

UTMOST INTERNATIONAL ISLE OF MAN LIMITED UNIT-LINKED WITH PROFITS FUND

Bonus rate information 2023

SERIES 3, 4 AND 5 IN STERLING, US DOLLAR AND EURO

The Utmost Unit-linked With Profits Fund is wholly invested into the Aviva With-Profits Sub-Fund. This update is designed to give you information about how your investment is performing.

This document is for information only and is not designed to provide advice on the suitability of an investment for your personal financial situation. If you have any questions on the information included in this document, speak to your financial adviser, who may charge you for any advice provided.

BONUS RATES: THE REGULAR BONUS RATES FOR 2023 ARE:

	SERIES 3 (NWP)	SERIES 4 (WPD)	SERIES 5 (WPE)
› Sterling Fund Bonus Rate	4.00%	4.50%	4.00%
› US Dollar Fund Bonus Rate	3.00%	4.00%	2.75%
› Euro Fund Bonus Rate	1.50%	3.25%	2.50%

Your bond is 100% invested in the Utmost International Isle of Man Limited Unit-linked With Profits Fund. This fund is currently invested into the Aviva FLC With-Profits Sub-Fund via a reinsurance agreement. The assets of this sub-fund are managed by Aviva Investors Global Services Limited, Blackrock, Ardian, Lindsell Train and Nomura.

Under the reinsurance agreement Aviva are responsible for paying any claims that are made in respect of With-Profits investments by our policyholders.

A governance process is in place to monitor their ability to pay claims on an ongoing basis. However, in the unlikely event that Aviva are unable to pay the claims, this risk falls upon the policyholder and not Utmost International Isle of Man Limited.

INVESTMENT MARKETS IN 2022

2022 was a challenging year for investors. The war in Ukraine and rising inflation dominated markets, and the efforts made by Central banks to combat inflation by hiking interest rates saw equity, government bond and credit markets all struggle.

Although during the course of the last year the FTSE 100 index, a commonly used indicator of the performance of UK shares, experienced several periods with significant falls in value, overall it had a small gain of 0.91%¹, as a result of its large exposure to commodity producers, defensive consumer staples and its low exposure to expensive technology companies. The fall in Sterling came as a silver lining, providing a cushion to the UK stock market given approximately two thirds of UK listed company revenue is

derived from overseas. However, overseas equity markets in aggregate lost value, with the MSCI World Index falling 7.83%² in Sterling terms over the year.

The UK bond market had a difficult year. UK government bonds (gilts) were particularly hard hit losing 25.44%³ of their value. UK corporate bonds fell by 17.76%⁴. The poor performance was mainly caused by the Bank of England having to raise interest rates in response to inflation at a faster pace than investors had expected, with some further uncertainty caused by the "mini budget" in September. Property investments also suffered following the rise in interest rates, with the MSCI/AREF UK All Balanced Quarterly Property Fund Index falling by 9.46%⁵ in 2022.

WHERE YOUR MONEY WAS INVESTED

The Aviva FLC With-Profits Sub-Fund invests in various types of asset. The table below shows where the fund was invested on 31 December 2022. This mix applies to the funds in aggregate and does not apply to any policy or group of policies in particular. Figures can change over the lifetime of an investment.

ASSET	ASSET ALLOCATION
UK Shares (Equities)	17.4%
International Shares (Equities)	27.1%
Property	10.7%
Fixed Interest - Gilts	6.2%
Fixed Interest - other bonds	12.1%
Alternative investments	26.1%
Cash / Money Market	0.4%

The investment returns will not directly match any bonus payments you could receive from your investment. When the bonus rates are set, investment conditions experienced over the lifetime of the policy are taken into account. Your money is not directly linked to the ups and downs of the FLC With-Profits Sub-Fund's assets. Instead, the investment returns are 'smoothed'. The Sub-Fund aims to build up reserves during good years to cover times when investment returns are poor. A proportion of the investment returns are then added to your policy as bonuses. These vary from year to year. Bonus rates are regularly reviewed and may change at any time.

Although your money is invested in the Utmost International Isle of Man Limited unit-linked fund which is in turn invested into the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund, you do not own any of the Sub-Fund's underlying assets. So, for example, you will not receive dividends from shares owned by the Sub-Fund nor rental income from property owned by the Sub-Fund. These income streams are reflected in the value of the FLC With-Profits Sub-Fund.

¹ Source: FE Analytics. (FTSE 100 Total Return Index)

² Source: MSCI [Morgan Stanley Capital International]. (MSCI World Index TR in GBP)

³ Source: FE Analytics. (FTSE Actuaries UK Conventional Gilts All Stocks TR index)

⁴ Source: FE Analytics. (ICE BofA Sterling Non Gilts TR Index)

⁵ Source: MSCI. (MSCI/AREF UK All Balanced Quarterly Property Fund TR)

MARKET VALUE REDUCTION (MVR)

If, in the future, you surrender all or part of your bond, Aviva Life & Pensions UK may use a Market Value Reduction (MVR), to reduce the amount they pay out. This is designed so that policyholders who remain in the FLC With-Profits Sub-Fund are not disadvantaged when others leave. MVRs may be applied when investment returns are below the level normally expected. If you move out of a With-Profits fund when a MVR is in place it will reduce the value of your investment. This means you could get back less than you have invested.

We will not apply the MVR if you die, or if you take regular withdrawals at or below 7.5% each year (currently) of the total premiums paid. If an MVR does apply, you can choose to delay any transaction to a later date.

No MVR currently applies on policies invested in FLC With-Profit Sub-Fund.

TERMINAL BONUS

A Terminal Bonus may be applied to your investment in the following circumstances:

- › If you take withdrawals from your bond
- › If, in the future, you surrender all or part of your bond

The Terminal Bonus will be paid from the With-Profits Sub-Fund administered by Aviva Life & Pensions UK. This, therefore, may increase the value of your investment. For further information in respect of any applicable Terminal Bonus contact us on **+44 (0) 1624 643 345** or by email to customersupport@utmostwealth.com

WHERE TO FIND FURTHER INFORMATION

Further information on the Aviva Life & Pensions FLC With-Profits Sub-Fund, and how it is managed, can be found on Aviva's website aviva.co.uk/ppfm/#flc-with-profits

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Utmost International Isle of Man Limited is registered in the Isle of Man under number 024916C.

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