



YOUR WITH PROFITS POLICY

Investment Performance



Your policy is invested in the PLAL With Profits Sub-Fund. In this leaflet we call this 'the with profits fund'.

WHAT IS THE INVESTMENT MIX OF THE WITH PROFITS FUND?

In managing the with profits fund, we aim to maximise the investment return for with profits policyholders whilst also protecting their guaranteed benefits within the with profits fund. 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 asset shares have been invested in since 2013. By asset share, we mean the accumulation of premiums paid into the with profits fund after taking off expenses, charges and tax and allowing for the profits and losses earned by the investments.

Table 1

	Company shares	Property	Government and other bonds	Cash and other investments
	%	%	%	%
31.12.2017	40	0	59	1
31.12.2016	41	0	57	2
31.12.2015	40	0	59	1
31.12.2014	38	0	60	2
31.12.2013	40	0	56	4

WHAT WAS THE INVESTMENT RETURN FOR MY POLICY FOR 2017?

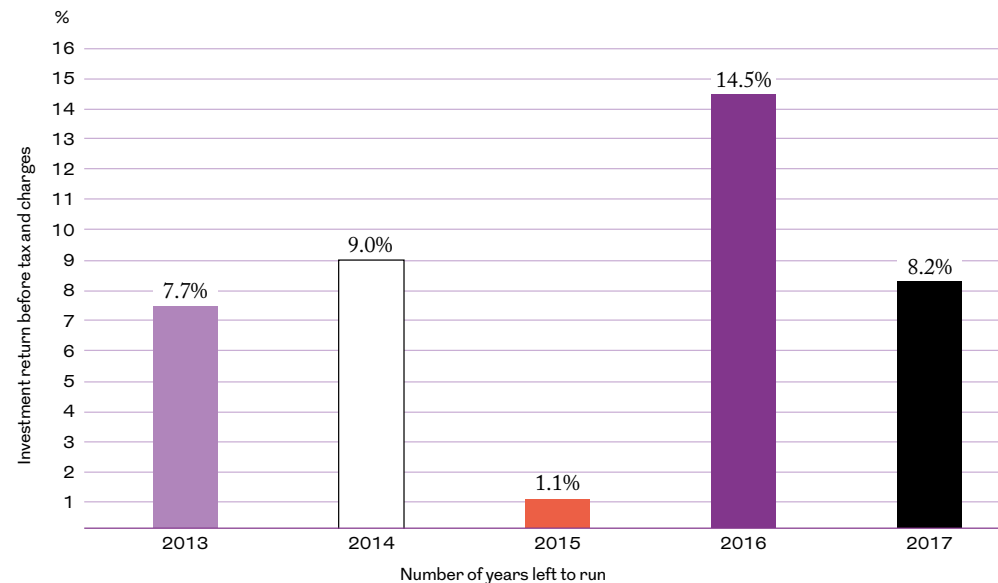
The investment return applied to with profits policies in the with profits fund (before tax and charges) for 2017 was +8.2%.

Chart 1 shows the investment returns, before tax and charges, applied each year from 2013 to 2017 to with profits policies now in the with profits fund.

Company shares performed very well over 2017, whilst bonds provided more modest positive returns. There was also a small positive return on cash.

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 with profits fund in current economic conditions.

Chart 1



HOW DO I SHARE IN THE PROFITS AND LOSSES OF THE WITH PROFITS FUND?

The performance of the with profits 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:

- regular bonuses, which we may add during the lifetime of your policy and which increase the unit price used to calculate the value of your policy, and
- final bonuses, which we may add when you cash in some or all of your policy. Final bonuses are not guaranteed and may go up or down.

The regular bonus rate that we are applying to your policy in 2018 is between 1% and 1.5%, depending on the type of policy that you have.

In certain situations, for example bad stock market conditions or after a long period of low investment returns, the value of the with profits units allocated to your policy may be higher than the policy's asset share. If this happens we may reduce the value of your units if your policy ends, you cash units in or you switch to a unit-linked fund. This reduction in value is called a market value reduction (MVR). We will only apply a MVR to ensure fair payouts to everyone invested in the with profits fund. If we don't do this, investors staying in the with profits fund will not get their fair share.

There are some situations where we will not apply an MVR. Your policy document describes the situations that apply to your policy but these will normally include cashing units on death or cashing units on regular withdrawals below a certain limit.

DISTRIBUTION OF WORKING CAPITAL

We aim to distribute the working capital of the with profits fund to relevant policyholders fairly over time. By working capital, we mean the amount by which the investments of the with profits fund are greater than the guaranteed benefits and bonuses already promised to policyholders.

To achieve this aim this year we have:

- allocated a special enhancement for 2017 by increasing the asset shares of relevant policies by 1.1%, and
- set final bonuses so that payouts for 2018 are in excess of asset shares for most policies.



WHERE CAN I FIND OUT MORE INFORMATION ABOUT THE WITH PROFITS FUND?

You can view and download the following documents from our website royallondon.com:

- ‘Principles and Practices of Financial Management’ (PPFM) which is a technical document that explains the way in which we manage our with profits fund.
- ‘A guide to how we manage our with profits fund’ which is a plain English guide to the key points of the PPFM. This includes more information on asset shares and how we decide regular and final bonus rates and MVRs. The version that covers your policy is ‘Guide 7’.

- The Directors report on compliance which is the most recent report about how we have complied with the PPFM.

To find these documents please click on ‘About Royal London’ then ‘Corporate Governance’ then ‘PPFM’. If you prefer, or would like large print versions of these documents, you can ask us to send you copies by calling us on 0345 741 3002.



**If you would like a copy of this
document in large print,
please call us on**

0345 741 3002



Royal London
Royal London House, Alderley Road, Wilmslow SK9 1PF,
royallondon.com

The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England and Wales number 99064. Registered office: 55 Gracechurch Street, London, EC3V 0RL.