

## With-Profits continues to deliver long term growth during market fluctuations

- With-profits investments provide protection for customers who want to invest in the stock market, but don't want to be exposed to the full impact of volatile market conditions.
- A £10,000 With-Profits Bond bought 10 years ago is now worth £14,794, giving customers an annual return of 4.0%. This has outperformed a bank or building society average savings account return and the average return from the ABI Mixed Investment 20-60% Shares – Life sector, over the same period.
- These annualised returns on a £10,000 investment compare performance over the last 10 years:

Aviva With-Profits Bond (see note 2)	£14,794 or 4.0% a year
ABI UK Mixed Investment 20%-60% Shares – Life sector (notes 1 & 2)	£13,793 or 3.3% a year
Average savings account (notes 1, 2 & 3)	£11,580 or 1.5% a year

- In 2015, we added £1,252 million in bonuses (£468 million in annual bonuses and £784 million in final bonuses).

### 2015 overview

During 2015, most UK and global investments performed weakly. For example, the FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of -1.3% over 2015, (*Source: Yahoo! Finance. FTSE 100 Total Return Index*), while UK corporate bonds returned 0.5% (*Source: Bloomberg. FTA Govt 5-15 Years Total Return Index and Bloomberg. iBoxx Non-Gilts All Maturities Total return Index (corporate bonds)*).

Against this backdrop, during 2015, the diversified portfolio of assets in Aviva's With-Profits Funds has helped to drive gains. The property holding has returned 17.6%, Absolute Return holdings (see note 4) have delivered 11.1% and gilts and corporate bonds have returned 1.1% and 1.8% respectively.

Overall, our main With-Profits Fund delivered an estimated return of **6.0%** before tax (**5.2%** after tax).

## How have investments in Aviva's With-Profits Fund grown over the last 12 months?

This table shows how two types of investments in Aviva's main With-Profits Fund have performed:

	10-year With-Profits bond	25-year Mortgage Endowment
<b>Date taken out</b>	1 January 2006	1 January 1991
<b>Amount invested</b>	£10,000 lump sum	£50 a month
<b>Growth during 2015</b>	£678 or 4.8%*	£1,189 or 5.0%*
<b>Current value</b>	£14,794 (a return of 4.0% a year)	£25,825 maturity value** (a return of 4.1% a year)

\* The growth figures are after tax and charges

\*\* The mortgage endowment has also benefited from valuable life cover during the 25 year period

### David Still, Managing Director Aviva UK & Ireland – Heritage, said:

Our with-profits funds continue to provide protection from the full effects of volatile markets.

With average savings accounts yielding low returns and stock market fluctuations an ongoing concern, the great strength of with-profits is its ability to invest in a diversified portfolio of assets, for cautious investors, over the medium and long-term.

Backed by a strong team of professionals, expert in managing investment risk, with-profits continues to provide value for our customers, as it has done throughout its 200 year history.

## Key bonus rate changes from 1 January 2016

### Annual bonus rates

- We have kept annual bonus rates for current and recently marketed **unitised** products at 3.00% for Bonds and 3.75% for Stakeholder Pensions. The rate for other currently marketed Pensions has reduced slightly from 4.00% to 3.75%. (see note 5)
- Most **conventional** annual bonus rates remain the same.

### Final bonus rates

- For **Unitised** business, in line with the wider market changes, rates have tended to be reduced, except where the normal impact of smoothing is in operation.
- For **Conventional** business, average pension payouts have increased by 1.2% and average life payouts have remained unchanged.

### With-Profit Income Fund

- The majority of customers invested in this fund will see income levels remain the same, with some customers seeing changes in natural income of between -1.00% and +1.00%

## Market Value Reduction

We are not currently applying Market Value Reductions (MVRs) for the majority of Aviva UK Life and Pensions business; however MVRs remain for some business in the Irish fund. (see note 6)

## Changes in payouts in more detail

To give you an idea of the effect of the changes, the table below shows the payout values and annual growth for a bond, pension and endowment investing in the main With-Profits Fund. We've also included the value of an average savings account over the same period.

Product (term):	Investment details (started on):	Total investment:	Pay-out value 1 Jan 2016 + annual yield:	Increase in pay-out value over last year (excluding premiums):	Average savings account pay-out + annual yield:
Unitised Bond (5 years)	£10,000 single premium (1 Jan 2011)	£10,000	£12,023 3.8% p.a.	£623 5.5%	£10,376 0.7% p.a.
Unitised Bond (10 years)	£10,000 single premium (1 Jan 2006)	£10,000	£14,794 4.0% p.a.	£678 4.8%	£11,580 1.5% p.a.
Unitised Pension (20 years)	£200 month from 1 Jan 1996 (based on male, policy maturing at age 65)	£48,000	£84,643 5.3% p.a.	£5,047 6.5%	£60,128 2.2% p.a.
Conventional Endowment (25 years)	£50 month from 1 Jan 1991 (based on male, non smoker, age 29)	£15,000	£25,825 4.1% p.a.	£1,189 5.0%	£19,624 2.1% p.a.

*The table shows typical changes in policy value since outset and over the last 12 months. The figures don't necessarily reflect the changes to an individual policy. The bond and endowment values are after charges and tax. The pension values are after charges and before tax. The 20-year pension value at 1 January 2016 assumes retirement at the selected retirement age and so benefits from the guarantee of no market value reduction at that time. (Source: Aviva)*

*The table also gives details of an equivalent payout value from an average savings account available from a bank or building society. The average savings account shown is the Moneyfacts Average up to 90 days notice. Some savings accounts may deliver a higher yield. (Source: Lipper IM (note 1)).*

*Money in a savings account is accessible and safe, and interest, once earned, is guaranteed. In comparison, with-profits investments are for the medium- to long-term and the value could fall. It is possible you may not get back the amount you invested. Past performance is not a guide to the future. The value of investment-linked funds can go down as well as up and is not guaranteed.*

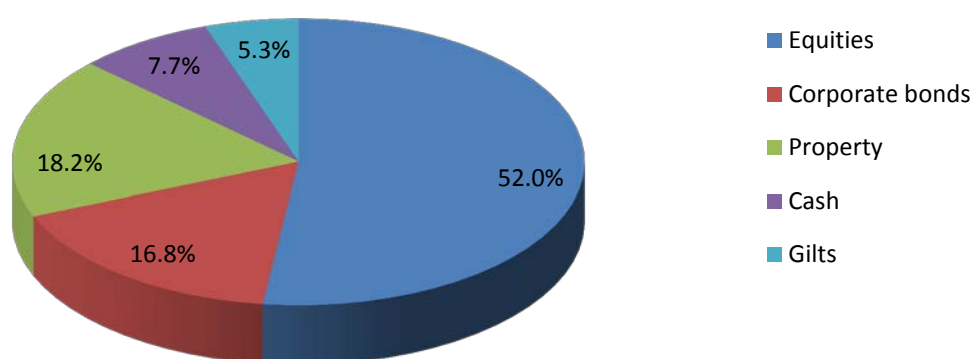
### Notes

- (1) Source: Lipper IM (Investment Management).
- (2) Figures from 1 January 2006 to 1 January 2016. All values are net of charges and tax.
- (3) The average savings account used is the Moneyfacts Average up to 90 days' notice £10,000 Index.
- (4) Absolute Return - Investments which generally target a certain level of outperformance over cash, rather than a stock market index, based on a medium time horizon of 3 years.
- (5) The annual bonus rates are before management charges.
- (6) Market Value Reductions (MVRs) may be applied at any time particularly following a large or sustained fall in the stock market.

## About the fund, customer numbers and underlying assets

- At the end of December 2015, the value of Aviva's With-Profits Funds was approximately **£40 billion** with over **1.1 million** customers.
- The Aviva Life & Pensions UK Ltd Old and New With-Profits Sub Funds delivered an estimated investment return of **6.0%** before tax (**5.2%** after tax) in 2015.
- The equity backing ratio (the amount of equities and property) of the Aviva Life & Pensions UK Ltd Old and New With-Profits Sub Funds is **70.2%** (at 31 December 2015).

### Asset mix of the Aviva Life & Pensions UK Ltd Old and New With-Profits Sub Funds at 31 December 2015



### Further information

If you have any questions about your investment in with-profits, you should talk to your financial adviser. They will consider your current circumstances and financial goals. If you don't have a financial adviser, you can find one in your area at [unbiased.co.uk](http://unbiased.co.uk). A financial adviser is likely to charge you for their services.

The Money Advice Service also has a website dedicated to financial education, which includes information about with-profits investments, [moneyadvice.service.org.uk](http://moneyadvice.service.org.uk).

The details in this article relate to business written in Aviva's With-Profits Funds. It does not include Friends Life With-Profits business, following the merger in April 2015. You can find further details about the Friends Life With-Profits funds at [Friends Life With-profit bonus news](#)

Aviva Life Services UK Limited. Registered in England No 2403746. Wellington Row, York, YO90 1WR.  
Authorised and regulated by the Financial Conduct Authority. Firm Reference Number 145452.  
[aviva.co.uk](http://aviva.co.uk)

GN07078 03/2016