



Your With-Profits policy

2021 Investment Performance

Your Caledonian Life With-Profits Bond policy is invested in the Liver Ireland Sub-Fund

On 7 February 2019, your policy transferred from The Royal London Mutual Insurance Society (Royal London) to Royal London Insurance DAC, a wholly owned subsidiary of Royal London.

We explain in the Liver Ireland Sub-Fund With-Profits Operating Principles (WPOP) that on transfer, policies in the Fund were reinsured back to Royal London's Royal Liver Sub-Fund (the Royal Liver Sub-Fund) – the Fund they were in before transfer. This means that the management of the Liver Ireland Sub-Fund is linked with the management of the Royal Liver Sub-Fund. You can read more about this in the WPOP; please see page 3 below for information on how to obtain a copy of it.

This leaflet refers to the investment mix and investment returns in the Royal Liver Sub-Fund. From here onwards, references to 'the Fund' are to the Royal Liver Sub-Fund.

What is the investment mix?

In managing the Fund we aim to maximise the investment return for with-profits policyholders while also protecting their guaranteed benefits. We hold a wide range of assets to help reduce the risk that would arise if we invested in a single type of investment.

Table 1 shows the types of investments that the Fund has been invested in since 2017.

Table 1

	Company shares %	Property %	Alternative assets* %	Government and other bonds %	Cash and other investments %
31.12.2021	53	0	0	41	6
31.12.2020	47	0	0	47	6
31.12.2019	42	0	9	49	0
31.12.2018	35	0	10	50	5
31.12.2017	43	1	7	48	1

*Alternative assets are complex types of assets used to help increase investment returns.

We continued to invest a large proportion of the asset shares in government and other bonds. This reflects the need to ensure that the Fund can always meet policyholders' guaranteed benefits when they are due.

By asset share, we mean the accumulation of premiums paid into the Fund after taking off expenses, charges and tax and allowing for the profits earned by the investments.

The investment returns from government bonds, other bonds and cash tend to vary less, from year to year, than the returns from company shares and property. However, over the longer term, the returns that we expect the Fund to receive from government bonds, other bonds and cash are lower than those from company shares and property.

What was the investment return for my policy for 2021?

The investment return achieved by the with-profits policies in the Fund (before tax and charges) for 2021 was +14%.[†]

Table 2 shows the investment returns, before tax and charges, applied each year from 2017 to 2021 to with-profits policies now in the Fund.

Table 2

2021 [†]	2020	2019	2018	2017
+14.0%	+4.8%	+13.3%	-4.0%	+9.5%

[†] Returns are based on Fund performance and do not represent the return achieved by individual policies linked to the Fund.

Despite market volatility during 2021, the Fund's investments provided an overall positive return for the year. In particular, the performance of company shares was especially strong.

We don't know what investment returns will be in the future; you should not assume they will be the same as they were in previous years. However, we believe that the current investment mix is appropriate for the Fund in current economic conditions.

Guarantee charge

Since May 2011 we have applied a charge to asset shares each year to cover the cost of guaranteeing your benefits. The current guarantee charge is 0.25% per year for Caledonian Life With-Profits Bond policies.

How do I share in the profits and losses of the Fund?

The performance of the Fund is shared out to its policyholders through a system of bonuses. There are two types of bonus which we may add to your policy:

- **Annual bonuses**, which we may add during the lifetime of your policy and which increase the guaranteed minimum amount payable when your policy is encashed, and
- **Final bonuses** which we may add when your policy is encashed.

We haven't changed the annual bonus rate, so for 2021 it is still 0.5%.

Royal London is committed to paying 'fair asset value' on encashments of the With-Profits Bond. In essence, paying 'fair asset value' means that we reflect the overall investment return of the underlying assets in the Fund, over the period in which you are invested in the Fund.

This means that over this period, if the performance of the underlying assets invested in the Fund, less charges, is greater than the ongoing value of your policy, a 'Final Bonus' may be added to your investment upon encashment. However, if over this period the performance of the underlying assets, less charges, is less than the ongoing value, a deduction known as a 'Financial Adjustment' may be applied upon encashment.*

Final Bonus rates and/or Financial Adjustments are reviewed on a monthly basis or as required, and are adjusted, if necessary, to reflect movements in asset values.

* Financial adjustments do not apply:

- On partial or full encashment, if they are made on the 10th anniversary or each 5th anniversary thereafter.
- On regular withdrawals of up to 7.5% per annum of the initial capital and the option was selected at the outset of the policy or selected subsequently, provided no Financial Adjustment was being applied at the time of the regular withdrawal 'set-up' request.
- On death at any time.

Simplification Programme

We're currently carrying out a programme to simplify and modernise how we do things for the benefit of our longstanding customers. Making these changes will help us to become a more efficient business.

In this regard, you may have received a communication from us recently requesting feedback on a proposal to merge the Royal Liver Sub-Fund into the Royal London Insurance DAC Open Fund.

If the proposal goes ahead, a portion of the Estate of the Royal Liver Sub-Fund would be given up to cover the cost of the proposal and to compensate the Royal London Insurance DAC Open Fund for taking on responsibility for holding back some of its Estate to protect your policy against future risks. By Estate, we mean the amount by which the investments of the Fund are greater than the guaranteed benefits and bonuses already promised to policyholders.

The rest of the Estate would be distributed to policyholders like you by increasing your policy value by a known percentage. This would secure your distribution from the Royal Liver Sub-Fund Estate at that point.

This will only happen if policyholders are supportive of the proposal, and it is approved by the High Court.

Where can I find out more information?

You can view and download information on the proposal from our website at: www.royallondon.ie/about-us/customer-consultation/

The Liver Ireland With-Profits Operating Principles (WPOP) and a document setting out the charges we apply to cover the cost of providing guarantees on with-profits policies in the Fund is available at: www.royallondon.ie/customer-support/im-not-sure-if-im-a-royal-london-customer/looking-for-royal-liver/WPOP/

Our latest Solvency and Financial Condition Report is available at: www.royallondon.ie/about-us/corporate-governance/sfcr/

If you would like a copy of these documents in a different format, such as large print, please call us on 01 429 3333.

Warning: Past performance is not a reliable guide to future performance.

Warning: The value of your investment may go down as well as up.

Warning: This product may be affected by changes in currency exchange rates.



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Royal London Insurance DAC is regulated by the Central Bank of Ireland.

Royal London Insurance DAC is registered in Ireland, number 630146, at 47-49 St Stephen's Green, Dublin 2.

Royal London Insurance DAC is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited which is registered in England, number 99064, at 55 Gracechurch Street, London, EC3V ORL.