

# With-Profits Investment Report

## Quarter 4, 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](http://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 are up around 11% in Q4 and 21.8% since the start of the year
- Global government bonds ended the year with a strong final quarter, as inflation fell

### Equities

Global equities performed strongly in the last quarter of the year, depicting 2023 as a markedly different year from 2022. Global equities recorded their strongest monthly gains in November, since December 2020. This was propelled by the fall in inflation across developed markets and a strong decline in Discount Margin government bond yields. This meant that by the end of 2023 many regional indices had recovered most of the ground lost in 2022.

UK equities rose over the quarter with mid and small cap outperforming large cap stocks. In total return term, FTSE 250 Index and FTSE MIB Index grew 8.6% and 8.4% respectively, while the larger cap FTSE 100 Index increased 2.3%. This was partly attributed to the 4.4% sterling appreciation in Q4, with 75% of the revenues for FTSE 100 companies coming from overseas.

Summing up the fourth quarter performance at a sector level, real estate, IT and industrials led the way, recording returns of 21%, 18% and 11% respectively. Energy, health care and consumer staples lagged, posting losses in Q4.

US equities also did well, with a 9.1% gain in November, followed up by a 4.5% gain in December in terms of total return, which pushed the index up 26.3% for the year. The tech savvy Nasdaq composite index outperformed, with a total return of 13.8% in Q4 and hefty annual return of 44.7%. All sectors of the S&P 500, apart from energy rose over the quarter.

### Bonds

Global government bonds ended the year with a strong final quarter. Bloomberg's global bond aggregate completed the year up to 5.7% in total return terms. This was a substantial turnaround from the position at the end of October, when it looked like bonds were set for a third consecutive annual decline.

November inflation data came in softer than forecasted, which raised hopes that the policy makers would soon be able to cut interest rates. Sovereign bonds performed very well in Q4, US Treasuries gained 5.7% in Q4, ending the year up 4.1%, while Euro sovereign bonds were stronger, up 7.2% in Q4 and on the year.

## 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 <sup>1</sup> Personal Pension Plus <sup>1</sup> Tower Pension Series <sup>2</sup> Corporate Pension Series <sup>1</sup> Buy out Bond <sup>1</sup>	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 <sup>3</sup> 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 <sup>1</sup> Personal Pension Plus <sup>1</sup> Tower Pension Series <sup>2</sup> Corporate Pension Series <sup>1</sup> Buy out Bond <sup>1</sup>	Pension With Profits Fund A		
With Profits Bond	With Profits Bond Fund		
Tower Pension Series <sup>2</sup>	Pension With Profits Fund D		

## Notes

<sup>1</sup> 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.

<sup>2</sup> 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.

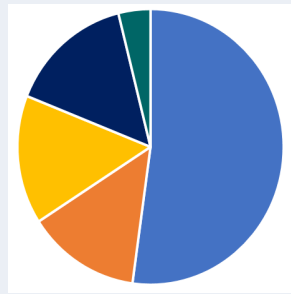
<sup>3</sup> Approved Retirement Funds other than Synergy approved retirement funds and Synergy Portfolio approved retirement funds.

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

31 December 2023



- Pan-European Corporate Bonds 15.1%
- Global Equities 15.1%
- European Government Bonds 52.2%
- European Corporate Bonds 13.7%
- Other 3.9%

\* Other includes cash deposits and money market instruments.

## Investment returns

Last four quarter years (before tax)

Quarter year ending on:	31/03/2023	30/06/2023	30/09/2023	31/12/2023
<b>Category 1</b>	3.0%	1.4%	-2.1%	7.0%

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	2020	2021	2022	2023
<b>Category 1</b>	3.5%	5.8%	-15.4%	9.5%

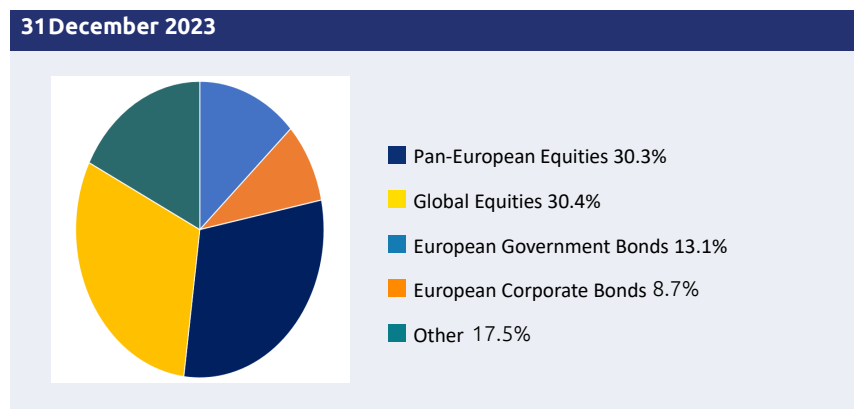
You should refer to your annual statement to see how the value of your policy changes over time.

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](https://standardlife.ie/withprofits)**

## Category 2 details



\* Other includes cash deposits and money market instruments.

## Investment returns

Last four quarter years (before tax)

Quarter year ending on:	31/03/2023	30/06/2023	30/09/2023	31/12/2023
<b>Category 2</b>	4.8%	2.7%	-1.4%	5.9%

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

Last four calendar year returns (before tax)

Year	2020	2021	2022	2023
<b>Category 2</b>	2.3%	15.9%	-11.1%	12.6%

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

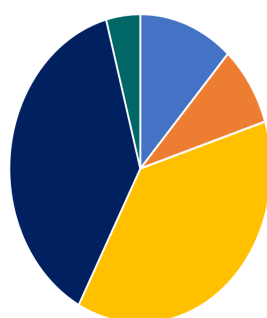
You should refer to your annual statement to see how the value of your policy changes over time.



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## Category 3 details

31 December 2023



- Pan-European Equities 37.7%
- Global Equities 38.0%
- European Government Bonds 11.7%
- European Corporate Bonds 8.4%
- Other 4.2%

\* Other includes cash deposits and money market instruments.

## Investment returns

Last four quarter years (before tax)

Quarter year ending on:	31/03/2023	30/06/2023	30/09/2023	31/12/2023
<b>Category 3</b>	5.9%	3.2%	-1.7%	6.7%

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

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

Last four calendar year returns (before tax)

Year	2020	2021	2022	2023
<b>Category 3</b>	2.8%	20.4%	-12.6%	14.7%

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

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