

# US Dollar Offshore With-profits (OWP) and Guaranteed Growth Funds (GGFs) Investment Factsheet

## ▶ Investment objective

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

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

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

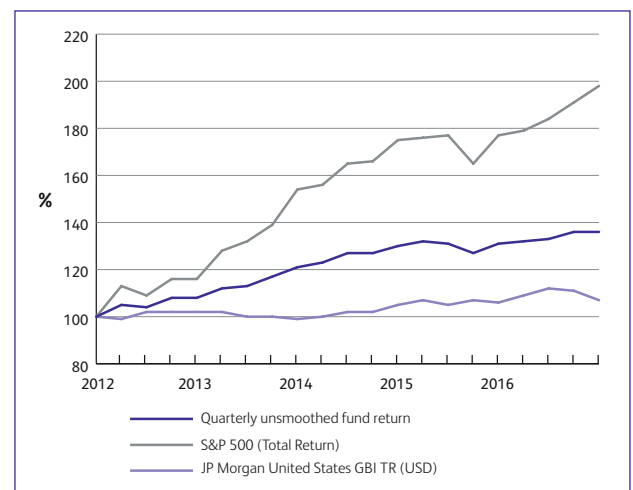
## ▶ Asset information

### Asset performance – five years to 31.12.2016

|                                 | Unsmoothed return on assets (OWP) | Benchmark performances |             |
|---------------------------------|-----------------------------------|------------------------|-------------|
|                                 |                                   | Equity                 | Bonds       |
| 2012                            | 7.9%                              | 16.0%                  | 2.2%        |
| 2013                            | 12.5%                             | 32.4%                  | -3.4%       |
| 2014                            | 7.4%                              | 13.7%                  | 6.1%        |
| 2015                            | 0.2%                              | 1.4%                   | 0.9%        |
| 2016                            | 4.1%                              | 12.0%                  | 1.1%        |
| <b>Annualised 5 year return</b> | <b>6.3%</b>                       | <b>14.7%</b>           | <b>1.3%</b> |

The table above shows how the assets have performed compared with returns from the relevant benchmark indices: Equity (S&P 500 (Total Return)) and Bonds (JP Morgan United States GBI TR (USD)) over the past five years. It does not represent investor returns. The above figures are gross of tax and do not take into account any charges or deductions.

### Five year performance



The graph above shows the quarterly unsmoothed OWP fund return (gross of all deductions) against the equity and bond benchmarks. Period covered is 01.01.2012 to 31.12.2016. All indices rebased, 01.01.2012 = 100%. The figures refer to the past and past performance is not a guide to future performance. You cannot invest directly in any of the benchmark indices.

This information is for the invested assets that principally drive future bonus amounts and therefore policy payouts. The assets known as the estate, held as reserves to provide a cushion against the effects of poor investment conditions, have a more cautious investment strategy. Part of the estate is being used to enhance payouts and is also invested cautiously, primarily in Cash.

## Asset Mix as at 31.12.2016

|                        |       |
|------------------------|-------|
| US Equities            | 33.1% |
| International Equities | 12.2% |
| US Bonds               | 41.7% |
| Cash                   | 13.0% |

## Top 10 equity holdings as at 31.12.2016

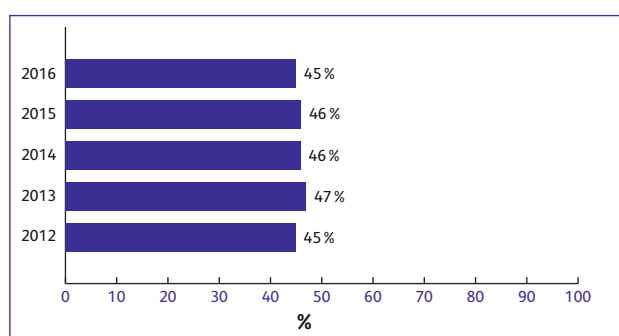
|                   |             |
|-------------------|-------------|
| Apple Inc         | Pepsico Inc |
| Microsoft         | Wells Fargo |
| Johnson & Johnson | Comcast     |
| Exxon Mobil       | Facebook    |
| JP Morgan Chase   | Amgen       |

The above figures are as at 31 December 2016 and show the effective exposure of the different types of assets applicable to Dollar denominated OWP policies.

As at 31.12.2016, the size of the whole Dollar Offshore With-profits and Guaranteed Growth Funds holding was \$96m. The asset mix shown above is for Offshore With-profits. The asset splits for GGFs vary and further information is available on request.

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

## Equity Backing Ratio statistics



The Equity Backing Ratio (EBR) is the percentage of the fund's assets in higher risk assets such as property and equities. The values shown above represent the equity-backing ratio at the 31 December of each year.

## Policy returns

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

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

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

### An example for a 5 year investment in a CMI Premier Bond up to 01.02.2017

|  | Premier Bond (OWP) |
|--|--------------------|
| Annualised unsmoothed return on assets   | 6.3%               |
| Effect of product charges (annualised)   | -2.7%              |
| Effect of smoothing, guarantee deductions and estate distribution (annualised) | -0.3%              |
| Annualised product return on surrender   | 3.4%               |

The 'effect of smoothing, guarantee deductions and estate distribution' shows how the application of these affect the policy returns.

The 5 year returns are based on a CMI Premier Bond policy which is no longer open to new business.

## Important notes

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

Source of data: RIMES and Clerical Medical, February 2017.

**For more details on the management of the With-Profits Fund and on some of the terms or abbreviations used in this fact sheet, please refer to the 'With-profits summary' or 'PPFM' at [www.rl360services.com](http://www.rl360services.com) and/or contact your financial adviser.**