

31 December 2018

The fund is invested in the Standard Life Investments Global Absolute Return Strategies Fund which aims to provide positive investment returns in all market conditions over the medium to long term. The fund is actively managed, with a wide investment remit to target a level of return over rolling three-year periods equivalent to cash plus five per cent per year, gross of fees. It exploits market inefficiencies through active allocation to a diverse range of market positions. The fund uses a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques, resulting in a highly diversified portfolio. The fund can take long and short positions in markets, securities and groups of securities through derivative contracts.

The value of investments within the fund can fall as well as rise and is not guaranteed - you may get back less than you pay in. The fund may use derivatives for the purposes of efficient portfolio management, reduction of risk or to meet its investment objective if this is permitted and appropriate. The sterling value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Pension Investment Fund

Absolute Return Fund

Quarterly

Fund Manager	Multi Asset Investing Team
Fund Manager Start	19 May 2008
Launch Date	19 May 2008
Current Fund Size	£956.2m
Fund Code	YX
Volatility Rating	2

This document is intended for use by individuals who are familiar with investment terminology. Please contact your financial adviser if you need an explanation of the terms used.

Fund Information *

Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns %	
				Q4	1 Yr
Market Returns Strategies	US equity	1.4	10.4	-1.9	-0.9
	Global equity oil majors	1.3	10.1	-1.3	-1.3
	Emerging markets income	0.9	6.8	0.3	-0.1
	Brazilian government bonds	0.6	4.3	0.7	0.7
	Equity option premium	0.2	1.9	-0.3	-0.2
	High yield credit	0.2	1.4	-0.1	-0.1
	European equity	0.1	1.1	-0.1	-0.2
	UK equity	0.0	0.1	0.0	0.0
	European equity banks	Closed		-0.1	-0.2
	Global REITs	Closed		-0.1	0.2
	Japanese equity	Closed		-0.1	0.0
	Directional Strategies	US real yields	1.2	9.5	-0.3
Long JPY v CAD		0.8	6.2	0.3	0.3
Long JPY v AUD		0.7	5.7	0.3	0.3
Long USD v KRW		0.6	4.4	0.0	0.0
Canadian interest rates		0.5	3.9	0.5	0.4
Long USD v EUR currency options		0.5	3.9	0.1	0.3
US steepener		0.5	3.5	0.2	0.2
Short UK inflation		0.1	1.0	0.0	0.0
Australian forward-start interest rates		Closed		0.0	0.2
Relative Value Strategies	Emerging markets v Brazilian equity	1.4	10.5	-0.7	-0.9
	US equity large cap v technology	0.7	5.0	0.2	0.2
	US equity large cap v small cap	0.5	3.5	0.3	0.0
	Swedish flattener v Canadian steepener	0.3	2.0	0.0	0.2
	EuroStoxx50 v S&P variance	0.2	1.5	-0.1	-0.1
	Asian v S&P variance	0.0	0.2	-0.1	-0.1
	HSCEI v FTSE variance	Closed		0.0	0.0
	UK v German duration	Closed		-0.1	-0.4
	US real yields v Japanese interest rates	Closed		0.0	0.0
	FX Hedging	FX hedging	0.2	1.3	0.0
Cash	Cash			0.1	0.2
	Residual	0.0	0.0	0.2	0.0
	Stock selection	0.2	1.8	-0.1	-0.5
	Total	13.1		-1.9	
	Diversification	9.6			
	Expected Volatility	3.5			

Should you require more information regarding the Physical Allocation please use contact numbers shown. Individual strategy contributions are based on gross returns. We calculated the totals using actual (unrounded) returns. We then rounded the figures for the purposes of this presentation.

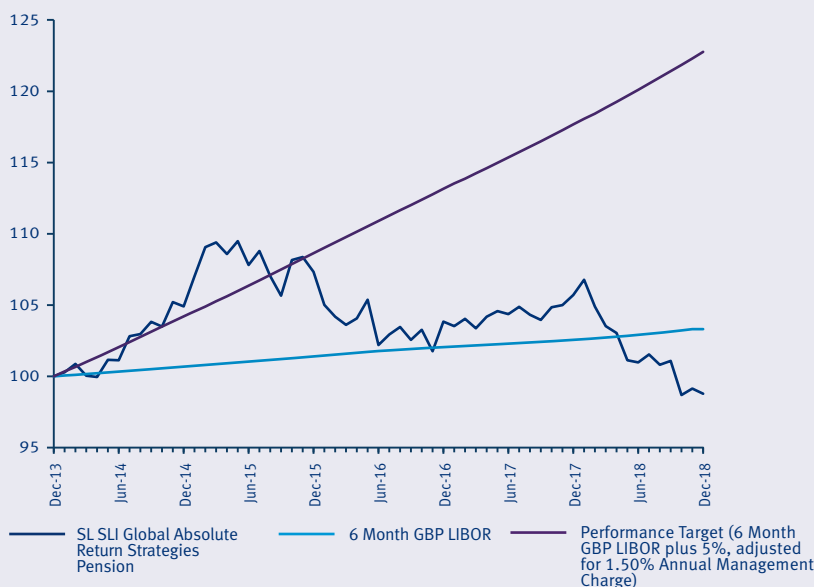
Fund Performance *

Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Index and Comparator)

	Year to 31/12/2018 (%)	Year to 31/12/2017 (%)	Year to 31/12/2016 (%)	Year to 31/12/2015 (%)	Year to 31/12/2014 (%)
SL SLI Global Absolute Return Strategies Pension	-6.6	1.8	-3.2	2.3	4.9
6 Month GBP LIBOR	0.8	0.5	0.6	0.7	0.7
Performance Target (6 Month GBP LIBOR plus 5%, adjusted for 1.50% Annual Management Charge)	4.3	4.0	4.1	4.3	4.2

Price Indexed



Figures quoted are calculated over the stated period on a bid to bid basis with gross income reinvested and are based on units which contain an Annual Management Charge (AMC) of 1.50% and Additional Expenses of 0.09%, i.e. a Total Fund Charge of 1.59%. For the relevant charges on your policy, including any rebates or discounts that may apply, please refer to your policy documentation.

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Index and Comparator)

Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Index and Comparator)

	Q4 (%)	1 Year (%)	3 Years (%)	5 Years (%)
SL SLI Global Absolute Return Strategies Pension	-2.3	-6.6	-8.0	-1.2
6 Month GBP LIBOR	0.5	0.8	2.0	3.4
Performance Target (6 Month GBP LIBOR plus 5%, adjusted for 1.50% Annual Management Charge)	1.1	4.3	13.0	22.8

Note: The information shown relates to the past. Past performance is not a guide to the future. The value of your investment can go down as well as up. For the relevant charges on your policy please refer to your policy documentation.

Fund performance is shown after deduction of Annual Management Charge and expenses. The performance target for the fund is to achieve 5% per annum above the benchmark before charges over rolling 3 year periods. To provide a 'like for like' comparison against the fund performance the performance target figures have been reduced by the Annual Management Charge (benchmark, plus the 5% per annum performance target, less 1.5% Annual Management Charge).

Definitions

Volatility Rating - The volatility rating of a fund indicates how much the fund price might move compared to other funds. The higher the volatility rating, the less stable the fund price is likely to be. You can use this to help you decide how much risk you're comfortable taking with your investments.

Key Risks

Standard Risks - What you get back depends on future investment performance and is not guaranteed. Past performance is not a guide to future returns. The value of your investment, and any income from it, may go down as well as up.

Intangible risks and volatility - The risks of a fund can be measured in different ways. Volatility (a measure of how much a fund's price has varied in the past) will not necessarily always provide a complete picture of a fund's risk. Some risks are not represented in the movement of the unit price until they emerge and only then will they have a significant effect on a portfolio.

The fund can invest in a wide variety of investment strategies and assets. Below we document the specific or heightened risks applicable to this fund rather than an exhaustive list.

Key Risks (continued)

Extensive use of Derivatives - In order to achieve its objectives an absolute return fund utilises a combination of traditional investments (such as equities, bonds and foreign exchange) and advanced techniques where it can use derivatives extensively. Derivatives are financial instruments which derive their value from an underlying asset, such as a share or bond, and are used routinely in global financial markets. Used carefully, derivatives offer an effective and cost-efficient way of investing in markets. However, derivatives can lead to increased volatility of returns in a fund, thus requiring a robust and extensive risk management process. While the fund will not borrow cash for investment purposes, the total value of exposures to markets will routinely exceed the Fund's net asset value. Derivatives may be Exchange Traded or Over the Counter (OTC).

Use of 'short' positions - Typically, UK authorised collective investment schemes invest on a 'long only' basis. The fund, by employing certain derivative techniques, will establish both 'long' and 'short' positions in individual stocks and markets. Investing on a 'long' basis means that the value of the derivative will rise or fall in the same direction as the underlying market value of the asset from which it is derived. If investments are made on a 'short' basis the value of the derivative will rise and fall in the opposite direction to the underlying market value of the asset from which it is derived.

Counterparty risk - The Investment Adviser may use one or more separate counterparties to undertake derivative transactions on behalf of the fund. From time to time the fund may be required to pledge collateral, and when this is required it will be paid from within the assets of the fund. When a derivatives contract moves in favour of the fund there is a risk that the counterparty may wholly or partially fail to honour their contractual obligations under the arrangement. The Investment Adviser assesses the creditworthiness of counterparties as part of the risk management process and will ordinarily hold collateral to mitigate this.

Active Fund Management - The majority of risks within traditional investment funds are driven by the type of investments held (i.e. equities, fixed interest or property, etc). The risks that fund management decisions add are generally of a smaller magnitude than those of the asset types themselves. The GARS fund however doesn't have a structure where most of the returns are generated from traditional asset types. Rather, it derives most of its returns from very specific strategies. As a result of this the risks of the fund are driven primarily by these fund management decisions, and less by the characteristics of the underlying traditional asset types.

Correlation - The fund will invest in a diverse set of investment strategies which, in the opinion of the investment adviser, have attractive risk reward characteristics. While the breadth of the strategies is significant, should they start to exhibit closer correlation ie move in the same direction as one another, the fund may be subject to a higher level of risk and volatility than anticipated.

*Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by Standard Life**. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, Standard Life** or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Past performance is no guarantee of future results. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

**Standard Life means the relevant member of the Phoenix Group (being Phoenix Group Holdings together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time) and the Standard Life Aberdeen Group (being Standard Life Aberdeen plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time).

"FTSE®", "FT-SE®", "Footsie®", ["FTSE4Good®" and "techMARK] are trade marks jointly owned by the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited ("FTSE") under licence. ["All-World®", "All-Share®" and "All-Small®" are trade marks of FTSE.]

The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), by the London Stock Exchange Plc (the "Exchange"), Euronext N.V. ("Euronext"), The Financial Times Limited ("FT"), European Public Real Estate Association ("EPRA") or the National Association of Real Estate Investment Trusts ("NAREIT") (together the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE EPRA NAREIT Developed Index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

"FTSE®" is a trade mark of the Exchange and the FT, "NAREIT®" is a trade mark of the National Association of Real Estate Investment Trusts and "EPRA®" is a trade mark of EPRA and all are used by FTSE under licence."

Useful numbers -

Pension Fund Servicing

0345 60 60 012.

Call charges will vary.

www.standardlifeaberdeen.com

Standard Life Assurance Limited is owned by the Phoenix Group and used the Standard Life brand under licence from the Standard Life Aberdeen Group. You can find more information about Standard Life Aberdeen plc's strategic partnership with Phoenix at www.standardlife.com/partnership
Standard Life Assurance Limited is registered in Scotland (SC286833) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.
Standard Life Assurance Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.