

With-Profits Investment Report

Quarter 2, 2023

This report gives information on the following

- factors that affect with-profits policy values
- types of assets – how these affect investment returns
- investment market conditions
- asset mixes – the asset mix for different categories of with-profits business
- asset and investment return details for each asset mix

Factors that affect with-profits policy values

The return on the asset mix is only one of the factors that affect with-profits policy values. Other factors are the deductions we make, and any other discretionary adjustments that we may apply such as smoothing. The deductions are normally for such things as our expenses and (where relevant) tax, costs of life cover and guarantees, and a contribution to the capital of the with-profits fund. Some payout values are also affected by the guarantees that apply.

When Standard Life demutualised on 10 July 2006 the with-profits fund was set up with an Inherited Estate. At least once a year we review whether it's appropriate to make distributions from the Inherited Estate. We use any distributions that we make to enhance with-profits payouts.

Some with-profits investments guarantee a minimum payout, for example when you die or when your policy reaches its maturity date, as long as all payments have been made when due. We will then pay at least this minimum amount regardless of the performance of the assets we hold over the period that your policy is invested in with-profits.

For more information on with-profits please visit our website at www.standardlife.ie/withprofits

Types of assets

We invest in a wide range of assets including equities, bonds and cash deposits. We expect that a higher proportion of equities and property will produce returns that are higher over the long term, but more variable over the short term. We expect that a higher proportion of bonds and cash will result in returns that are more stable, but lower over the long term.

Investment market conditions

- Global equities posted a good return this quarter.

Equities

Global equities continued to rise in Q2 2023, with a total return of 6.99% based on the MSCI world index. With the US regional banking turmoil abating, falling US inflation and positive Q1 earnings surprises helped equities post mild gains in April. Global equity markets pulled back in May, as China's post-pandemic reopening boost faded, and investors expected further rate hikes in the US and Europe.

Meanwhile, Japanese equities reached a multi-decade high in May on strong foreign investor interest. The stock market rally shifted into a higher gear in June, aided by the Fed pausing in its monetary tightening journey, and continued AI enthusiasm.

Japanese equities had a very strong quarter, delivering a return of +18.5% as indicated by Nikkei 225 index. LatAm posted over 14% gains and emerging Europe recorded a gain of 9.7% during the three months.

Meanwhile, cyclicals outperformed defensives both in the US and in the other developed markets.

Bonds

Global government bonds started the second quarter relatively calmly. Bond yields remained in a tight range allowing asset price volatility to fall. The combination of economic durability, stubborn core inflation and hawkish central bank rhetoric meant sovereign bonds struggled from mid-May onwards, as yields pushed higher. Meanwhile, the ECB, as expected, slowed the pace of monetary tightening by increasing policy rates by 25bp at both their May and June meetings, taking the deposit rate up to 3.5%.

However, in the UK several sharp upside inflation surprises meant the Bank of England surprised investors with a 50bp hike in June (having raised Bank Rate by 25bp in May), as the central bank attempted to restore its inflation-fighting credentials. Over the quarter, Euro Area government bonds produced a slightly positive total return of 0.1% while US Treasuries recorded a negative return of -1.4%. With investor pricing in a much more aggressive tightening cycle for the Bank of England, relative to other central banks, gilts were easily the worse performer, with a -6.0% decline in total returns.

Asset mix

Our aim when managing our with-profits business is to provide growth over the long term, while continuing to maintain an appropriate level of financial strength so that we can meet all contractual obligations to our customers. We currently group policies into 3 categories, as described in the following table, and so there are 3 different asset mixes.

We regularly review the asset mix that backs our with-profits business, taking account of such things as:

- the nature and size of the guarantees for each class of with-profits business
- the strength of the fund
- any changes in current and expected future market conditions.

Note: the asset mix will also change as market values change.

Policy type	Fund name (see your policy statement)	Asset mix	Page
Personal Pension Plan ¹ Personal Pension Plus ¹ Tower Pension Series ² Corporate Pension Series ¹ Buy out Bond ¹	Pension With Profits Fund	Category 1	3
Capital Savings Plan Flexible Life Plan Mortgage Plan Capital Savings Plan (MC100) MoneyWorks Plan (Net)	Life With Profits Fund	Category 2	4
MoneyWorks Plan (Gross) MoneyWorks SSIA	MoneyWorks With Profits Fund		
Approved Retirement Funds ³ With Profits Retirement Annuity	Retirement With Profits Fund		
Endowment Assurance Plan Early Maturity Plan Flexible Savings Plan MC Plan Whole of Life Plan Pure Endowment Personal Pension PenPlan	Conventional With Profits		
PRSA Synergy Investment Bond Synergy Portfolio Bond Synergy approved retirement funds Synergy Portfolio approved retirement funds Executive Pension Plus	Standard Life With Profits Fund	Category 3	5
Personal Pension Plan ¹ Personal Pension Plus ¹ Tower Pension Series ² Corporate Pension Series ¹ Buy out Bond ¹	Pension With Profits Fund A		
With Profits Bond	With Profits Bond Fund		
Tower Pension Series ²	Pension With Profits Fund D		

Notes

¹ New policies taken out from September 2004 and top-ups from that date to existing policies are allocated to the Pension With Profits Fund A.

² Pension scheme members who joined before September 2004 have investments in the Pension With Profits Fund. Top-ups to these, and new members who joined between September 2004 and 9 July 2006, are invested in Pension With Profits Fund A. New members who joined from 10 July 2006 are invested in Pension With Profits Fund D.

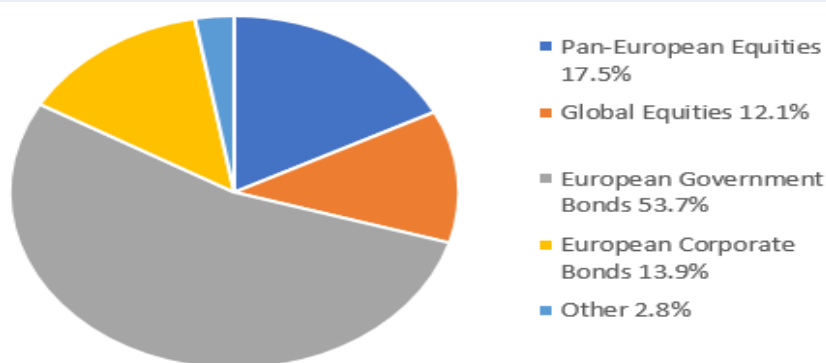
³ Approved Retirement Funds other than Synergy approved retirement funds and Synergy Portfolio approved retirement funds.

Synergy policies taken out since June 2006 do not have a with-profits investment option.

All other policy types listed above are no longer available to new investors.

Category 1 details

30 June 2023



* Other includes cash deposits and money market instruments.

Investment returns

Last four quarter years (before tax)

Quarter year ending on:	30/09/2022	31/12/2022	31/03/2023	30/06/2023
Category 1	-3.4%	1.0%	3.0%	1.4%

These investment returns do not allow for charges, expenses or the effects of any smoothing and have been rounded down.

Category 1 is predominately invested in Fixed Interest, in particular European Government Bonds. This reflects the relatively higher guarantees provided by the classes of business backed by Category 1.

Last four calendar year returns (before tax)

Year	2019	2020	2021	2022
Category 1	10.3%	3.5%	5.8%	-15.4%

You should refer to your annual statement to see how the value of your policy changes over time.

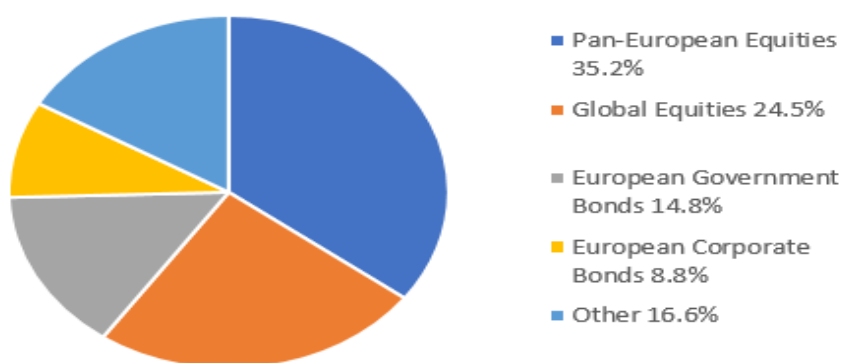
Past performance is not a reliable guide to future performance. The value of this investment may go down as well as up and may also be affected by changes in currency exchange rates.



For more information on with-profits, visit our website at standardlife.ie/withprofits

Category 2 details

30 June 2023



* Other includes cash deposits and money market instruments.

Investment returns

Last four quarter years (before tax)

Quarter year ending on:	30/09/2022	31/12/2022	31/03/2023	30/06/2023
Category 2	-2.6%	4.3%	4.8%	2.7%

Category 2 has a significant portion in equities, in particular Pan-European equities.

Last four calendar year returns (before tax)

Year	2019	2020	2021	2022
Category 2	17.6%	2.3%	15.9%	-11.1%

These investment returns do not allow for charges, expenses or the effects of any smoothing and have been rounded down.

You should refer to your annual statement to see how the value of your policy changes over time.

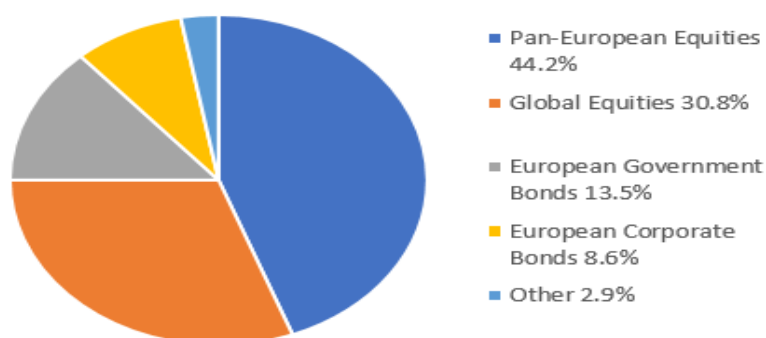
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Category 3 details

31 March 2023



* Other includes cash deposits and money market instruments.

Investment returns

Last four quarter years (before tax)

Quarter year ending on:	30/09/2022	31/12/2022	31/03/2023	30/06/2023
Category 3	-3.0%	5.5%	5.9%	3.2%

These investment returns do not allow for charges, expenses or the effects of any smoothing and have been rounded down.

You should refer to your annual statement to see how the value of your policy changes over time.

Category 3 is predominately invested in Equities, in particular Pan-European Equities.

Last four calendar year returns (before tax)

Year	2019	2020	2021	2022
Category 3	21.3%	2.8%	20.4%	-12.6%

Past performance is not a reliable guide to future performance. The value of this investment may go down as well as up and may also be affected by changes in currency exchange rates.



For more information on with-profits, visit our website at standardlife.ie/withprofits

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