CHAIR'S ANNUAL STATEMENT:

The Jordan International Bank plc (1991) Retirement Benefit Scheme (4)- 82146 ("the Scheme")

1st August 2021 to 31st July 2022

Introduction

In March 2015 the Department of Work and Pensions (DWP) set out new rules for the governance of Defined Contribution (DC) pension schemes. From 6 April 2015, the Trustees of each scheme will have to produce an annual report, signed by their Chair, setting out a number of prescribed matters.

The Scheme was set up on 1st August 1991. This is its July 2022 annual report.

The Scheme operates under a Trust Deed and Rules dated 1st August 1991 superseded by a revised version dated 2nd January 2007. These are available at Jordan International Bank Plc,

What do you need to do next?

This report is for noting. You do not need to take any action.

If you have any questions or require any further information you should contact James Story at Jordan International Bank Plc.

The default investment strategy

A copy of the default arrangement's statement of investment principles is attached to this report as appendix 1.

During the year the statement of investment principles was reviewed. In order to do this, the Trustees took advice from their investment consultant. During the review the Trustees considered the extent to which the return on investments relating to the default arrangement (after deduction of any charges relating to those investments) is consistent with their investment aims and objectives for the default arrangement.

They have also considered the membership profile of the scheme, the risk profile and number of investment funds offered to members, the changing long-term investment market condition and the investment product and techniques available in the market place.

Further consideration was that all future contributions for employees are now subject to Work Place Pension Auto Enrolment and the DC scheme is no longer receiving any ongoing contributions. It was not possible to use the Scheme to meet the new Employer Duties and a new scheme was established with Royal London to ensure compliance under the legislation.

On the advice of Compass Wealth Management Consultants the majority of active members transferred their deferred pensions to the new Auto Enrolment pension plan with Royal London. Under the bulk transfer arrangement the active members have been able to transfer the pension plans to benefit from reduced charges, whilst protecting enhancement to their tax free cash.

No changes were made to the default arrangement at this review. Currently 77% of members are invested in the default arrangement.

Value for Money Assessment

The government expects that members should be in well run pension schemes that deliver optimal value for members over the long term. To help ensure this, the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced an additional requirement for trustees of 'relevant' money-purchase occupational pension schemes with under £100 million of assets, operating for three or more years.

Trustees now have a legal duty to carry out a holistic assessment of how their scheme delivers value for members. The purpose of the assessment is to determine whether members will receive this value in their existing scheme, or whether they would achieve better value in a larger scheme.

Information about the Aviva With Profits fund, how it is invested and managed together with underlying asset allocation and performance details is attached at appendix 2. Information about the other funds available to members including fact sheets and past performance details can be found on the Aviva website.

As the scheme is invested in ear-marked insured policies for each member and primarily in a With Profits Fund, charges, transaction costs and performance are difficult to quantify and compare with other providers and pension schemes. Aviva have been asked to provide further information but have been unable to do this in time for publication of this report.

Furthermore, the Employer and Trustees are currently, considering winding up the scheme and securing members' benefits under an alternative pension scheme or policy. Value for members including costs, investment options, security and flexibility will be the primary consideration for the Trustees in this process. Further information will be provided to members as soon as decisions are made.

Core financial transactions

During the year the Trustees ensured the core financial transactions of the Scheme were processed promptly and accurately by:

- Having an agreement with their service provider committing them to defined service level agreements ("SLAs")
- Having the service provider report on their performance against the SLAs above and
- Having the Scheme provider process/effect payments to scheme members

The core financial transactions include:

- The investment of contributions to the Scheme
- The transfer of assets relating to members into and out of the Scheme
- The transfer of assets relating to members between different investments within the Scheme
- Payments from the Scheme to, or in respect of, members

It is worth noting that as the pension plan no longer processes regular contributions this function is now primarily restricted to the drawing of benefits and processing claims.

Aviva have provided data based on the most common processes, although this information is only available at platform level. Scheme level information is not available at this time.

Service Level Agreement	Turnaround Time (days)	Monthly Target (as at July 2022)	Monthly Average (over last 12 months)
Process general enquiry, amendment	5	96.33%	96.03%
Process terminate policy and money out	3	90.00%	88.30%
Produce projection, valuation, servicing quotation	3	95.37%	95.36%
Calls answered by the contact centres before the customer abandons the call	N/A	95.00%	92.96%
Achieving FCA deadlines for complaint handling	40	99.50%	99.89%

Customer experience data:

Measure	Target	Overall Year to Date Score
Transactional net promoter score	No formal target	+47.9
Customer satisfaction	85%	93.2%
Customer ease	85%	90.4%

Charges and transaction costs

The charges applied to the default arrangement during the year were 1%.

The charges and transaction costs applicable to all other funds available through the scheme during the year are set out in the paper attached to this report as appendix 3.

Based on market norm and the cost of a wholly insured pension plans such as Group Personal Pension plans, the trustees believe that the charges and transaction costs represent good value for members. However, as mentioned above, the Trustees are considering whether members might be better served by winding up the Scheme and securing benefits under an alternative arrangement.

Knowledge and understanding of the Trustees

The Trustees relevant knowledge and understanding has been assessed during the year and where necessary, additional training has been provided. Each Trustee maintains their knowledge through reading trustee information and guidance from the Pension Regulator.

Signed James Story

Name James Story

Date

Appendix 1

Statement of Investment Principles

This statement sets out the principles governing decisions about the investment of the assets of the Jordan International Bank PLC (1991) Retirement Benefit Scheme ('the Scheme'). The Trustees of the Scheme ('the Trustees') issue this statement to comply with section 35 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (S.I. 2005/3378) ('the Investment Regulations').

As the Scheme has less than 100 members and is a wholly-insured scheme, this statement is required to cover

(1) the Trustees' policy for compliance with the requirements of section 36 of the Pensions Act 1995 (choosing investments) and

(2)the reasons for the Scheme being a wholly-insured scheme.

The Trustees' policy for compliance with the requirements of section 36 of the Pensions Act 1995 (choosing investments):

a) The Trustees have obtained and considered proper advice on the question of whether their investment in pensions with Friends Life is satisfactory having regard to the requirements of the Investment Regulations, so far as relating to the suitability of investments, and to the principles contained in this statement.
b) The Trustees have also determined at what intervals the circumstances, and in particular the nature of the investment, make it desirable to obtain such advice as is mentioned in (a) above and will obtain and consider such advice accordingly.

The reasons for the Scheme being a wholly-insured scheme with Friends Life (insurance company):

(a) the financial strength of the insurance company;
(b) the security given by (1) the insurance company's regulation by the Financial Conduct Authority and the Prudential Regulation Authority and (2) the Financial Services Compensation Scheme;
(c) the professional management of the insurance company's investment funds;
(d) the insurance company's pensions administration and investment expertise; and
(e) value-for-money in investing in a packaged product with the insurance company;

This statement will be reviewed at least every three years and without delay after any significant change in investment policy.

Before preparing this statement, the Trustees have

(a) considered advice of a person and persons who are reasonably believed by the Trustees to be qualified by their ability and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of occupational pension schemes and

(b) consulted the employer in relation to the Scheme.

Signed on behalf of the Trustees of the Scheme

James Story

Date

Appendix 2 –

Default Arrangement Aviva FP With-Profits sub fund and investment summary

(see below Aviva With-Profits Sub Fund)

Appendix 3

Aviva - Charges and transaction costs

(see below - Aviva Principles and Practices of Financial Management (PPFM))

FP With-Profits Sub-Fund

and Investment Summary

This guide provides a summary of how we manage the **Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund (the 'Sub-Fund')**, along with details of the asset mix and investment returns.

Your policy document will show the name of the company your policy was taken out with. If you're unsure which with-profits sub-fund you're invested in, you can find further details at **aviva.co.uk/ppfm**

Contents

Making sense of it

You may find some of the terms in this guide unfamiliar. To help, we've provided an explanation of the terms in **'What does it mean?'** boxes.

There are three main types of with-profits policies in the Sub-Fund:

Conventional with-profits policies – your investment provides a guaranteed amount (sometimes referred to as the 'sum assured') at maturity or on death.

Unitised with-profits policies – your investment is used to buy units of equal monetary value based on the unit price on the day of the investment.

Accumulating with-profits group pension policies – an account is kept for each scheme or member. We credit the account with payments into the scheme, any guaranteed interest payments due and bonuses allocated. We debit the account with the cost of members' benefits and charges.

Your yearly statement or bonus notice will help you tell which type you have. If your statement shows units and unit prices, then you have a **unitised policy**. If you are an employer with a pension scheme, you may have an **accumulating with-profits** group pension contract. Otherwise, your policy is a **conventional** one.

There can be other differences between the three types – where appropriate these are highlighted throughout the guide.

There are also a large number of policies in the Sub-Fund which aren't entitled to a share in profits of the Sub-Fund ('non-profit policies') so don't receive bonuses.

What’s an Aviva with-profits investment?

At a glance

An Aviva with-profits investment is a low to medium risk investment that has the advantage of pooling your money with that of other investors, so you can benefit from investing in a wide spread of assets.

We explain assets in greater detail on page 6.

- The FP With-Profits Sub-Fund is rated as a **low to medium volatility** fund.
- An Aviva with-profits investment aims to provide steady capital growth over the medium to long term by investing in a broad range of assets, while smoothing out some of the fluctuations of investment markets. It offers the possibility of higher returns than you may get from an average savings account with a bank or building society.
- The value of the Sub-Fund can go down as well as up depending on the returns of the underlying mix of assets within the Sub-Fund, so you may get back less than has been paid in. We share out the profits and losses of the Sub-Fund through a system of bonuses, with the aim of smoothing the returns on your with-profits investment over the long term.
- We explain smoothing in more detail later, but basically it helps to reduce some of the significant ups and downs of investing in the stock market. We smooth the rises and falls in value by holding back some of the investment returns in good years. We then use them to top up bonuses in poor investment years. Losses made in poor investment years may also reduce returns in good investment years.
- Some products provide guaranteed policy benefits if certain events happen or on specified dates. We explain some of these guarantees in greater detail in the What are the guarantees? section on page 12.

What does it mean?

Aviva assesses its risk ratings using historical performance data.

Low to medium volatility - 3

Funds typically investing in assets like corporate bonds or a mix of assets where the day-to-day prices go up or down less than shares. There is still a risk that the value of your investment could fall.

You can find out more about our risk ratings at **aviva.co.uk/retirement/fund-centre/investment-funds/risk-ratings**

Assets

An asset is a type of investment. Different types of assets include shares (equities), property, fixed interest (gilts and other bonds), alternative investments and cash/money market. Assets can rise and fall in value.

Things you need to be aware of

Investing in with-profits may not be appropriate if you:

- expect to need your money in the short term
- aren’t prepared to accept any risk of losing money
- would prefer the certainty of the interest from a bank or building society savings account, which you’re guaranteed to receive once it’s earned.

Asset mix

At a glance

We invest your money in the FP With-Profits Sub-Fund which invests in a mix of assets including:

- shares (equities) (UK & international)
- property
- fixed interest – gilts and other bonds
- alternative investments
- cash/money market

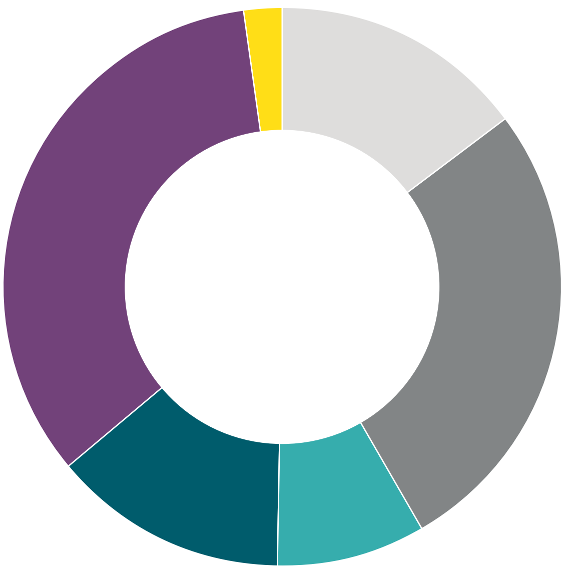
How do we invest your money?

We invest your money into a broad mix of assets. The asset diagrams below show the type and percentage of each asset that the FP With-Profits Sub-Fund invests in. The investment strategies of assets backing pre and post demutualisation business are determined separately, resulting in a different investment mix. Pre demutualisation refers to business written before 9 July 2001 and post demutualisation refers to business written on or after 9 July 2001.

The Sub-Fund your policy invests in will always hold a mixture of higher and lower risk assets to achieve its objective.

We review our long-term investment strategy at least yearly but may do so more often if market conditions change quickly.

For details of the December 2021 asset mixes see the illustrations below. Recent asset mixes are shown in the tables in the Appendix.



FP With-Profits Sub-Fund
Pre demutualisation asset mix
as at 31/12/2021

UK shares (equities) 14.8%
International shares (equities) 26.9%
Property 8.7%
Alternative investments 0.0%
Fixed interest - gilts 13.5%
Fixed interest - other bonds 33.9%
Cash/money market 2.2%

Asset mix (continued)

FP With-Profits Sub-Fund
Post demutualisation asset mix
as at 31/12/2021

- UK shares (equities) 16.3%
- International shares (equities) 29.6%
- Property 9.5%
- Alternative investments 0.0%
- Fixed interest - gilts 12.1%
- Fixed interest - other bonds 30.6%
- Cash/money market 1.9%

Asset mix (continued)

The performance of the different types of assets varies over time. Our fund managers may change the asset mix to:

- improve the long term performance of the Sub-Fund
- make sure that the Sub-Fund can meet its obligations.

From time to time the Sub-Fund may include investments in other Aviva group companies. However, this won't have a direct effect on the asset mix backing your policy.

What does it mean?

Shares (equities)

Shares (or equities) are shares in companies listed on stock exchanges around the world. As shares can rise and fall in value very easily, equities are riskier than most other investments. However, they usually offer the greatest chance of higher returns over the long term. In our Sub-fund the equity part of the asset mix includes equity-type assets that aren't quoted on stock exchanges.

Property

This is investment in commercial property such as shopping centres, business offices and industrial warehouses. The value of property can go down as well as up, and property may take longer to buy and sell than other types of investment.

Alternative investments

Alternative investments are assets which tend to behave differently to more traditional asset classes such as equities, bonds or property. These investments can include multi-strategy funds which seek to take advantage of investment opportunities not always found in the approach used by more traditional asset classes. Adding alternative investments to a portfolio may provide broader diversification, reduce risk and enhance returns.

Fixed interest - gilts

These are bonds issued by the UK government. The government pays interest on the bonds and promises to pay back the principal amount (money borrowed) at a certain point in the future. If the government defaults on a bond, the principal amount and interest will not be paid. However, gilts are regarded as less risky than corporate bonds.

Fixed interest - other bonds

This can be various types of non-gilt investments, including bonds issued by non-UK governments, corporate bonds (i.e. loans issued by companies to be paid at a point in the future) and alternative credit (including non-traditional corporate, private or emerging market debt). The value of fixed interest investments can go down as well as up. If a company defaults on a bond, the principal amount (money borrowed) and interest will not be paid. Corporate bonds are regarded as riskier than gilts.

Cash/money market

Cash means a range of short-term deposits – similar to a bank/building society account. Cash also includes money market securities, which are interest-generating investments, issued by governments, banks and other major institutions. The value of cash and money market securities can go down as well as up.

Investment returns and market overview

The investment returns achieved by the Sub-Fund in recent years are:

Investment returns – pre demutualisation					
	2021	2020	2019	2018	2017
before tax (pensions)	9.5%	2.4%	11.1%	-1.1%	6.6%
after tax (life/savings)	9.6%	2.9%	8.8%	-0.7%	5.4%

Investment returns – post demutualisation					
	2021	2020	2019	2018	2017
before tax (pensions)	10.8%	2.4%	13.1%	-1.5%	8.0%
after tax (life/savings)	10.7%	2.9%	10.3%	-1.0%	6.6%

The investment returns above are based on the investment strategies of assets backing pre and post demutualisation business. They aren't applicable to any individual policy or plan. These figures are after any deduction for investment expenses.

This is past performance. Past performance isn't a guide to the future.

Investment markets in 2021

Investment markets continued to recover in 2021 quicker than many forecasters, business or households expected. This was driven by unprecedented amounts of government support, leading to a rapid recovery in consumer demand and 2021 saw a move away from services to buying goods.

However, the combination of manufacturing shutdowns and lingering restrictions has meant supply of goods is low, and delivery times increased which has led to significant pressure on prices and interest rates. COVID continues to have large impacts on markets and experiences between Developed and Emerging markets have varied greatly.

Between 1 January and 31 December 2021, the FTSE®100* Share index, a commonly used indicator of the performance of UK shares, delivered positive returns of 18.4% (see Note 1). UK government bonds (gilts) returned minus 5.2% (see Note 2) and UK corporate bonds returned minus 3.1% (see Note 3).

Notes:
1 Source: FE Analytics. (FTSE 100 Total Return Index)
2 Source: FE Analytics. (FTSE Actuaries UK Conventional Gilts All Stocks TR index)
3 Source: FE Analytics. (Markit iBoxx Sterling Non-Gilts TR Index)

What affects how much you might get?

The amount you get back will depend on the amount you invest, plus:

- how the Sub-Fund has performed during the time you've invested with us
- the way we apply the smoothing process
- the effect of any guarantees (shown in your policy documents)
- our charges, such as administration costs, investment management fees and any financial adviser commission or charges.
- any tax we pay and any future tax changes (pensions currently receive favourable tax treatment)
- for unitised policies any early exit charges (where applicable), withdrawals (where these are allowed), and whether we're applying a **market value reduction** when you move money out of the Sub-Fund.

Smoothing – how it works

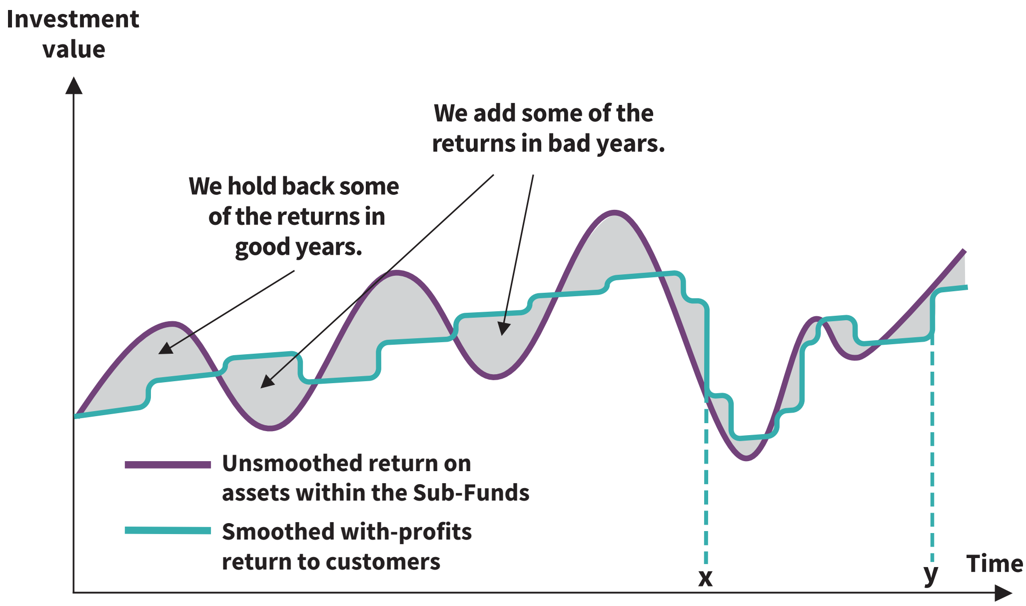
At a glance

One of the main features of a with-profits investment is that it aims to grow in value smoothly from year to year rather than being affected by the significant ups and downs of the stock market.

Over time the value of the assets held by the Sub-Fund will rise or fall. We don't change bonus rates as often as the value of the assets changes. Instead we aim to even out some of these variations in performance. This is known as smoothing. We show this with the green line in the diagram below. In contrast, the unsmoothed Sub-Fund value changes each day as the value of the assets goes up and down. This is shown by the purple line in the diagram.

Smoothing applies to both **conventional** and **unitised** policies.

The following diagram is for illustration purposes only and shows a period of positive growth overall, which isn't guaranteed.



Things you need to be aware of

There may be times in poor market conditions when smoothing can't fully protect your investment, as illustrated between points **x and y** in the diagram above. This can happen following a large or sustained fall in the stock markets or when investment returns are below the level we normally expect. If you leave the Sub-Fund under these circumstances, this could reduce the value of your investment. This is explained in more detail under the heading 'What happens if you leave the Sub-Fund early?'.

Bonuses – how do we add the bonuses?

We share out the returns the Sub-Fund earns through a system of bonuses. There are different types of bonuses:

Regular bonus

Regular bonuses are designed to be sustainable and provide steady growth over time in the value of your investment. We decide regular bonus rates at least once a year.

Final bonus

Final bonus aims to pay any balance between the regular bonuses we've already added and the performance of the Sub-Funds over the whole period of your investment. This makes sure that you get a fair share of the return your investment has earned.

Bonuses can vary and aren't guaranteed.

Bonuses

You can usually see regular bonus details in your yearly statement. The rate will vary over the period of your investment.

We decide the bonuses by looking at:

- how the Sub-Fund has performed in the current year
- any returns or losses from earlier years that we haven't already shared out through smoothing
- what we expect to earn in future years, and the effect of smoothing.

Regular bonus

Unitised policies

We calculate your share of your investment in the Sub-Fund in units. We add the regular bonus, if any, to your investment by increasing the price of the units you have. This means that the number of units you hold stays the same, but the value of these units increases and reflects the bonus rate we've set.

Conventional policies

We may add regular bonuses, if any, once a year to the guaranteed amount.

Conventional with-profits policies can receive two types of regular bonus, which are added on top of the initial guaranteed amount. This is calculated as:

- a proportion of the initial guaranteed amount; and
- a proportion of any bonuses we've added previously.

Once added, we guarantee that the regular bonus will be paid at your chosen retirement date, the policy's maturity date or on death.

Things you need to be aware of

- A regular bonus isn't the same as interest from a bank or building society.
- We don't guarantee to add a regular bonus to your investment each year. This is illustrated on the diagrams on the next page at years 1 and 9 for unitised policies, and at years 1, 11, 17 and 19 for conventional policies.
- It's likely that bonuses will be smaller in poor investment years than in good years.

Bonuses – how do we add the bonuses? (continued)

Final bonus

We aim to pay a final bonus to increase the value of your policy:

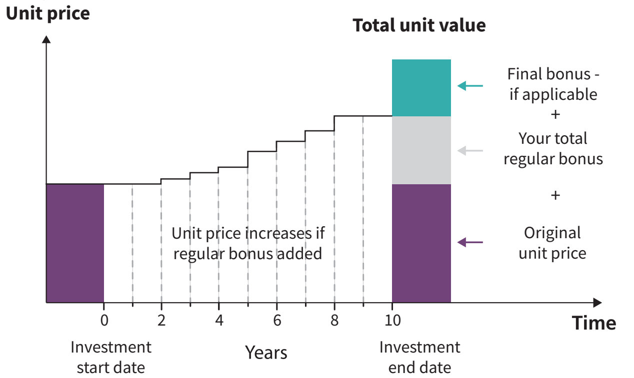
- if you die
- if you transfer your pension or cash-in your policy
- at maturity, for endowments, or at your chosen retirement date, for pensions
- if you switch out of the Sub-Fund into another investment fund (unitised policies only).

We normally review final bonus rates twice a year. However, we may review them more frequently if there are large changes in investment markets. Final bonus rates can change at any time, aren't guaranteed and could be zero.

Most accumulating with-profits group pension policies aren't entitled to a final bonus.

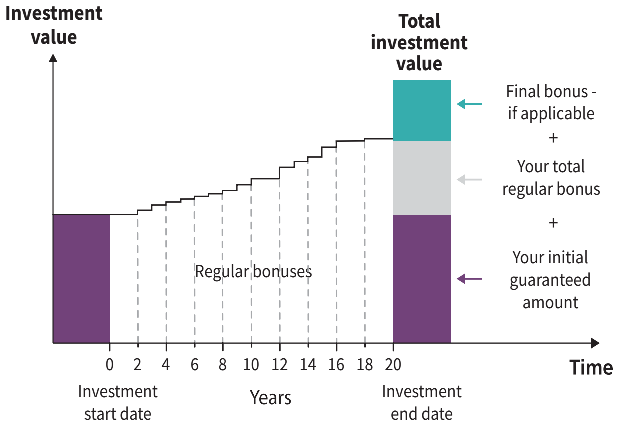
Unitised policies

The diagram shows how we add regular bonuses to your original investment.



Conventional policies

The diagram shows how we add regular bonuses to your initial guaranteed amount to build up a larger lump sum.



These diagrams are for illustration purposes only and show periods of positive growth overall, which isn't guaranteed. The terms illustrated aren't the minimum or maximum period of investment for with-profits.

Things you need to be aware of

For unitised and conventional policies

- The final bonus is based on the year in which you invested and the point at which you leave the Sub-Fund. It may vary depending on the returns earned over the lifetime of your investment and isn't guaranteed.
- If the investment return has been low over the period you invested, you may not receive a final bonus as you'll have already received your share of the returns through regular bonuses.
- We use a typical policy rather than individual policies when setting final bonus rates for policies issued in the same year.
- Most accumulating with-profits group pension policies aren't entitled to a final bonus. Regular bonuses for policies where we don't pay final bonuses may vary more than other policies because we can't use a final bonus to adjust the overall amount we pay out.

For unitised policies

- If a **market value reduction** is in place then this can reduce the effect of any final bonus and you may get back less than you invested. We'll tell you if a market value reduction is applying before you take money out of the Sub-Fund so you have the opportunity to change your mind.

What does it mean?

Market value reduction – This is a reduction we sometimes have to make so that customers who remain invested in the Sub-Fund aren't disadvantaged when others choose to leave.

An example showing why we may make a market value reduction – If there are three investors in a fund who each invest £10,000, the total fund is worth £30,000. If stock markets fall by 20% and the total fund value drops to £24,000, this would mean that if one investor withdraws their original £10,000 without a market value reduction in place, it would only leave £14,000 to be shared between the remaining two investors.

What are the guarantees?

Some conventional and unitised products provide guaranteed policy benefits if certain events happen or on dates as set out in your policy document.

For example, the event may be your policy's maturity date as agreed when you took it out. Or, for a pension policy, it may be the date you chose to retire when you started the policy. Your policy documents will set out any guarantees.

Unitised policies

We won't apply a market value reduction to your policy on your selected retirement date, on maturity or on death. However, for pensions policies we may apply one on your selected retirement date if you've made any additional single payments, transfer payments or switches into the Sub-Fund in the previous five years.

We can't guarantee the amount you'll get back if you move out of the Sub-Fund before or after your originally selected retirement date or before your maturity date.

Conventional policies

At the end of your policy term or on death, we'll pay the basic guaranteed benefit as well as any regular bonus we've already added. We'll do this even if the stock market falls significantly.

Some pension policies may offer **guaranteed annuity options**. Please read your policy document to find out if this applies to you.

You won't receive any guarantees if you decide to cash in your policy early.

What does it mean?

Guaranteed annuity options

Some pension policies may offer guaranteed annuity options, such as a guaranteed annuity rate. A guaranteed annuity rate is a valuable benefit, and usually means you can get a higher income from us than you could from another company.

Please read your policy document to find out if this applies to you.

Things you need to be aware of

As these guarantees are valuable, we recommended you seek financial advice before withdrawing, switching or surrendering any benefits in the future.

What happens if you leave the Sub-Fund early?

You may decide to move some or all of your investment out of the Sub-Fund early. For example, where your policy allows, you might:

- cash-in your policy
- transfer to another company; or
- switch to another type of fund (only available for unitised with-profits policies).

You should view with-profits investments as a long-term investment. This means leaving the Sub-Fund early may be the wrong option for you, especially if you have guarantees.

If you're considering leaving the Sub-Fund, we'd strongly suggest that you talk to your financial adviser or contact us directly. You can call us on the telephone number shown on your annual statement.

Unitised policies

We work out the cash-in, transfer or switch value by looking at the value of units in your policy and then apply any deduction as described in your policy documents. We may then add a final bonus.

There may be times in poor market conditions or when investment returns are below the level we normally expect when we would apply a **market value reduction** if you move out of the Sub-Fund.

Market value reductions only apply to unitised with-profits policies. It's a reduction made to ensure that policyholders who remain in the Sub-Fund aren't disadvantaged when others leave.

If you move out of the Sub-Fund when a market value reduction is in place it'll reduce the value of your investment. This means you could get back less than you've invested. We won't apply it to your policy on your selected retirement date, on maturity or on death. However, we may apply it on your selected retirement date if you've made any additional single payments, transfer payments or switches into the Sub-Fund in the previous five years. Please refer to your policy documents for further details.

If you tell us you want to move your money out of the Sub-Fund, we'll let you know if a market value reduction will be applied before taking your money out of the Sub-Fund. This gives you the chance to change your mind.

Conventional policies

If you move your money out of a conventional with-profits policy (eg. surrender before the maturity date or transfer before the selected retirement date) we'll reduce the policy's guaranteed benefits to reflect that you've paid fewer premiums and been invested in the Sub-Fund for a shorter time than we expected when you took out the policy. We may add a final bonus.

Questions and answers

What's the With-Profits Committee?

Our customers are at the heart of everything we do and we're fully committed to treating them fairly at all times.

To support this, we have a With-Profits Committee which oversees our work with independent expertise to make sure our decisions relating to with-profits investments are fair.

You can find out more about our With-Profits Committee at **aviva.co.uk/wpcommittee**

How are business risks managed?

The FP With-Profits Sub-Fund is exposed to a number of risks. For policies sold before 9 July 2001 the cost of risk is normally borne by the Sub-Fund. Our biggest risks come from the need to pay the guaranteed payments on all with-profits and non-profit policies when they become due particularly as, that in order to generate a better return, we don't invest only in asset types which would minimise this risk.

Policies sold from 9 July 2001 are exposed only to the cost of guarantees built up by regular bonus additions on this business. Other business risks for these policies are borne by the **shareholders**.

We control the risks to the Sub-Fund by monitoring the various risk factors, and taking action to reduce our exposure to risk, for example by changing our investment strategy.

What are the estate and capital support?

Each of our with-profits sub-funds has a buffer over and above the amount needed to make pay-outs to policyholders. This buffer is known as the estate and we use this to support smoothing and guarantees and to provide security for our policyholders. We review the size of the 'buffer' in each with-profits sub-fund every year to determine whether they have additional surplus that can be shared between eligible policies.

In addition, certain capital support assets are available within other parts of Aviva Life & Pensions UK Limited, in all but extreme circumstances. Support assets may be used to pay policy benefits of the Sub-Fund should the reserves and estate prove insufficient. In certain circumstances the support assets will be transferred to the Sub-Fund. The assets will also be repaid when no longer required.

The estate and capital support assets support the operation of with-profits policies. In particular they:

- provide us with the flexibility to invest in a wider range of assets
- provide a cushion of extra security to protect our investors when investment returns are low
- enable bonuses on with-profits policies to be smoothed.

If at any time we believe that the amount of the estate is too low then we will take action to increase it, for example by changing investment strategy or by setting aside a small amount of asset share to meet the expected cost of guarantees. Any increase in the estate will be used to enhance pay outs for certain policies sold before 9 July 2001.

We aim to distribute all of the assets attributable to the with-profits policies in the Sub-Fund over the remaining lifetime of those policies. You can find out about the estate distributions that are currently applying at **aviva.co.uk/estate-distributions**

Is the Sub-Fund closed to new business?

The FP With-Profits Sub-Fund was closed to new business on 1 October 2017, although we still accept increments to existing policies and new members to existing group schemes.

What are policyholder and shareholder interests?

There are two groups who have an interest in the Sub-Fund – **policyholders** and **shareholders**. We must make sure that any decisions we make about how we run the Sub-Fund are fair to everyone. This means we have to balance the interests of:

- policyholders whose investments start at different times
- policyholders who move money out of the Sub-Fund and those who keep their money invested in it
- our shareholders.

What does it mean?

Policyholders have invested their money in the Sub-Fund.

Shareholders own a stake in our total business.

How are the profits shared?

Shareholders receive a share in the investment and other profits and losses of the business written prior to 9 July 2001. They're entitled to:

- 1/9th of the value of bonuses added to conventional with-profits policies
- 60% of non-investment profits on unitised with-profits business; and
- 60% on profits on non-profit business in the Sub-Fund.

These entitlements aren't deducted from asset share. The amounts that were expected to be paid in all future years were included in the Sub-Fund for this purpose in 2001; any difference compared to the actual amount paid will be added or deducted from the excess assets of the Sub-Fund.

For business written from 9 July 2001, shareholders are entitled to any of the profit or loss as a result of differences between actual expenses and the charges made to policies.

Appendix

FP Pre-demutualisation asset mix

	2019	2020	2021
UK shares (equities)	15.1%	14.9%	14.8%
International shares (equities)	27.3%	27.8%	26.9%
Property	8.1%	7.5%	8.7%
Alternative investments	0.0%	0.0%	0.0%
Fixed interest – gilts	20.4%	13.5%	13.5%
Fixed interest – other bonds	28.4%	35.4%	33.9%
Cash/money market	0.7%	0.9%	2.2%

FP Post-demutualisation asset mix

	2019	2020	2021
UK shares (equities)	16.6%	16.4%	16.3%
International shares (equities)	30.0%	30.6%	29.6%
Property	8.9%	8.3%	9.5%
Alternative investments	0.0%	0.0%	0.0%
Fixed interest – gilts	18.3%	12.1%	12.1%
Fixed interest – other bonds	25.6%	31.8%	30.6%
Cash/money market	0.6%	0.8%	1.9%

Where can you find out more?

We hope this guide has helped you understand how our FP With-Profits Sub-Funds work.

This guide is only meant to be a summary. We also have a detailed document, called the **Principles and Practices of Financial Management (PPFM)**, which is produced in line with guidance from our regulator, the Financial Conduct Authority. You can find it and more on our website: **aviva.co.uk/ppfm/#fp-with-profits**

If there are any differences between the information in the two guides, you should take the Principles and Practices of Financial Management as the final word.

You can see a summary of any changes to our PPFM on our website together with our yearly compliance statement.

You can also contact us for a copy of these guides or for more information by calling

0117 989 9000

Monday to Friday 9am to 5pm. Calls may be monitored and/or recorded.

Write to us at:
Aviva, PO Box 582
Bristol
BS34 9FX

You can use the link below to find out more about our Sub-Funds at:
aviva.co.uk/ppfm

If you have any questions about your investment you can talk to your financial adviser. They'll be able to consider your current circumstances and financial goals.

If you don't have a financial adviser, you can find one at **unbiased.co.uk**

Please note, your financial adviser may charge you for any advice provided.

Need this in a different format?

Please get in touch if you'd prefer this summary **(HL06001)** in large font, braille or as audio.

How to contact us

0800 068 6800

contactus@aviva.com

aviva.co.uk

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aviva.co.uk

AVIVA

FP With-Profits Sub-Fund

and Investment Summary

AVIVA

This guide provides a summary of how we manage the **Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund (the 'Sub-Fund')**, along with details of the asset mix and investment returns.

Your policy document will show the name of the company your policy was taken out with. If you're unsure which with-profits sub-fund you're invested in, you can find further details at **aviva.co.uk/ppfm**

Contents

Making sense of it

You may find some of the terms in this guide unfamiliar. To help, we've provided an explanation of the terms in **'What does it mean?'** boxes.

There are three main types of with-profits policies in the Sub-Fund:

Conventional with-profits policies – your investment provides a guaranteed amount (sometimes referred to as the 'sum assured') at maturity or on death.

Unitised with-profits policies – your investment is used to buy units of equal monetary value based on the unit price on the day of the investment.

Accumulating with-profits group pension policies – an account is kept for each scheme or member. We credit the account with payments into the scheme, any guaranteed interest payments due and bonuses allocated. We debit the account with the cost of members' benefits and charges.

Your yearly statement or bonus notice will help you tell which type you have. If your statement shows units and unit prices, then you have a **unitised policy**. If you are an employer with a pension scheme, you may have an **accumulating with-profits** group pension contract. Otherwise, your policy is a **conventional** one.

There can be other differences between the three types – where appropriate these are highlighted throughout the guide.

There are also a large number of policies in the Sub-Fund which aren't entitled to a share in profits of the Sub-Fund ('non-profit policies') so don't receive bonuses.

What's an Aviva with-profits investment?

At a glance

An Aviva with-profits investment is a low to medium risk investment that has the advantage of pooling your money with that of other investors, so you can benefit from investing in a wide spread of assets.

We explain assets in greater detail on page 6.

- The FP With-Profits Sub-Fund is rated as a **low to medium volatility** fund.
- An Aviva with-profits investment aims to provide steady capital growth over the medium to long term by investing in a broad range of assets, while smoothing out some of the fluctuations of investment markets. It offers the possibility of higher returns than you may get from an average savings account with a bank or building society.
- The value of the Sub-Fund can go down as well as up depending on the returns of the underlying mix of assets within the Sub-Fund, so you may get back less than has been paid in. We share out the profits and losses of the Sub-Fund through a system of bonuses, with the aim of smoothing the returns on your with-profits investment over the long term.
- We explain smoothing in more detail later, but basically it helps to reduce some of the significant ups and downs of investing in the stock market. We smooth the rises and falls in value by holding back some of the investment returns in good years. We then use them to top up bonuses in poor investment years. Losses made in poor investment years may also reduce returns in good investment years.
- Some products provide guaranteed policy benefits if certain events happen or on specified dates. We explain some of these guarantees in greater detail in the What are the guarantees? section on page 12.

What does it mean?

Aviva assesses its risk ratings using historical performance data.

Low to medium volatility - 3

Funds typically investing in assets like corporate bonds or a mix of assets where the day-to-day prices go up or down less than shares. There is still a risk that the value of your investment could fall.

You can find out more about our risk ratings at **aviva.co.uk/retirement/fund-centre/investment-funds/risk-ratings**

Assets

An asset is a type of investment. Different types of assets include shares (equities), property, fixed interest (gilts and other bonds), alternative investments and cash/money market. Assets can rise and fall in value.

Things you need to be aware of

Investing in with-profits may not be appropriate if you:

- expect to need your money in the short term
- aren't prepared to accept any risk of losing money
- would prefer the certainty of the interest from a bank or building society savings account, which you're guaranteed to receive once it's earned.

Asset mix

At a glance

We invest your money in the FP With-Profits Sub-Fund which invests in a mix of assets including:

- shares (equities) (UK & international)
- property
- fixed interest – gilts and other bonds
- alternative investments
- cash/money market

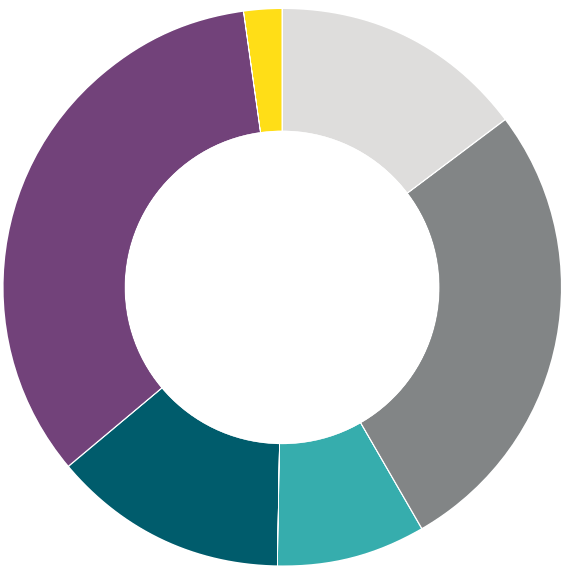
How do we invest your money?

We invest your money into a broad mix of assets. The asset diagrams below show the type and percentage of each asset that the FP With-Profits Sub-Fund invests in. The investment strategies of assets backing pre and post demutualisation business are determined separately, resulting in a different investment mix. Pre demutualisation refers to business written before 9 July 2001 and post demutualisation refers to business written on or after 9 July 2001.

The Sub-Fund your policy invests in will always hold a mixture of higher and lower risk assets to achieve its objective.

We review our long-term investment strategy at least yearly but may do so more often if market conditions change quickly.

For details of the December 2021 asset mixes see the illustrations below. Recent asset mixes are shown in the tables in the Appendix.



FP With-Profits Sub-Fund
Pre demutualisation asset mix
as at 31/12/2021

- UK shares (equities) 14.8%
- International shares (equities) 26.9%
- Property 8.7%
- Alternative investments 0.0%
- Fixed interest - gilts 13.5%
- Fixed interest - other bonds 33.9%
- Cash/money market 2.2%

Asset mix (continued)

FP With-Profits Sub-Fund
Post demutualisation asset mix
as at 31/12/2021

- UK shares (equities) 16.3%
- International shares (equities) 29.6%
- Property 9.5%
- Alternative investments 0.0%
- Fixed interest - gilts 12.1%
- Fixed interest - other bonds 30.6%
- Cash/money market 1.9%

Asset mix (continued)

The performance of the different types of assets varies over time. Our fund managers may change the asset mix to:

- improve the long term performance of the Sub-Fund
- make sure that the Sub-Fund can meet its obligations.

From time to time the Sub-Fund may include investments in other Aviva group companies. However, this won't have a direct effect on the asset mix backing your policy.

What does it mean?

Shares (equities)

Shares (or equities) are shares in companies listed on stock exchanges around the world. As shares can rise and fall in value very easily, equities are riskier than most other investments. However, they usually offer the greatest chance of higher returns over the long term. In our Sub-fund the equity part of the asset mix includes equity-type assets that aren't quoted on stock exchanges.

Property

This is investment in commercial property such as shopping centres, business offices and industrial warehouses. The value of property can go down as well as up, and property may take longer to buy and sell than other types of investment.

Alternative investments

Alternative investments are assets which tend to behave differently to more traditional asset classes such as equities, bonds or property. These investments can include multi-strategy funds which seek to take advantage of investment opportunities not always found in the approach used by more traditional asset classes. Adding alternative investments to a portfolio may provide broader diversification, reduce risk and enhance returns.

Fixed interest - gilts

These are bonds issued by the UK government. The government pays interest on the bonds and promises to pay back the principal amount (money borrowed) at a certain point in the future. If the government defaults on a bond, the principal amount and interest will not be paid. However, gilts are regarded as less risky than corporate bonds.

Fixed interest - other bonds

This can be various types of non-gilt investments, including bonds issued by non-UK governments, corporate bonds (i.e. loans issued by companies to be paid at a point in the future) and alternative credit (including non-traditional corporate, private or emerging market debt). The value of fixed interest investments can go down as well as up. If a company defaults on a bond, the principal amount (money borrowed) and interest will not be paid. Corporate bonds are regarded as riskier than gilts.

Cash/money market

Cash means a range of short-term deposits – similar to a bank/building society account. Cash also includes money market securities, which are interest-generating investments, issued by governments, banks and other major institutions. The value of cash and money market securities can go down as well as up.

Investment returns and market overview

The investment returns achieved by the Sub-Fund in recent years are:

Investment returns – pre demutualisation					
	2021	2020	2019	2018	2017
before tax (pensions)	9.5%	2.4%	11.1%	-1.1%	6.6%
after tax (life/savings)	9.6%	2.9%	8.8%	-0.7%	5.4%

Investment returns – post demutualisation					
	2021	2020	2019	2018	2017
before tax (pensions)	10.8%	2.4%	13.1%	-1.5%	8.0%
after tax (life/savings)	10.7%	2.9%	10.3%	-1.0%	6.6%

The investment returns above are based on the investment strategies of assets backing pre and post demutualisation business. They aren't applicable to any individual policy or plan. These figures are after any deduction for investment expenses.

This is past performance. Past performance isn't a guide to the future.

Investment markets in 2021

Investment markets continued to recover in 2021 quicker than many forecasters, business or households expected. This was driven by unprecedented amounts of government support, leading to a rapid recovery in consumer demand and 2021 saw a move away from services to buying goods.

However, the combination of manufacturing shutdowns and lingering restrictions has meant supply of goods is low, and delivery times increased which has led to significant pressure on prices and interest rates. COVID continues to have large impacts on markets and experiences between Developed and Emerging markets have varied greatly.

Between 1 January and 31 December 2021, the FTSE®100* Share index, a commonly used indicator of the performance of UK shares, delivered positive returns of 18.4% (see Note 1). UK government bonds (gilts) returned minus 5.2% (see Note 2) and UK corporate bonds returned minus 3.1% (see Note 3).

Notes:
1 Source: FE Analytics. (FTSE 100 Total Return Index)
2 Source: FE Analytics. (FTSE Actuaries UK Conventional Gilts All Stocks TR index)
3 Source: FE Analytics. (Markit iBoxx Sterling Non-Gilts TR Index)

What affects how much you might get?

The amount you get back will depend on the amount you invest, plus:

- how the Sub-Fund has performed during the time you've invested with us
- the way we apply the smoothing process
- the effect of any guarantees (shown in your policy documents)
- our charges, such as administration costs, investment management fees and any financial adviser commission or charges.
- any tax we pay and any future tax changes (pensions currently receive favourable tax treatment)
- for unitised policies any early exit charges (where applicable), withdrawals (where these are allowed), and whether we're applying a **market value reduction** when you move money out of the Sub-Fund.

Smoothing – how it works

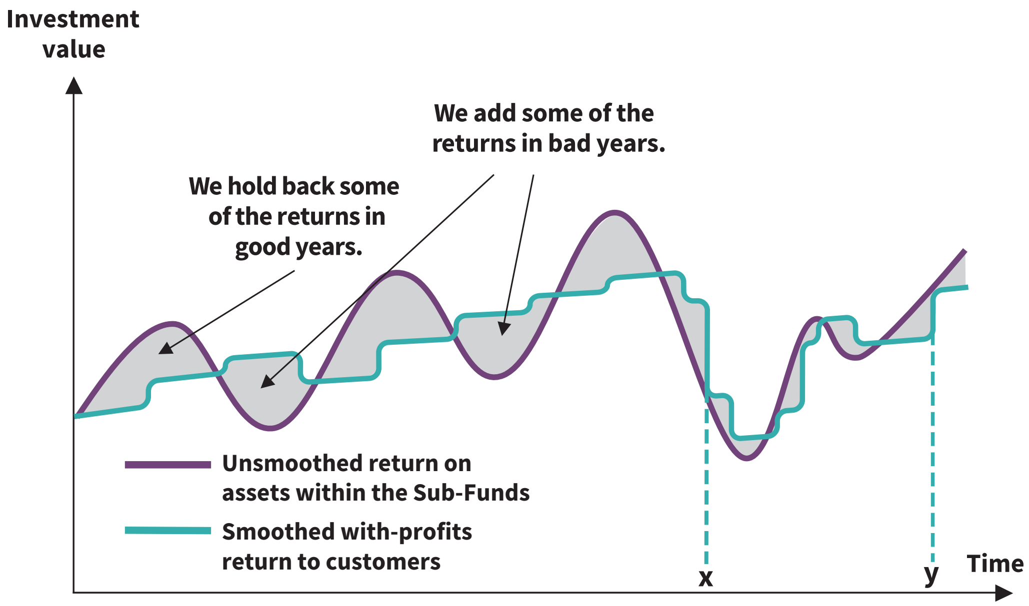
At a glance

One of the main features of a with-profits investment is that it aims to grow in value smoothly from year to year rather than being affected by the significant ups and downs of the stock market.

Over time the value of the assets held by the Sub-Fund will rise or fall. We don't change bonus rates as often as the value of the assets changes. Instead we aim to even out some of these variations in performance. This is known as smoothing. We show this with the green line in the diagram below. In contrast, the unsmoothed Sub-Fund value changes each day as the value of the assets goes up and down. This is shown by the purple line in the diagram.

Smoothing applies to both **conventional** and **unitised** policies.

The following diagram is for illustration purposes only and shows a period of positive growth overall, which isn't guaranteed.



Things you need to be aware of

There may be times in poor market conditions when smoothing can't fully protect your investment, as illustrated between points **x and y** in the diagram above. This can happen following a large or sustained fall in the stock markets or when investment returns are below the level we normally expect. If you leave the Sub-Fund under these circumstances, this could reduce the value of your investment. This is explained in more detail under the heading 'What happens if you leave the Sub-Fund early?'.

Bonuses – how do we add the bonuses?

We share out the returns the Sub-Fund earns through a system of bonuses. There are different types of bonuses:

Regular bonus

Regular bonuses are designed to be sustainable and provide steady growth over time in the value of your investment. We decide regular bonus rates at least once a year.

Final bonus

Final bonus aims to pay any balance between the regular bonuses we've already added and the performance of the Sub-Funds over the whole period of your investment. This makes sure that you get a fair share of the return your investment has earned.

Bonuses can vary and aren't guaranteed.

Bonuses

You can usually see regular bonus details in your yearly statement. The rate will vary over the period of your investment.

We decide the bonuses by looking at:

- how the Sub-Fund has performed in the current year
- any returns or losses from earlier years that we haven't already shared out through smoothing
- what we expect to earn in future years, and the effect of smoothing.

Regular bonus

Unitised policies

We calculate your share of your investment in the Sub-Fund in units. We add the regular bonus, if any, to your investment by increasing the price of the units you have. This means that the number of units you hold stays the same, but the value of these units increases and reflects the bonus rate we've set.

Conventional policies

We may add regular bonuses, if any, once a year to the guaranteed amount.

Conventional with-profits policies can receive two types of regular bonus, which are added on top of the initial guaranteed amount. This is calculated as:

- a proportion of the initial guaranteed amount; and
- a proportion of any bonuses we've added previously.

Once added, we guarantee that the regular bonus will be paid at your chosen retirement date, the policy's maturity date or on death.

Things you need to be aware of

- A regular bonus isn't the same as interest from a bank or building society.
- We don't guarantee to add a regular bonus to your investment each year. This is illustrated on the diagrams on the next page at years 1 and 9 for unitised policies, and at years 1, 11, 17 and 19 for conventional policies.
- It's likely that bonuses will be smaller in poor investment years than in good years.

Bonuses – how do we add the bonuses? (continued)

Final bonus

We aim to pay a final bonus to increase the value of your policy:

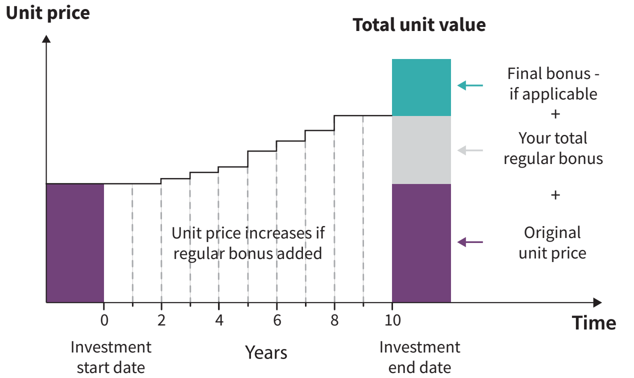
- if you die
- if you transfer your pension or cash-in your policy
- at maturity, for endowments, or at your chosen retirement date, for pensions
- if you switch out of the Sub-Fund into another investment fund (unitised policies only).

We normally review final bonus rates twice a year. However, we may review them more frequently if there are large changes in investment markets. Final bonus rates can change at any time, aren't guaranteed and could be zero.

Most accumulating with-profits group pension policies aren't entitled to a final bonus.

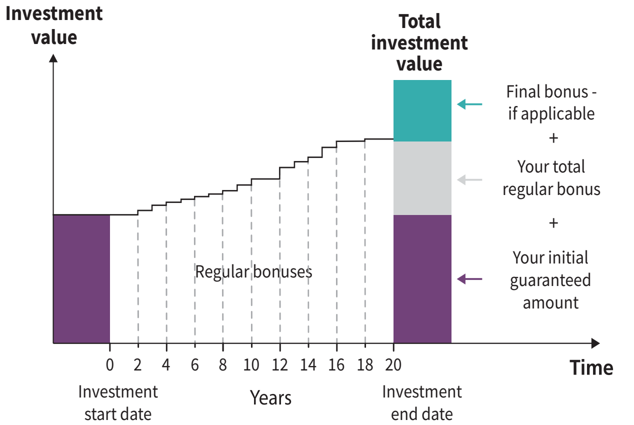
Unitised policies

The diagram shows how we add regular bonuses to your original investment.



Conventional policies

The diagram shows how we add regular bonuses to your initial guaranteed amount to build up a larger lump sum.



These diagrams are for illustration purposes only and show periods of positive growth overall, which isn't guaranteed. The terms illustrated aren't the minimum or maximum period of investment for with-profits.

Things you need to be aware of

For unitised and conventional policies

- The final bonus is based on the year in which you invested and the point at which you leave the Sub-Fund. It may vary depending on the returns earned over the lifetime of your investment and isn't guaranteed.
- If the investment return has been low over the period you invested, you may not receive a final bonus as you'll have already received your share of the returns through regular bonuses.
- We use a typical policy rather than individual policies when setting final bonus rates for policies issued in the same year.
- Most accumulating with-profits group pension policies aren't entitled to a final bonus. Regular bonuses for policies where we don't pay final bonuses may vary more than other policies because we can't use a final bonus to adjust the overall amount we pay out.

For unitised policies

- If a **market value reduction** is in place then this can reduce the effect of any final bonus and you may get back less than you invested. We'll tell you if a market value reduction is applying before you take money out of the Sub-Fund so you have the opportunity to change your mind.

What does it mean?

Market value reduction – This is a reduction we sometimes have to make so that customers who remain invested in the Sub-Fund aren't disadvantaged when others choose to leave.

An example showing why we may make a market value reduction – If there are three investors in a fund who each invest £10,000, the total fund is worth £30,000. If stock markets fall by 20% and the total fund value drops to £24,000, this would mean that if one investor withdraws their original £10,000 without a market value reduction in place, it would only leave £14,000 to be shared between the remaining two investors.

What are the guarantees?

Some conventional and unitised products provide guaranteed policy benefits if certain events happen or on dates as set out in your policy document.

For example, the event may be your policy's maturity date as agreed when you took it out. Or, for a pension policy, it may be the date you chose to retire when you started the policy. Your policy documents will set out any guarantees.

Unitised policies

We won't apply a market value reduction to your policy on your selected retirement date, on maturity or on death. However, for pensions policies we may apply one on your selected retirement date if you've made any additional single payments, transfer payments or switches into the Sub-Fund in the previous five years.

We can't guarantee the amount you'll get back if you move out of the Sub-Fund before or after your originally selected retirement date or before your maturity date.

Conventional policies

At the end of your policy term or on death, we'll pay the basic guaranteed benefit as well as any regular bonus we've already added. We'll do this even if the stock market falls significantly.

Some pension policies may offer **guaranteed annuity options**. Please read your policy document to find out if this applies to you.

You won't receive any guarantees if you decide to cash in your policy early.

What does it mean?

Guaranteed annuity options

Some pension policies may offer guaranteed annuity options, such as a guaranteed annuity rate. A guaranteed annuity rate is a valuable benefit, and usually means you can get a higher income from us than you could from another company.

Please read your policy document to find out if this applies to you.

Things you need to be aware of

As these guarantees are valuable, we recommended you seek financial advice before withdrawing, switching or surrendering any benefits in the future.

What happens if you leave the Sub-Fund early?

You may decide to move some or all of your investment out of the Sub-Fund early. For example, where your policy allows, you might:

- cash-in your policy
- transfer to another company; or
- switch to another type of fund (only available for unitised with-profits policies).

You should view with-profits investments as a long-term investment. This means leaving the Sub-Fund early may be the wrong option for you, especially if you have guarantees.

If you're considering leaving the Sub-Fund, we'd strongly suggest that you talk to your financial adviser or contact us directly. You can call us on the telephone number shown on your annual statement.

Unitised policies

We work out the cash-in, transfer or switch value by looking at the value of units in your policy and then apply any deduction as described in your policy documents. We may then add a final bonus.

There may be times in poor market conditions or when investment returns are below the level we normally expect when we would apply a **market value reduction** if you move out of the Sub-Fund.

Market value reductions only apply to unitised with-profits policies. It's a reduction made to ensure that policyholders who remain in the Sub-Fund aren't disadvantaged when others leave.

If you move out of the Sub-Fund when a market value reduction is in place it'll reduce the value of your investment. This means you could get back less than you've invested. We won't apply it to your policy on your selected retirement date, on maturity or on death. However, we may apply it on your selected retirement date if you've made any additional single payments, transfer payments or switches into the Sub-Fund in the previous five years. Please refer to your policy documents for further details.

If you tell us you want to move your money out of the Sub-Fund, we'll let you know if a market value reduction will be applied before taking your money out of the Sub-Fund. This gives you the chance to change your mind.

Conventional policies

If you move your money out of a conventional with-profits policy (eg. surrender before the maturity date or transfer before the selected retirement date) we'll reduce the policy's guaranteed benefits to reflect that you've paid fewer premiums and been invested in the Sub-Fund for a shorter time than we expected when you took out the policy. We may add a final bonus.

Questions and answers

What's the With-Profits Committee?

Our customers are at the heart of everything we do and we're fully committed to treating them fairly at all times.

To support this, we have a With-Profits Committee which oversees our work with independent expertise to make sure our decisions relating to with-profits investments are fair.

You can find out more about our With-Profits Committee at **aviva.co.uk/wpcommittee**

How are business risks managed?

The FP With-Profits Sub-Fund is exposed to a number of risks. For policies sold before 9 July 2001 the cost of risk is normally borne by the Sub-Fund. Our biggest risks come from the need to pay the guaranteed payments on all with-profits and non-profit policies when they become due particularly as, that in order to generate a better return, we don't invest only in asset types which would minimise this risk.

Policies sold from 9 July 2001 are exposed only to the cost of guarantees built up by regular bonus additions on this business. Other business risks for these policies are borne by the **shareholders**.

We control the risks to the Sub-Fund by monitoring the various risk factors, and taking action to reduce our exposure to risk, for example by changing our investment strategy.

What are the estate and capital support?

Each of our with-profits sub-funds has a buffer over and above the amount needed to make pay-outs to policyholders. This buffer is known as the estate and we use this to support smoothing and guarantees and to provide security for our policyholders. We review the size of the 'buffer' in each with-profits sub-fund every year to determine whether they have additional surplus that can be shared between eligible policies.

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- enable bonuses on with-profits policies to be smoothed.

If at any time we believe that the amount of the estate is too low then we will take action to increase it, for example by changing investment strategy or by setting aside a small amount of asset share to meet the expected cost of guarantees. Any increase in the estate will be used to enhance pay outs for certain policies sold before 9 July 2001.

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- our shareholders.

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Shareholders receive a share in the investment and other profits and losses of the business written prior to 9 July 2001. They're entitled to:

- 1/9th of the value of bonuses added to conventional with-profits policies
- 60% of non-investment profits on unitised with-profits business; and
- 60% on profits on non-profit business in the Sub-Fund.

These entitlements aren't deducted from asset share. The amounts that were expected to be paid in all future years were included in the Sub-Fund for this purpose in 2001; any difference compared to the actual amount paid will be added or deducted from the excess assets of the Sub-Fund.

For business written from 9 July 2001, shareholders are entitled to any of the profit or loss as a result of differences between actual expenses and the charges made to policies.

Appendix

FP Pre-demutualisation asset mix

	2019	2020	2021
UK shares (equities)	15.1%	14.9%	14.8%
International shares (equities)	27.3%	27.8%	26.9%
Property	8.1%	7.5%	8.7%
Alternative investments	0.0%	0.0%	0.0%
Fixed interest – gilts	20.4%	13.5%	13.5%
Fixed interest – other bonds	28.4%	35.4%	33.9%
Cash/money market	0.7%	0.9%	2.2%

FP Post-demutualisation asset mix

	2019	2020	2021
UK shares (equities)	16.6%	16.4%	16.3%
International shares (equities)	30.0%	30.6%	29.6%
Property	8.9%	8.3%	9.5%
Alternative investments	0.0%	0.0%	0.0%
Fixed interest – gilts	18.3%	12.1%	12.1%
Fixed interest – other bonds	25.6%	31.8%	30.6%
Cash/money market	0.6%	0.8%	1.9%

Where can you find out more?

We hope this guide has helped you understand how our FP With-Profits Sub-Funds work.

This guide is only meant to be a summary. We also have a detailed document, called the **Principles and Practices of Financial Management (PPFM)**, which is produced in line with guidance from our regulator, the Financial Conduct Authority. You can find it and more on our website: **aviva.co.uk/ppfm/#fp-with-profits**

If there are any differences between the information in the two guides, you should take the Principles and Practices of Financial Management as the final word.

You can see a summary of any changes to our PPFM on our website together with our yearly compliance statement.

You can also contact us for a copy of these guides or for more information by calling

0117 989 9000

Monday to Friday 9am to 5pm. Calls may be monitored and/or recorded.

Write to us at:
Aviva, PO Box 582
Bristol
BS34 9FX

You can use the link below to find out more about our Sub-Funds at:
aviva.co.uk/ppfm

If you have any questions about your investment you can talk to your financial adviser. They'll be able to consider your current circumstances and financial goals.

If you don't have a financial adviser, you can find one at **unbiased.co.uk**

Please note, your financial adviser may charge you for any advice provided.

Need this in a different format?

Please get in touch if you'd prefer this summary **(HL06001)** in large font, braille or as audio.

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