

With-profits investment factsheet

Investment objective

A with-profits investment aims to generate capital growth over the medium to long term (at least five years), with some stability against market volatility over the short term. This is achieved by combining your money with that of other with-profits investors, and collectively sharing in the fortunes of the fund.

The return is not based on the precise level of stock markets on the day you invest, or the day you take your money out.

By smoothing through the stock market movements, sometimes the returns are higher than the unsmoothed performance and sometimes lower. Over the longer term, the potential performance of the fund is similar to other funds we offer with a similar mix of assets. But over the shorter term, smoothing reduces the effect of market ups and downs. The guarantees provided by the fund also make your investment different from other types of investment.

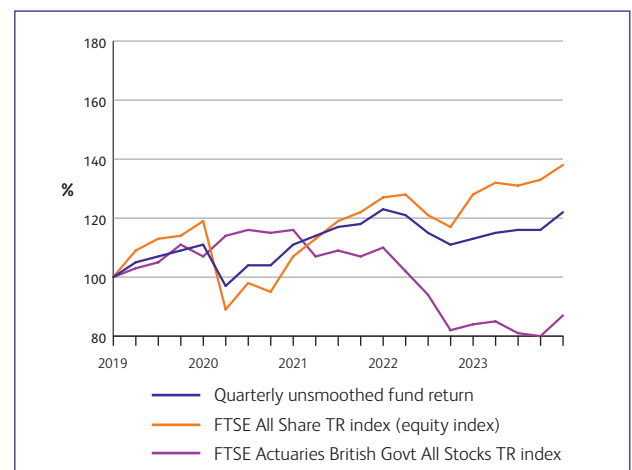
Asset information

Asset performance – five years to 31.12.2023

	Unsmoothed return on assets	Benchmark performances		
		Equity	Bonds	Property
2019	10.8%	19.2%	6.9%	0.2%
2020	0.5%	-9.8%	8.3%	-3.6%
2021	10.1%	18.3%	-5.2%	8.8%
2022	-8.0%	0.3%	-23.8%	-4.0%
2023	8.0%	7.9%	3.7%	0.5%
Annualised 5 year return	4.0%	6.6%	-2.8%	0.3%

The table above shows how the assets have performed compared with returns from relevant benchmark indices: Equity (FTSE All Share (Total Return)), Bonds (FTSE Actuaries British Govt All Stocks TR index) and Property (IA UK Direct Property TR) over the past five years. It does not represent investor returns. The above figures are gross of tax and do not take into account any charges or deductions.

Five year performance



The graph above shows the quarterly unsmoothed return (gross of all deductions) against the equity and bond benchmarks. Period covered is 01.01.2019 to 31.12.2023. All indices rebased, 01.01.2019 = 100%. Past performance is not a guide to future performance. You cannot invest directly in any of the benchmark indices.

This information is for the invested assets that principally drive future bonus amounts and therefore policy payouts. The assets known as the estate, held as reserves to provide a cushion against the effects of poor investment conditions, have a more cautious investment strategy. Part of the estate is being used to enhance payouts and is also invested cautiously, primarily in Cash. For more detail refer to Clerical Medical's 'Annual Report' on www.clericalmedical.co.uk

Asset Mix as at 31.12.2023

UK Fixed Interest:	
Government Bonds	3.5 %
Corporate Bonds	19.7 %
Loans secured against commercial property	0.1 %
Property	10.2 %
UK Equities	8.9 %
Overseas Equities	37.6 %
Cash/Other	3.3 %
Absolute Return Funds	7.4 %
Private Debt	2.9 %
Emerging Market Debt	6.4 %

Top 10 equity holdings as at 31.12.2023

Shell	Taiwan Semiconductor Manufacturing Company
Apple	Amazon
Microsoft	Unilever
AstraZeneca	BP
HSBC	Rio Tinto

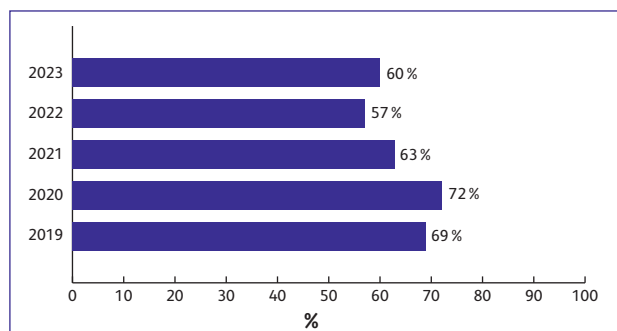
The above figures are as at 31 December 2023 and show the effective exposure of the different types of assets applicable to sterling denominated policies.

Note: An Absolute Return fund is one which aims to make positive returns regardless of market conditions, although this is not guaranteed. They do this by balancing traditional equity investment with other investment techniques, such as using hedging to reduce exposure to a market sector and by diversifying across different types of asset.

At 31.12.2023, the size of the whole With-Profits Fund was £3.6bn.

The With-Profits Fund sometimes takes advantage of derivatives, for example to effect a change in asset allocation quickly. The performance of the derivatives may differ from the corresponding assets and the effective exposure to different assets whilst the derivatives are held may differ from that shown.

Equity Backing Ratio statistics



For more details on the management of the With-Profits Fund and on some of the terms or abbreviations used in this factsheet, please refer to Clerical Medical's 'With-profits summary' or 'PPFM' on www.clericalmedical.co.uk and/or contact your financial adviser.

www.clericalmedical.co.uk

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The Equity Backing Ratio (EBR) is the percentage of the fund's assets in higher risk assets such as property and equities (including the holdings in absolute return funds). The values shown above represent the Equity Backing Ratio at 31 December of each year.

Policy returns

The investment performance is normally delivered through regular and final bonuses. A market value reduction may apply on encashment at certain times – please see the "With-profits summary" which is available on our website (see below) for more information regarding this.

In times of uncertainty when stock markets are volatile and there is an exceptionally large change in asset values, we have to react quickly to protect the interests of our remaining with-profits investors by ensuring that investors leaving the fund don't receive more than their fair share. In this situation we may vary our approach to smoothing.

Following a review of the amount needed to support the fund, a distribution of excess estate was started from 1 February 2010. This is being done through the normal periodic bonus review processes.

An example for five year investments up to 01.02.2024

	Bond	Pension
Annualised unsmoothed return on assets (the bond return is after tax)	3.6 %	4.0 %
Effect of product charges (annualised)	-1.0 %	-1.0 %
Effect of guarantee deductions and estate distribution (annualised)	-0.6 %	-0.6 %
Annualised product return on surrender	1.9 %	2.4 %

The above table is calculated using a product charge of 1.0%. The charge for your particular product may be higher or lower.

The bond five year returns are based on a Flexible Growth Bond and the pension five year returns are based on a Futureproof Individual Pension Plan.

Important notes

The value of an investment is not guaranteed and can go down as well as up depending on investment performance (and currency exchange rates where a fund invests overseas). You could get back less than you invested. The figures refer to the past and past performance is not a reliable indicator of future results. The ultimate value of a with-profits investment depends on future bonuses which cannot be guaranteed.

Source of data: FinEx and Clerical Medical, February 2024.