday to entertain several as yet unproven theories about the origins of the coronavirus, including from a laboratory in Wuhan. While he reassuringly dismissed a report that the US might cancel debt that it owed to China, the accusatory rhetoric increases the risk that the US could once again raise tariffs on Chinese goods.

Equity markets rallied over the week, though they have faltered over the past couple of days, with the big shock in the UK being Royal Dutch Shell cutting its dividend for the first time since World War II. This brought me back to a risk I noted in March, that the UK could see a 50% reduction in dividend income. Were BP to follow Shell's lead in the third quarter, cutting its dividend in a similar manner, then we would be approaching that quantum of reduction following cuts from banks, insurers, housebuilders and many consumer-related businesses. While dividend cutting is heralded by some as sharing the pain, we need to remember the importance of dividends in providing immediate income needs to pensioners and small investors, as well as all of us who are saving for retirement.

Remarkably, the global equity index has rallied over 25% since its trough towards the end of March. Indeed, April saw the greatest rally for US equities since 1987. So despite the dire economic data we keep seeing, we are technically in yet another bull market for equities. While that might seem odd, particularly considering that sovereign yields declined over the week, it makes sense considering that equity market valuations are, in part, driven by discount rates. Bull markets are not easy and tend to climb a wall of worry, evidenced by a trade-off between greed and fear, with lots of plausible reasons for caution justifying the type of correction we saw towards the end of this week.

While the general tendency during the market rally has been for growth stocks to outperform value stocks, the past week saw value outperforming. The rally was driven by cyclical sectors such as energy, finance and materials, helped by massive tailwinds from rising oil prices and US 10-year treasury yields. We do not know that this marks the start of a turn in the cycle, only that these sectors have been severely depressed recently. The strength of equities helped credit markets, which were reasonably strong over the week. Issuance has been well received in the sterling investment grade credit market, with the usual price talk subsequently tightening into demand. The euro and dollar investment grade markets have been a touch weaker, with new issuance performing fairly weakly.

Away from markets, we are starting to see signs of governments either relax their current lockdown conditions, or intimate that a relaxation of the rules is not far away. However, it is clear to us that even if the UK government does see fit to ease restrictions, we are still a long way off 'normal' – if indeed 'normal' is something we ever go back to.

As I have said in recent weeks, the investment outlook remains uncertain. But markets are functioning better week by week as central bank and government support packages start to come through. The first acid test of the robustness of those markets starts now – as initial economic data starts to come through. This will undoubtedly be very bad and championed by some as signalling not just a recession but the potential for a depression. My experience from previous cycles is that trying to divine the actual impact based on the first few numbers available will lead to poor investment decisions. While the data will emerge in the end, by utilising our tried-and-tested cashflow-focused investment processes we stand well placed to deliver successful long-term returns.

Sustainable Funds- Mike Fox, Head of UK Sustainable Investments

Equity markets continue to rally strongly, and credit markets are well supported. The Nasdaq index is now unchanged year to date, and the S&P 500 only down 9%, rallying more than 30% since its lows. Whilst this seems counterintuitive given we are still in lockdown, there is a roadmap to explain this. The market panic of mid-March has subsided with more rational thinking in evidence, central bank and government support has helped take some of the pressure out of the investment and corporate worlds, and finally we had news this week of an effective treatment for covid-19 from Gilead, a US pharmaceutical company. This, combined with the low returns from assets such as cash, has resulted in strong support for risk assets such as equities. In addition, the corporate results season in the US has been better than expected, or perhaps better described as 'better than feared'. There is even a modest outbreak of optimism in the media (notable, as the saying goes if you want to be a successful journalist be a pessimist, if you want to be a successful investor be an optimist).

We have to confess that we think equity markets have gone far enough for now. The reality of reopening the global economy will be one of gradual, but by no means steady, progress. Now is the right time to consider the impact of covid-19 on the business models of the companies we can and do invest in, as well as some of the longer-term consequences of recent stimulus measures. To be clear, we still think by the end of 2021 the global economy will be largely recovered and this will support higher risk asset prices, but we see this happening at a much more measured pace with the potential for some volatility. Of course, markets could go higher (or lower) as they are complex, dynamic, entities about which no one has perfect knowledge, but when we look at the investments we have made, their valuations and their prospects we think they are nearer to where they should be.

What will happen next?

This is the time to start thinking about the relative winners and losers post the crisis. Here are some of the things we are thinking about:

Bytes versus bricks – for many years the strategy of physical asset owners has been to sweat them as hard as possible. Smaller seats on planes, more desks in offices, more tables in restaurants, more stock in retail shops, fewer seats on trams. It has been a conscious business strategy to give us less space. Will this be culturally accepted anymore in a post pandemic world? We doubt it. If social distancing remains, then the leisure, retail and transportation industries will become structurally less profitable and we must encompass this in our thinking.

For some it will be easier to evolve than others, virtual queues for example in fast service restaurants. For others it will be impossible without reducing profitability. On the other side digital businesses have unlimited space and social distancing. An acceleration to digital services is almost inevitable. Companies such as Adobe and Salesforce will be key beneficiaries on this trend. Less physical contact and more digital interaction is here to stay.

Cash versus credit – investing (maybe life!) is about tail events. Low probability events that have a big impact, which unfortunately we will all face at some point in our corporate and personal lives. Very few people, investors or businesses plan for them, often assuming that life will carry on as normal forever. Clearly this crisis has challenged that view. One implication is that corporates need less debt and more equity (and consumers more cash than credit); they may even be required to have it if governments ask for a greater buffer before they have to bail them out. We have already seen equity issuances from the leisure sector, reflecting this new normal, but we think there will be more to come. We certainly will continue our preference for cash rich, conservatively financed, companies over their indebted peers.

Local versus global – globalisation of supply chains and businesses has been a defining corporate trend of the last decade. It has helped improve profits and keep inflation down by moving to cheaper labour countries, and enhanced growth due to the new business opportunities in emerging markets. This may now go into reverse, with just in time stock inventory management replaced with just in case, and it being politically unacceptable to have vaccine and mask manufacturing solely in places like China. Onshoring will be a trend in the same way offshoring was in the previous decade. Unfortunately this will not be a boom for jobs as we expect any new factories built to be highly automated – particularly, in a world of social distancing. More localisation is a trend we struggle to see much upside from, although industrial building owners such as Segro and Prologis are bright spots, as it could end up with lower growth, more inflation and fewer jobs.

There are of course many other topics worthy of consideration. The most important point though is that we challenge our previous thinking on a range of opportunities and risks to make sure we are appropriately positioned in what will be a very different world going forward.

Sustainable Funds- Mike Fox, Head of UK Sustainable Investments

Our mixed asset sustainable funds have benefited from the recent recovery in equities, especially as they outperformed into the downturn. Our single asset equity funds have lagged a little in the last week as more cyclical, lower quality investments have performed the strongest. This is to be expected given our investment criteria. That said, some of the additions we made to the Leaders fund in March, such as Greggs, Legal and General, Vistry and Prudential have performed particularly well and made sure we've captured a good proportion of the recent rally.

Voting Season
During April and May, RLAM's corporate governance team will be voting at hundreds of company Annual General Meetings, including those held in the sustainable funds. A robust understanding of a company's corporate governance practices is a core part of the fund's process, and the team have shared some insights from the proxy season so far relating to a number of holdings within the sustainable range of funds.

Some management teams at businesses more likely to be impacted by the coronavirus outbreak in the near term have shown prudence in requesting cuts to their own salaries during the lockdown. At Severn Trent, where revenues are likely to be more stable over the period, we were impressed by director's commitments to voluntarily take pay cuts in order to contribute to local charities in the region which they serve as part of a broader basket of initiatives.

There is often a temptation from remuneration committees to begin to increase variable pay incentives during periods of strong share price performance. However, despite a strong showing from the London Stock Exchange Group in recent months, we are pleased to see the Board exercising restraint as it set its new pay policy.

Some of the UK's largest companies often compete for talent with international firms who are more open to making excessive pay awards. While we sympathise with their predicament, we will not support unjustified increases to executive pay in the sustainable funds. We will therefore not be supporting AstraZeneca's new pay policy, which has attracted criticism for the further increase to the CEO's LTIP and decision not to phase the CEO's pension to workforce levels (in line with market best practice).

However companies are open to constructive feedback from shareholders. One material holding in the sustainable funds had recently completed a significant acquisition and was pushing for an additional one-off award to management, contingent on them realising the benefits of the deal. Following discussions with the team earlier in the year, where we shared our concerns about this, the company pulled the award (and will likely see strong shareholder support for pay at their forthcoming AGM).

We believe the internal corporate governance team is an important competitive advantage in our ability to deliver good investment returns. Poorly governed companies are rarely good investments and hard wiring in an assessment of incentives and board structures is a highly effective way of maximizing reward and minimising risk when making investment decisions.

Responsible investing update

As ever, the issue of executive pay in the context of Covid-19 is a hot topic and we are keeping a close eye on how companies are approaching pay during this time. We are in the middle of proxy season currently, where we are voting up to 50 annual company meetings a day. One of the key issues is the timing of awards during the current period of extreme volatility and significant market correction. Long-term incentive plan (LTIP) awards are granted in the form of shares as a multiple of salary (for example, the value of shares worth 200% of salary is granted today and will be paid out in three years provided the company meets its performance targets). Any awards granted now during the market downturn, could turn out to be potentially excessive if the market as a whole recovers during the three year performance period. This would mean LTIP pay-outs could award executives for market recovery, rather than specifically for company performance.

At this stage, only a few FTSE350 companies have announced specific changes to their LTIP grants. If companies don't act now, we may only see the effects of the decisions made today in three or even five years' time. From our team's point of view, it will be important for the Remuneration Committee to consider exercising discretion both now when issuing shares, and possibly later when they pay out. We regularly review companies' approaches to applying discretion and our preference is to have them formally included in the wording of the companies' remuneration policies. When the market recovers from Covid-19, it will be even more important to be vigilant as shareholders and carefully examine how discretion is being exercised by company boards

Property

The RLP Property fund remains in deferral due to the material uncertainty clauses which valuers have added to property valuations. The application of the clause along with lockdown measures weighed on market sentiment and resulted in a small decrease in property valuations during April. It is likely that the material uncertainty clauses attached to valuations will remain in place until we see some easing of lockdown. RLAM have been proactive in engaging with tenants and are trying to take into account the individual circumstances of each occupier, keeping in close contact with managing agents and landlords to gauge the stance others are taking, and understand themes as they emerge. These risks to near-term income alongside weak investor sentiment, will lead to a sudden re-pricing of UK real estate. It is difficult to judge how far values will fall off the back of limited investor demand, and occupier pressures, combined with record low market sentiment; but it could be dramatic, in both quantum and speed.

You can find out more at our RLP Property Fund update

Investment grade credit

Global investment grade markets have widened significantly since February due to the coronavirus pandemic. The US market underperformed, widening more than euro and sterling credit and experiencing lower total returns (from peak of Feb 20th to March 20th). This was particularly the case for US BBB credit, which fell 15.5% in just one month from Feb 20th. In comparison. One of the reasons for this was the risk of BBB credit falling into the high yield market (so-called 'fallen angels'). The US BBB market has grown rapidly over the past decade and now represents around 48% of the total US investment grade credit market.
The market started to rally from March 20th, as valuations became very attractive and central banks across US, UK and Europe acted very quickly to provide accommodative and supportive measures for the markets. US credit reversed the underperformance versus euro and sterling credit, and strongly outperformed in the rally, posting 10%+ returns in over a month. US BBB recouped most of the losses year to date after the US Fed further announced it will now include 'fallen angels' in its corporate QE programme, thus providing a strong technical support for the asset class.

By sector, energy companies remain under pressure following the dramatic collapse in the oil price despite the production cuts agreed by OPEC + members. The price collapse was driven by technical factors due to the expiry of the May 2020 futures contract and the current storage capacity being very close to full. WTI prices have somewhat recovered, with the June 2020 contract trading at $21 per barrel, but remains well below January 2020 levels of around $60 per barrel. Most well run energy companies are hedged for this year and into next year. This includes quite a lot of high yield issuers. As a result it's not the near term oil contract future price that matters but longer term prices. Also, energy companies have responded to the current environment by suspending dividend payments and aggressively cutting capital expenditures in order to boost and preserve liquidity through the downturn.

Outlook
Whilst it remains difficult to predict the outcome for most companies against such an uncertain backdrop, it is likely that there will be a pick-up in defaults in the wider credit market. Those most exposed will be issuers facing first order Covid 19 impacts, as well as the most levered and lowest rated credits. However, unprecedented government support to address banks and corporate liquidity, as well as new policies that help to offset companies' fixed costs (wages, business rates, VAT) through any lock down, should materially increase the time period over which the majority of investment grade companies can withstand reduced activity.

Historical default rates are around 0.35% per annum (annualised based on a 10yr holding period), implying a spread requirement of around 0.25% to compensate for loss risk. For reference, during the global financial crisis, one-year IG defaults spiked to c0.6% (c1.0% ex AAA), which is the worst period for global defaults since the Great Depression. Therefore, whilst it is difficult to forecast with any conviction how corporate defaults might evolve, the spread widening of some 1.3% in US credit, despite the significant dampening impact of the government support, is far exceeding the additional compensation required for any historical default precedent. As tends to happen during periods of elevated volatility, it is likely that a significant element of the spread widening is being exacerbated by liquidity dislocations across overall capital markets, providing significant income opportunities for investors able to take a longer-term perspective.

High Yield

March was an extraordinary period for high yield and unprecedented in terms of the speed with which markets reacted, even in the context of the financial crisis. Since then there has been a progressive improvement in market levels and sentiment as government stimulus supports the market. The RLP Sterling Extra Yield fund invests in a wide range of assets including higher yielding investment grade bonds (typically A and BBB); unrated bonds; and sub-investment grade bonds and the fund manager, Eric Holt takes positions within those bond market sectors that he believes offer the best value. The biggest impact is being felt across the financial sector within individual holdings. For example Phoenix bonds, AAA credit rating, fell from 100 to 55 and recovered to 85. This drop was comparable to the drop in the share price.

Our view is that defaults will be lower than market expectations. Liquidity is flowing to all types of issuers and most companies in the high yield markets have the flexibility to gain this liquidity (given the well documented laxity in the market over the last few years) and have sustainable capital structures in the medium term. For example, Merlin entertainment, owner of theme parks across the world including Alton Towers and Legoland, issued €500m senior secured bonds at a 7% yield. This increased their liquidity to a total of €1bn in cash which allows them to survive up to 20 months without any revenues. It's worth contrasting this with AMC cinemas which has a much tighter senior covenant package limiting additional borrowing and borrowed £500m last week only after consent from its lenders. Both cinemas and theme parks are likely to have severe revenue issues for some time so whilst Merlin now has liquidity for 20 months and has the flexibility to issue more senior secured debt, AMC only has liquidity through to November with little flexibility to borrow any additional secured debt. A bankruptcy of either in the current environment is not likely to be conducive to a high recovery so flexibility of covenants will be essential to unlock liquidity.

Performance year to date

Governed Portfolios

Portfolio Name	Percentage Growth 31.12.19 01.05.20 % Chg
Governed Portfolio 1	**-11.15**
Composite Benchmark	-9.70
Difference	-1.45
Governed Portfolio 2	**-9.21**
Composite Benchmark	-7.93
Difference	-1.28
Governed Portfolio 3	**-5.79**
Composite Benchmark	-4.47
Difference	-1.32
Governed Portfolio 4	**-13.61**
Composite Benchmark	-12.49
Difference	-1.12
Governed Portfolio 5	**-11.86**
Composite Benchmark	-10.45
Difference	-1.41
Governed Portfolio 6	**-8.28**
Composite Benchmark	-6.86
Difference	-1.42
Governed Portfolio 7	**-14.87**
Composite Benchmark	-14.78
Difference	-0.09
Governed Portfolio 8	**-14.15**
Composite Benchmark	-12.97
Difference	-1.18
Governed Portfolio 9	**-10.08**
Composite Benchmark	-8.89
Difference	-1.19

Governed Retirement Income Portfolios

Portfolio Name	Percentage Growth 31.12.19 01.05.20 % Chg
Governed Retirement Income Portfolio 1	**-2.62**
Composite Benchmark	-1.41
Difference	-1.21
Governed Retirement Income Portfolio 2	**-5.11**
Composite Benchmark	-3.79
Difference	-1.32
Governed Retirement Income Portfolio 3	**-7.79**
Composite Benchmark	-6.26
Difference	-1.53
Governed Retirement Income Portfolio 4	**-10.49**
Composite Benchmark	-8.61
Difference	-1.88
Governed Retirement Income Portfolio 5	**-12.53**
Composite Benchmark	-10.67
Difference	-1.86

Underlying Funds

Portfolio Name	Percentage Growth 31.12.19 01.05.20 % Chg
RLP Absolute Return Government Bond-Pen	**-1.16**
Benchmark	-0.18
Difference	-0.98
RLP Commodity-Pen	**-22.41**
Benchmark	-20.75
Difference	-1.66
RLP Deposit-Pen	**-0.11**
Benchmark	-0.19
Difference	0.08
RLP Global High Yield Bond-Pen	**-10.23**
Benchmark	-10.87
Difference	0.64
RLP Global Managed-Pen	**-16.47**
Benchmark	-16.76
Difference	0.29
RLP Long (15yr) Corporate Bond-Pen	**5.18**
Benchmark	4.55
Difference	0.63
RLP Long (15yr) Gilt-Pen	**11.72**
Benchmark	10.63
Difference	1.09
RLP Long (15yr) Index Linked-Pen	**4.77**
Benchmark	3.58
Difference	1.19
RLP Medium (10yr) Corporate Bond-Pen	**1.74**
Benchmark	1.43
Difference	0.31
RLP Medium (10yr) Gilt-Pen	**6.85**
Benchmark	6.20
Difference	0.65
RLP Medium (10yr) Index Linked-Pen	**2.85**
Benchmark	1.92
Difference	0.93
RLP Short (5yr) Corporate Bond-Pen	**-1.48**
Benchmark	-0.60
Difference	-0.88
RLP Short (5yr) Gilt-Pen	**2.77**
Benchmark	2.49
Difference	0.28
RLP Short (5yr) Index Linked-Pen	**0.37**
Benchmark	0.15
Difference	0.22
RLP Property-Pen	**-2.13**
Benchmark	-3.17
Difference	1.04
RLP Sterling Extra Yield Bond-Pen	**-10.87**
Benchmark	-3.53
Difference	-7.34
RLP Short Duration Global High Yield-Pen	**-5.24**
Benchmark	-0.11
Difference	-5.13

Longer term performance

Please see **our latest performance**.

Past performance is not a reliable indicator of future results. 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.