Aviva Life & Pensions UK Limited Old and New With-Profits Sub-Funds and Investment Summary

– for customers investing in the international with-profit funds

The international with-profit funds, available through the International With-Profit Bond and International Core Funds Bond, are reinsured into the **Aviva Life & Pensions UK Limited Old and New With-Profits Sub-Funds (the 'Sub-Funds')** through a reassurance agreement arranged between Utmost PanEurope dac and Aviva Life & Pensions UK Limited. These bonds are administered by Utmost PanEurope dac.

This guide provides a summary of how we manage the Aviva Life & Pensions UK Limited Old and New With-Profits Sub-Funds, along with details of the asset mix and investment returns for the international with-profit funds.

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.

You chose to invest in one of three different currencies (£ / € / $):

Aviva Sterling With-Profit Fund Int - including Sterling With-Profit Inflation Protected Guarantee Fund and Sterling With-Profit Guarantee Fund

Aviva Euro With-Profit Fund Int - including Euro With-Profit Inflation Protected Guarantee Fund and Euro With Profit Guarantee Fund

Aviva Dollar With-Profit Fund Int - including Dollar With-Profit Inflation Protected Guarantee Fund and Dollar With Profit Guarantee Fund

Throughout this brochure the term '**With-Profit Fund**' refers to the relevant fund above that you chose to invest in.

An Aviva with-profits investment

At a glance

A number of products allow investment into with-profits. 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 5.

- The Aviva Life & Pensions UK Limited Old and New With-Profits Sub-Funds are rated as **low to medium risk** funds.
- 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.
- The value of the Sub-Funds can go down as well as up depending on the returns made by the assets that make up the Sub-Funds, so you may get back less than has been paid in. We share out the profits and losses of the Sub-Funds through a system of bonuses, with the aim of smoothing the returns on your with-profits investment over the long term.
- 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 11.

What does it mean?

Aviva assesses its risk ratings using historical performance data.

Low to medium - 3
Funds typically investing in **assets like corporate bonds** or a mix of assets where day-to-day changes in value have historically been less than for shares. There's 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 equities (shares), property, fixed interest (government 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

The international with-profit funds invest into Aviva Life & Pensions UK Limited Old and New With-Profits Sub-Funds (the 'Sub-Funds') via a reassurance agreement.

We invest your money into a broad mix of assets, including:

- equities - UK and international (shares)
- property
- fixed interest
- alternative investments
- cash/money market investments

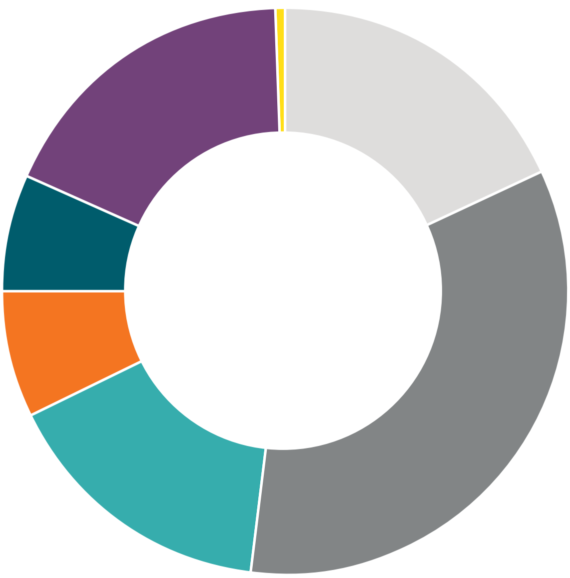
How do we invest your money?

You chose to invest in one of three different currencies - sterling (£), euro (€) or dollar ($).

Within the Sub-Funds, separate investment pools are maintained for business denominated in different currencies. For each denominated currency, the investment pool consists mainly of higher risk assets, such as **equities (shares) and property**. The rest are medium and low risk assets, such as **fixed interest, alternative investments** and **cash/money market investments**.

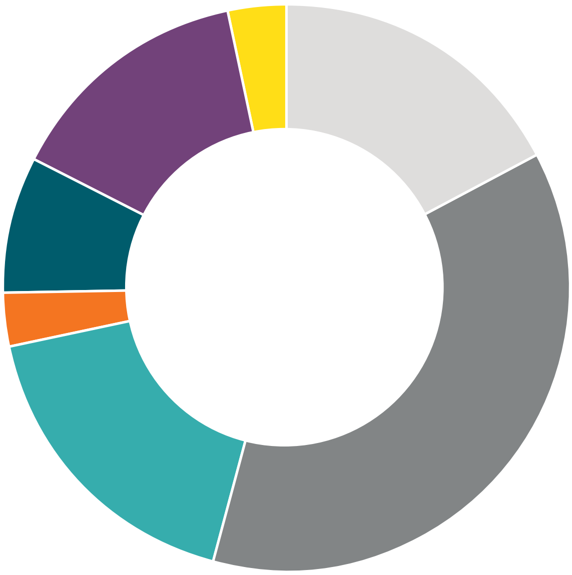
The Sub-Funds may, from time to time, include investments in other Aviva Group companies. However, this won't have a direct impact on the asset mix backing your policy.

The illustrations below show the mix of assets backing the international with-profit funds for each denominated currency as at the end of December 2023. Historical asset mixes are shown on page 13.



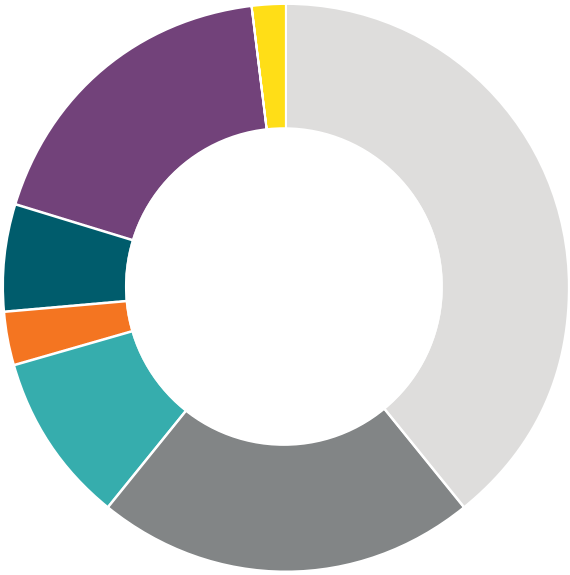
Aviva Sterling With-Profit Fund Int
Asset mix as at 31/12/2023

Asset mix (continued)



Aviva Euro With-Profit Fund Int
Asset mix as at 31/12/2023

- European equities (shares) 17.4%
- Other equities (shares) 37.0%
- Property 17.5%
- Alternative investments 2.9%
- Fixed interest - government bonds 7.9%
- Fixed interest - other bonds 14.0%
- Cash/money market investments 3.3%



Aviva Dollar With-Profit Fund Int
Asset mix as at 31/12/2023

- North American equities (shares) 39.3%
- Other equities (shares) 21.8%
- Property 9.6%
- Alternative investments 3.1%
- Fixed interest - government bonds 6.0%
- Fixed interest - other bonds 18.4%
- Cash/money market investments 1.8%

Asset mix (continued)

The performance of the different types of assets varies over time, and all asset types can go down in value as well as up.

What does it mean?

Equities – UK and International (Shares)

Equities are company shares. They represent part-ownership in a company. Companies issue shares on stock exchanges such as the London Stock Exchange, and the shares are then bought and sold on stock markets. Their value can go up or down.

While there is more potential for gains with shares than some types of investment, there is also greater risk that they will fall in value.

Property

This usually refers to commercial property. Shops, offices and warehouses are examples of commercial property. There are two components to an investment in commercial property – the value of the property itself and the rental income received from the tenants of the property.

Commercial property can be subject to heavy falls and sharp increases in value. **Property isn't always easy to sell because it can take time for the purchase or the sale to be completed, and as a result, to access the money from the property.** Property funds may also invest in indirect property investments, including quoted property trusts and unregulated collective investment schemes.

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 (that offer a larger number or broader range of investment strategies within a single fund) 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

Government bonds and corporate bonds are examples of fixed interest assets. In the UK, government bonds are also called gilts.

Government bonds are loans issued by governments to pay for things such as public services. They're a way for them to borrow money, usually for a fixed term. Governments then pay interest on the loans.

International and UK Corporate bonds are loans issued by companies to pay for their operations or to grow the business among other things.

UK gilts issued by the UK Government are generally seen as lower risk investments than bonds issued by companies (corporate bonds).

Bonds pay the holder of the bond a regular income, and then the full value of the bond is paid when the bond comes to the end of its lifetime. Bonds carry interest rate risk - **changes in interest rates or inflation can contribute to the value of the bond going up or down. For example, if interest rates rise, the bond's value is likely to fall**. There's also the risk of the bond issuer becoming unable to pay back the money it has borrowed.

Cash/Money market investments

Money market investments are also known as cash investments. They are short-term deposits of cash amounts, usually held with a financial company for less than 12 months. Please note they are not deposit accounts with banks or building societies.

Although these investments are less risky than other asset classes, they can sometimes fall in value, for example if an organisation is unable to pay back money it has borrowed. Their value can also be gradually affected over time by inflation and the effect of charges.

Investment returns

The investment returns achieved in recent years for each denominated currency are:

	2023	2022	2021	2020	2019
Aviva Sterling With-Profit Fund Int	8.1%	-6.3%	10.2%	1.9%	11.8%
Aviva Euro With-Profit Fund Int	11.7%	-12.1%	15.9%	-0.5%	16.9%
Aviva Dollar With-Profit Fund Int	16.2%	-18.5%	13.1%	14.6%	22.7%

The investment returns above are on assets backing the international with-profit funds. They're not applicable to any individual policy or plan. These returns are shown as a percentage before tax as this is appropriate for offshore bonds. This is past performance. Past performance isn't a guide to future performance.

What affects how much you might get?

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

- how the assets backing your policy have performed over the period of your investment
- the way we apply the smoothing process (this is explained on page 8).
- the effect of any guarantees (shown in your policy documents)
- the charges, including any early exit charges
- whether we're applying a **market value reduction** at the time you cash in
- any tax we pay and any future tax changes
- whether you've made any withdrawals

What does it mean?

Market value reduction (MVR)

This is a reduction we sometimes have to make so that customers who remain invested in with-profits aren't disadvantaged when others choose to leave. If you move money out of the With-Profit Fund when a market value reduction is in place, it'll reduce the value of your investment.

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. In this example, it would be fairer for the investor wanting to withdraw their investment to only receive £8,000, leaving £16,000 to be shared between the other two investors.

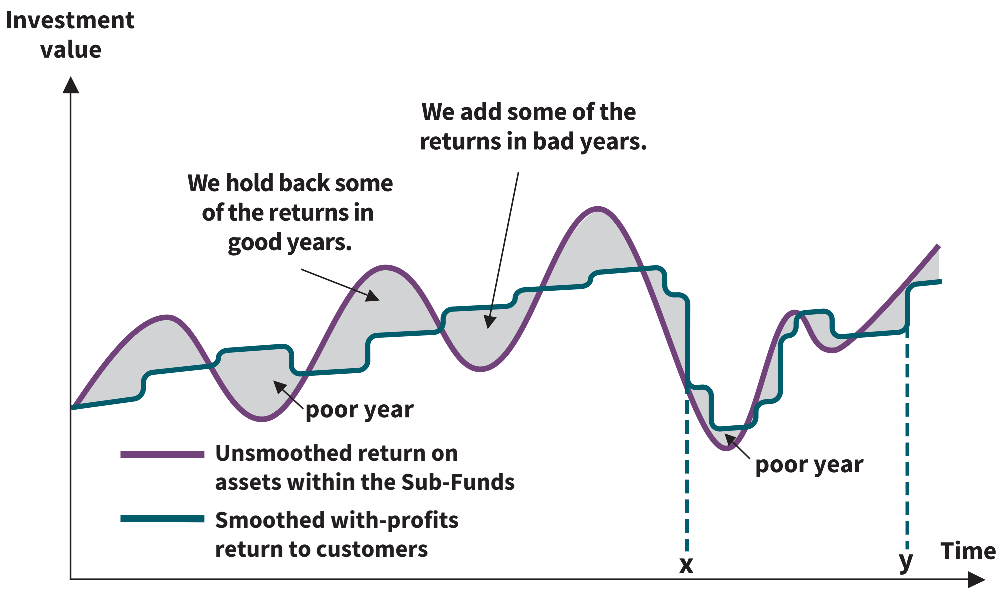
Smoothing – how it works

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-Funds will rise and fall. We even out these variations in performance through changes to the bonus rates that apply, and typically this occurs at least twice a year. This is known as smoothing. We show this with the green line in the diagram below. In contrast, the unsmoothed value changes each day as the value of the assets goes up and down. This is shown by the purple line in the diagram.

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. Under these circumstances, it may be necessary to apply a **market value reduction** if you move money out of the With-Profit Fund.

We may apply an individual market value reduction irrespective of what, if any, general market value reduction is applying if we think it's necessary to protect investors.

Bonuses – how do we add the bonuses?

At a glance

We share out the returns the Sub-Funds earn through a system of bonuses. There are different types of bonuses: regular and final.

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.

We decide the bonuses by looking at:

- how the Sub-Funds have 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.

We calculate your share of the With-Profit Fund in units. We add the bonus 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.

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 indicated at years one and nine in the diagram on the next page.
- 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

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. You may receive a final bonus when you cash in or switch your investment out of the With-Profit Fund. This makes sure that you get a fair share of the return your investment has earned.

Bonuses can vary and aren't guaranteed.

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

- if you die
- if you cash-in your policy
- if you switch out of the With-Profit Fund into another investment fund.

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.

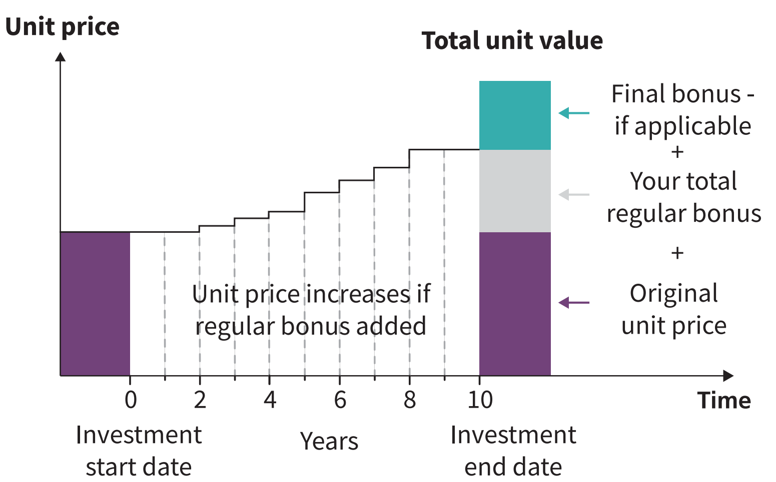
Things you need to be aware of

- The final bonus is based on the year that you invested and the point that you leave the With-Profit 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.
- You can't switch to a With-Profit Fund of a different currency.

How bonuses are added

The diagram shows how we add regular bonuses to your original investment. This is for illustration purposes only and shows a period of positive growth overall, which isn't guaranteed.

The term illustrated isn't the minimum or maximum period of investment for with-profits.



What are the guarantees?

At a glance

Your policy conditions outline any specific guarantees you may have and confirm the point(s) at which you could get back at least your original investment. You should refer to this for more details.

With-Profit Guarantee Fund option

You'll get back at least your original investment if you move your investment out of the Fund on the tenth anniversary (or the following two week period).

With-Profit Inflation Protected Guarantee Fund option

At any time after five years, you'll get back at least your original investment in the Fund, increased in line with inflation when you switch or cash in your investment.

Please refer to your policy conditions for full details of how the guarantees work.

When a market value reduction won't apply

We won't apply a market value reduction if you take regular withdrawals of up to 5% annually of the original investment, providing there has been no change or interruption to your regular withdrawal. You must have chosen to take these withdrawals at the start of your investment or, if later, at a time when no market value reduction applies and no decision has been taken to apply one.

In addition, we won't apply a market value reduction if the policy ends because of the death of the last life insured.

Things you need to be aware of

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

What happens if you leave the With-Profit Fund?

You may decide to move some or all of your investment out of the With-Profit Fund. You should view with-profits as a long-term investment. This means leaving the With-Profit Fund early may be the wrong option for you, especially if you have guarantees.

If you're considering leaving the With-Profit Fund we'd strongly suggest that you talk to your financial adviser. Alternatively, please use the contact details as shown on the back of this brochure.

A bit more about the International With-Profits Funds

What's the With-Profits Committee?

Our customers are at the heart of everything we do and Aviva is fully committed to treating customers, as a group, fairly at all times.

To support this, we have a With-Profits Committee which brings independent expertise and oversight, to ensure fairness is fully considered in our with-profits decision making.

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

How are business risks managed?

There are a few factors which could have an impact on the Sub-Funds. We call these factors business risks. These may change over time and may include:

- the amount of new business we sell and the terms we offer
- the cost of any guarantees we offer
- the Sub-Funds' expenses being higher than planned.

As business risks could affect the returns earned by the Sub-Funds, we continually assess the risks to see if they:

- are acceptable to the Sub-Funds
- provide an adequate return compared with the risk we take.

What's the inherited estate?

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 inherited estate and we use this to support smoothing and guarantees and to provide security for our policyholders.

The size of the inherited estate is important as it gives us:

- the flexibility to invest in a wider range of assets
- a cushion of extra security to protect investors when investment returns are low
- a greater ability to smooth the returns you receive.

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.

You can find out about the inherited estate distributions that are currently applying at **aviva.co.uk/estate-distributions**

The estate also provides solvency capital for our with-profits business, and will normally absorb any profits or losses caused by the business risks.

What are policyholder and shareholder interests?

There are two groups who have an interest in the Sub-Funds - **policyholders** and **shareholders**.

We must make sure that any decisions we make on the running of the Sub-Funds are fair to everyone. This means we have to balance the interests of:

- policyholders whose investments start at different times
- policyholders remaining in the Sub-Funds and those leaving the Sub-Funds
- our shareholders.

We take all this into consideration in the way we run the Sub-Funds. We allocate at least 90% of the returns on the Sub-Funds (other than returns on the inherited estate that are earmarked for shareholders) to policyholders, with the remaining 10% to shareholders.

What does it mean?

- **Policyholders** have invested their money in the Sub-Funds.
- **Shareholders** own a stake in our total business.
- **Solvency capital** is capital that allows Aviva to demonstrate that the assets of our Sub-Funds are worth more than the liabilities and that we'll be able to meet our obligations even if we suffer losses.

Appendix

Recent asset mix for Aviva Sterling With-Profit Fund International

	2023	2022	2021	2020
UK equities (shares)	18.2%	20.0%	21.9%	22.4%
International equities (shares)	34.0%	31.2%	31.3%	31.8%
Property	15.6%	15.8%	13.8%	12.7%
Alternative investments	7.2%	7.5%	7.6%	7.3%
Fixed interest – gilts	6.7%	5.2%	5.1%	5.1%
Fixed interest – other bonds	18.0%	19.6%	15.9%	19.4%
Cash/money market	0.3%	0.7%	4.4%	1.3%

Recent asset mix for Aviva Euro With-Profit Fund International

	2023	2022	2021	2020
European equities (shares)	17.4%	17.7%	17.8%	35.0%
Other equities (shares)	37.0%	36.7%	37.7%	20.1%
Property	17.5%	17.1%	12.7%	15.7%
Alternative investments	2.9%	2.9%	3.0%	3.0%
Fixed interest – government bonds	7.9%	7.9%	7.7%	12.2%
Fixed interest – other bonds	14.0%	14.8%	14.2%	13.5%
Cash/money market	3.3%	2.9%	6.9%	0.5%

Recent asset mix for Aviva Dollar With-Profit Fund International

	2023	2022	2021	2020
North American equities (shares)	39.3%	37.9%	40.9%	43.3%
Other equities (shares)	21.8%	22.6%	21.0%	18.3%
Property	9.6%	9.3%	7.3%	9.2%
Alternative investments	3.1%	3.2%	2.9%	3.2%
Fixed interest – government bonds	6.0%	6.4%	6.0%	5.2%
Fixed interest – other bonds	18.4%	18.6%	18.4%	19.9%
Cash/money market	1.8%	2.0%	3.5%	0.9%

Where can you find out more?

We hope this guide has helped you understand how the Aviva Life & Pensions UK Limited Old & New 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.

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 also contact Utmost for a copy of these guides or for more information by calling

+353 (0)46 909 9700 (international dialling).

Calls may be monitored and/or recorded.

Write to:
Client Services Team
Utmost PanEurope dac
Navan Business Park
Athlumney
Navan
Co. Meath
C15 CCW8

Email:
client.services@utmost.ie

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're in the UK and 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.

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Please get in touch if you'd prefer this summary **(IN09040)** in large print, braille or as audio.

How to contact us

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