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## Investment Indices - Annual growth up to 01/03/2019

	Fund %
FTA British Govt 5 to 15 Years Index	3.5
FTSE 100	2.1
FTSE All Share Index (Fund HR)	1.7
FTSE World Europe Ex UK Index	-2.9
Hang Seng	-0.7
MSCI Brazil	1.6
S&P 500 Composite Index	6.9

## Pension Managed Fund

	Fund %
UK Equities	27.5
North American Equities	17.7
Japanese Equities	5.8
Pacific Basin Equities	3.0
Emerging Market	4.2
European Equities	14.3
Overseas Bonds	8.7
UK Fixed Interest	7.6
Property	1.5
Cash & Other	9.9

## Standard Life Multi Asset Managed (20-60% Shares) Pension Fund

	Fund %
UK Equities	24.6
North American Equities	7.2
Japanese Equities	4.0
Pacific Basin Equities	2.1
Emerging Market	2.8
European Equities	8.1
Overseas Bonds	18.3
UK Fixed Interest	18.6
Property	1.6
Index Linked	2.2
Cash & Other	10.5

## Pension Stock Exchange Fund

	Fund %
UK Equities	32.7
North American Equities	25.3
Japanese Equities	7.1
Pacific Basin Equities	5.2
Emerging Market	6.5
European Equities	17.0
Cash & Other	6.3

## Pension Ethical Fund

	Fund %
UK Equities	47.7
European Equities	24.3
Overseas Bonds	1.3
UK Fixed Interest	18.9
Cash & Other	7.9

## Pension Global Equity 50:50 Fund

	Fund %
UK Equities	48.4
North American Equities	32.2
Japanese Equities	2.9
Pacific Basin Equities	3.1
Emerging Market	0.8
European Equities	10.7
Cash & Other	1.9

## Annualised Growth

Gross of annual management charges. Performance figures are calculated on a gross basis over periods to 1 March 2019. They do not allow for any charges which may be deducted.

	Size of Fund (£'000)	1 Year %	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	2,636,819	0.7	6.4	5.3	8.4
Standard Life Annuity Purchase Fund	816,670	1.1	3.1	5.8	6.3
Standard Life European Equity	569,926	-5.4	9.6	5.6	10.7
Standard Life Japanese Equity	1,900,570	-11.0	10.6	9.4	9.7
Standard Life North American Equity	583,187	5.2	15.0	14.5	16.4
Standard Life Index Linked Bond	634,463	2.8	7.9	9.2	9.2
Standard Life Property Pension Fund *	1,113,708	1.3	3.3	7.2	7.4
Standard Life UK Equity Pension Fund	2,012,015	-1.9	8.0	3.7	11.2
Standard Life Mixed Bond Pension	436,087	2.6	4.2	5.1	6.5
Standard Life Asia Pacific ex Japan	706,228	-4.1	17.4	9.9	13.6
Standard Life Deposit and Treasury	850,311	0.6	0.4	0.4	0.5
Standard Life Ethical Pension Fund	626,310	-3.3	7.6	5.3	12.1
Managed	838,683	-0.1	8.4	6.0	10.2
Stock Exchange	42,026	-1.0	10.0	7.4	12.4
International	37,787	-0.1	11.8	9.3	13.3
Standard Life Money Market Pension	1,131,670	0.8	0.6	0.7	1.4
Standard Life Corporate Bond Pension	2,805,029	2.4	5.4	5.4	6.2
Standard Life UK Equity Select	73,784	-3.0	8.7	3.9	9.4
Standard Life Global Equity 50:50	1,261,744	-1.6	9.6	6.4	8.7

Source: Standard Life Investments

\* Figures quoted are calculated on a bid to bid basis with income reinvested over the stated periods and are based and includes change in pricing to minimum valuation basis in August 2007.

## Tactical Asset Allocation - March 2019

We build our TAA funds including bonds, equities, commercial property and other assets looking over a 12-month time horizon. Our decision-making sequence is first to consider the outlook for each asset class (e.g. government bonds), followed by views within that market (e.g. the US versus Europe, or European core economies against peripheral countries). This table shows our more and less favoured markets around the world.

	Allocation	Comment
<b>Government Bonds</b>	Underweight	We see most government bonds as generally unattractive and yield pick-up is not sufficient. The path of global monetary policy path has been altered but is now largely priced into rates.
UK Gilts	Neutral	While the economy is slow growing, the Bank of England is still warning about future interest rate increases if Brexit uncertainty is removed.
US Treasuries	Underweight	Recent weak US economic data has prompted dovish comments from the US Federal Reserve. US Treasury yields have fallen significantly over recent months, near the bottom of a range, pushing them to unattractive levels.
European Core	Neutral	Eurozone rates remain low. European Central Bank (ECB) policymakers have become wary of recent economic weakness, further delaying their plans to tighten monetary policy.
European Periphery	Neutral	The spread between peripheral and core European government bonds is quite wide. However, we are cautious in view of political risks.
Japan	Underweight	Japanese government bond yields are very low compared with other markets, still held down by very strict yield curve control from the Bank of Japan despite the new flexible target.
Australia	Overweight	We remain long of government rates as recent Australian economic data shows signs of weakness.
UK Index Linked	Underweight	Recent sterling strength and uncertainty caused by lengthy Brexit negotiations imply inflation risks are to the downside. Meanwhile, the Bank of England has revised down growth and inflation expectations.
US TIPS	Overweight	This market provides downside protection as and when investors look for a safe haven. It also provides a degree of protection against any future inflation surprises.

## Tactical Asset Allocation - March 2019 (Continued)

	Allocation	Comment
<b>Corporate Bonds</b>	Overweight	The spread between corporate debt and government bond yields has widened, offering some selective value.
UK Investment Grade	Neutral	Spreads have widened but we still see credit as vulnerable to economic shocks or upward surprises to gilt yields.
US Investment Grade	Underweight	Spreads are wider but only offer modest protection should the US economy weaken materially.
Euro Investment Grade	Underweight	European investment grade spreads are wider but the total return looks modest.
US High Yield	Neutral	US high yield spreads have widened but not sufficiently to suggest attractive returns relative to the risks.
Euro High Yield	Overweight	European data has disappointed, suggesting further delays to rate hikes. Furthermore, net leverage in high yield companies has fallen as they have deleveraged. Both these factors are supportive for European high yield spreads.
Emerging Market (Hard Currency)	Overweight	Dollar-denominated debt is at attractive spreads to Treasuries and all-in yields, despite challenges in some of the larger emerging market (EM) economies.
Emerging Market (Local Currency)	Overweight	A lot of bad news is now priced into local currency debt following sharp currency and spread corrections.
<b>Equities</b>	Overweight	Global profit growth in the high single digits provides fundamental support at a time of relatively depressed investor sentiment.
UK	Neutral	The UK trades at cycle-low valuations, so we are now neutral. Brexit weakness would support the equity market via a lower pound.
US	Neutral	Macroeconomic momentum supports this market. We continue to trade the US tactically.
Europe ex. UK	Neutral	Economic expansion has faltered recently but valuations are supportive for corporate profits. Currency appreciation and peripheral political risks continue to restrain interest in stocks.
Japan	Overweight	The market remains attractive as easy monetary policy and fiscal stimulus are helped by efforts to improve corporate governance, share buybacks and business investment. However, yen strength periodically remains a concern.

## Tactical Asset Allocation - March 2019 (Continued)

	Allocation	Comment
Developed Asia ex. Japan	Neutral	The market is vulnerable to policy errors in China and worries about trade tensions. However, a relatively inexpensive market keeps us neutral.
Emerging Market equity	Overweight	The asset class has discounted much of the China trade risks. Valuations have improved and investor positioning is more attractive.
<b>Property</b>	Overweight	We prefer real estate investment trusts rather than direct investment in commercial property globally.
UK	Neutral	The real estate cycle is at a mature stage and limited further capital growth is expected. Income remains attractive, although risks are elevated should the UK enter recession or political uncertainty surges.
US	Neutral	Vacancies are low across most sectors and markets, although the sizeable retail sector is coming under more pressure from the rise in e-commerce.
Europe	Overweight	Stronger economic growth and low levels of new supply support the market. The cautious ECB policy stance helps valuations.
<b>Commodities</b>	Neutral	Commodities are very sensitive to Chinese policy tightening. Some commodities, such as oil, face an uncertain demand/supply balance.
<b>Cash and Currency</b>	Underweight	With global interest rates still extremely low, we still see better opportunities in risk assets.
Dollar	Underweight	We expect US growth to slow and current positioning is extreme. We have therefore downgraded our view.
Euro	Underweight	The euro is less attractive than other major currencies, with concerns over Italy and European politics in general.
Yen	Overweight	An overweight position in the yen, traditionally a safe-haven currency, acts as a portfolio diversifier if global activity continues to disappoint.
Sterling	Overweight	Brexit concerns have driven sterling lower. Short of a disorderly Brexit, sterling looks undervalued.

## Important Information

Growth figures for Investment Indices include reinvested income, and are expressed in sterling. For comparison purposes these figures do not allow for any taxes, charges and dealing costs.

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