

Standard Life Investments strengthens strategic position through acquisition of Ignis Asset Management



26 March 2014



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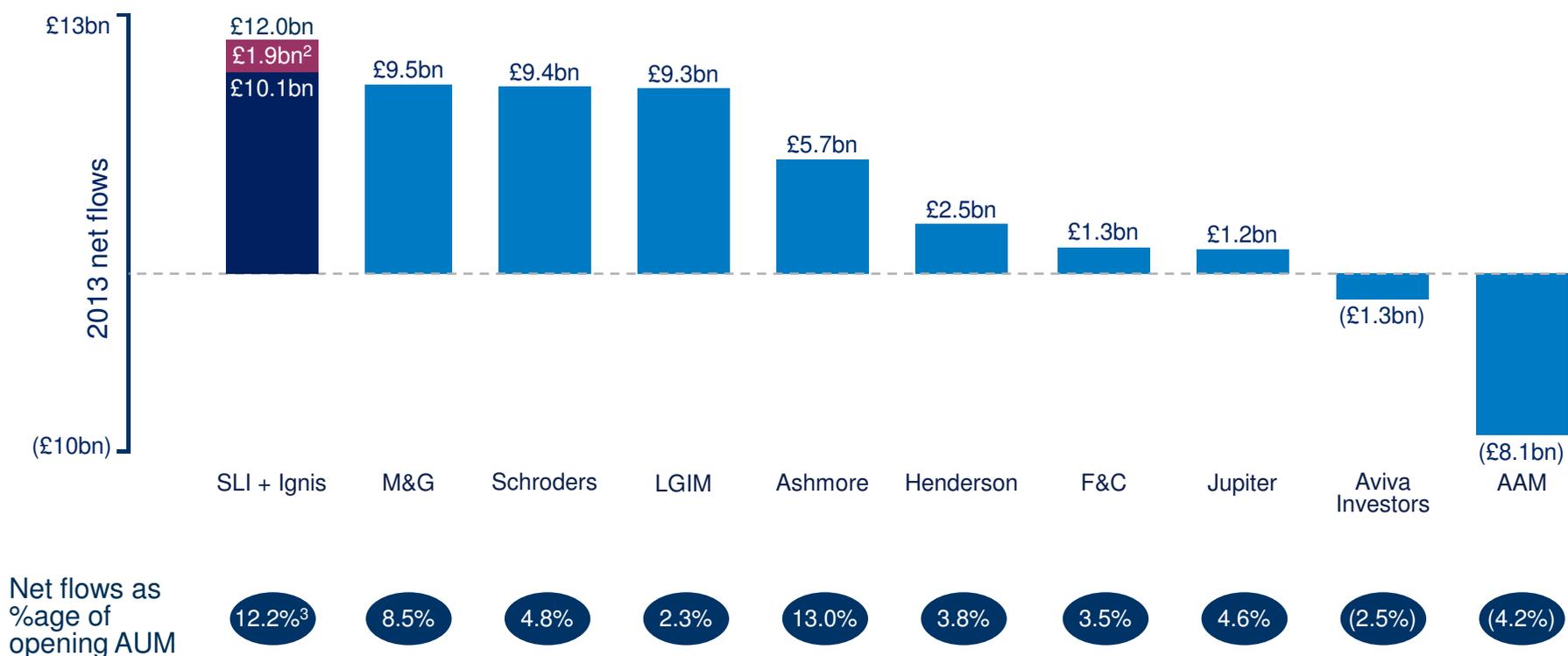
Acquisition of Ignis Asset Management by Standard Life Investments from Phoenix Group¹

- **Strengthens strategic positioning** of Standard Life Investments:
 - **Deepens** Standard Life Investments' capabilities
 - **Broadens** Standard Life Investments' third party client base
 - **Strengthens** strategic position in rapidly developing liability aware market
- Acquisition on **attractive financial terms**
- Total consideration of £390m with **price adjustment mechanism** in place to **protect value**
- Phased integration **focusing on client needs**
- Includes new long-term **strategic alliance with Phoenix**
- Subject to regulatory approval

1. Standard Life Investments (Holdings) Limited ("Standard Life Investments"), has entered into an agreement with a subsidiary of Phoenix Group Holdings ("Phoenix") to acquire its asset management business, Ignis Asset Management Limited ("Ignis Asset Management" or "Ignis")

Complements Standard Life Investments' strong organic growth

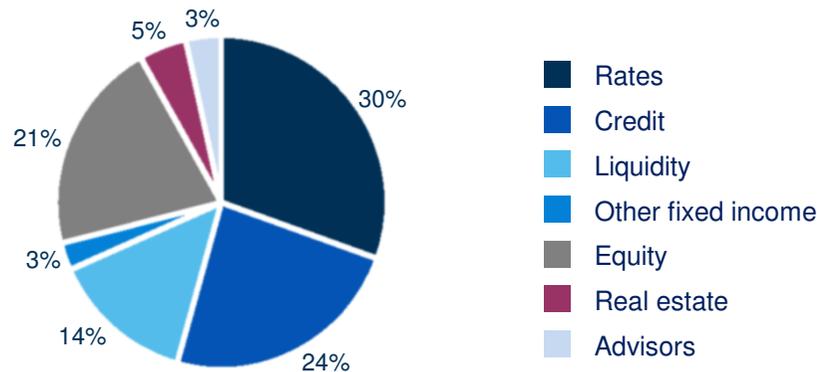
2013 third party net flows (total and as % of opening third party AUM)¹



1. Source: Company reports and Standard Life Investments research
 2. Including liquidity net inflows of £0.4bn
 3. For Standard Life Investments only

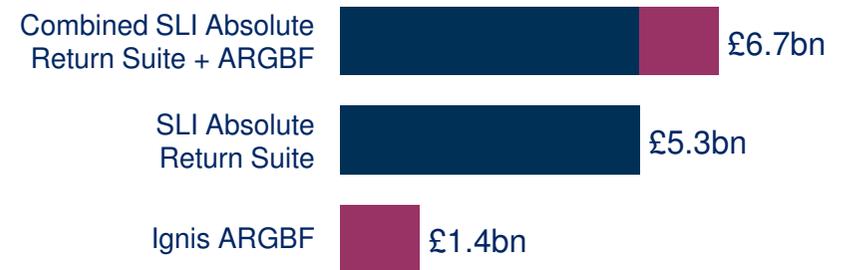
Deepening investment capabilities

Ignis Asset Management AUM of £59bn by asset class¹



- Enhanced capabilities particularly in government bonds and active management of liability overlays
- Complements Standard Life Investments' existing strengths in emerging market debt, credit and real estate
- Strong foundation for liability aware market offering
- Strong investment performance in 2013 with 85% of AUM above benchmark

2013 UK and Europe absolute return fund net inflows



- Ignis Absolute Return Government Bond Fund (ARGBF) complements Standard Life Investments' leading suite of absolute return funds:
 - Complementary investment process delivering above benchmark performance – annualised since inception 6.75%
 - Attracted £2.1bn of assets since launch in March 2011 to end of 2013
- Leveraging Standard Life Investments' global distribution capability

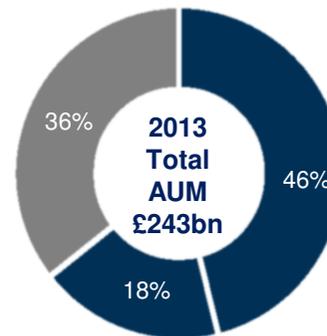
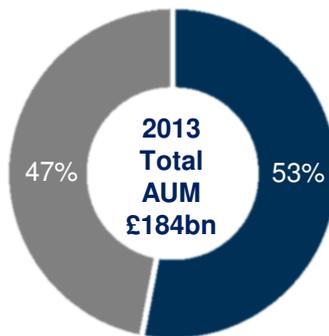
1. Source: Ignis management information as at 31 December 2013; excludes £6.8bn of securities lending collateral

Broadening third party client base

Standard Life Investments

Combined with Ignis Asset Management¹

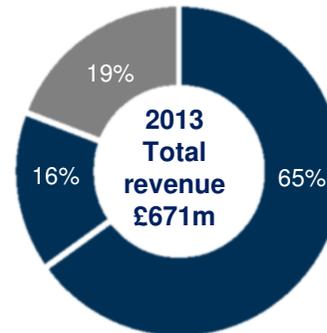
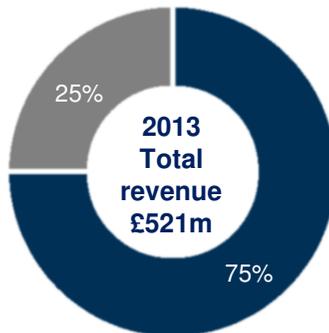
Third party AUM now
64% of total



Third party AUM	2013 £bn	%	Change £bn
Third party	112	46	+15
Third party – Life books	44	18	+44
Total third party	156	64	+59

■ Third party AUM
■ In-house AUM

Third party revenue now
81% of total



Third party revenue	2013 £m	%	Change £m
Third party	437	65	+45
Third party – Life books	105	16	+105
Total third party	542	81	+150

1. Ignis Asset Management AUM excludes £6.8bn of securities lending collateral assets

Strengthens strategic position for rapidly developing liability aware market

Growing global market for outsourcing of insurance assets

- US\$1 trillion expected to be outsourced in the near future¹
- Over US\$13 trillion of life insurance assets across Europe, US and Asia
- Growing trend for outsourcing to specialist investment management providers

DB pension schemes locking in funding levels and de-risking

- UK and US schemes funding levels average 95% with further improvements expected (DB assets across UK and US >US\$9 trillion)
- Percentage of pension funds using LDI expected to increase from 57% to 87% in the coming years²
- Significant de-risking expected in near future

“...asset owners expect increased investments in fixed income and alternatives, mostly at the expense of benchmark-tracking domestic equities. Notably, in the aggregate, asset owners expect no substantial increase in their passive portfolio exposure.”³

Enhanced expertise and capability in liability aware investing

- Five companies under long-term contracts with AUM of £131bn
- Ten insurance company mandates across five countries with AUM over £7bn
- Around £90bn of assets managed against liability benchmarks
- Leveraging Standard Life Investments' global distribution capability across UK, Europe, US and Asia

1. Source: Cerulli Associates; March 2014

2. Source: SEI; December 2013

3. Source: A Tailored Approach: Positioning to Outcome-Oriented Global Investors; February 2014; eVestment and Casey Quirk

Value creation for shareholders

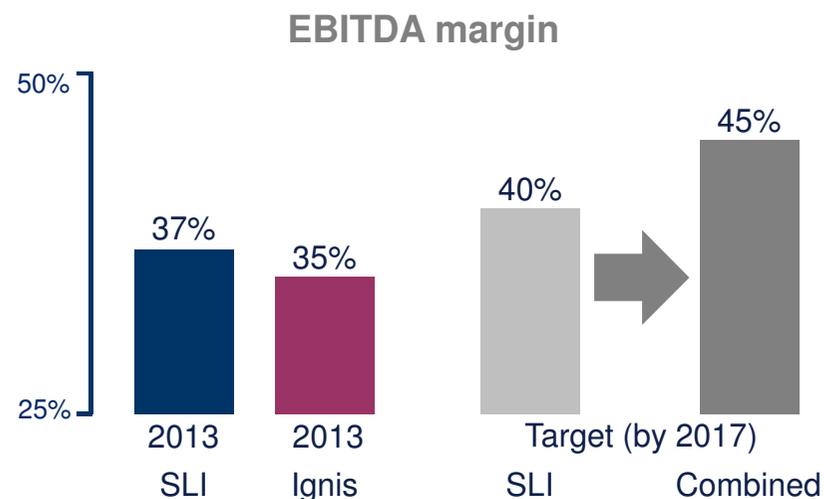
- Acquisition on attractive terms:

- Consideration for Ignis Asset Management of £390m including regulatory capital
- Consideration reflects a multiple of 2013 EBITDA (£52m) of 7.5x before synergies

- Material cost savings from integration:

- Expected to exceed £50m by third full year of ownership
- Will help accelerate Standard Life Investments towards new target EBITDA margin of 45%
- One-off costs of implementation c1.5x of ongoing annual cost savings

- Price adjustment mechanism provides additional protection



Controlled integration focusing on client needs

- Business as usual for existing Standard Life Investments' business and clients
- Phased integration of Ignis Asset Management
- Protecting flows and maintaining strong client relationships

2014

Progressive migration into Standard Life Investments' brand and integration of investment teams

2016

Strengthening strategic position of our global asset manager

	Total £303bn up £59bn	UK and Europe £261bn up £59bn	North America £35bn	Asia £8bn
Standard Life Investments	Strategic relationships	John Hancock, HDFC, Sumitomo Mitsui, Phoenix		
	Expanded client offering	Multi-asset, global, emerging markets, real estate, wealth, liability aware offering for DB schemes and outsourcing of insurance assets		
	Global reach	UK, Europe, US, Canada, India, Hong Kong, China, South Korea, Australia		
Long-term savings distribution	Standard Life	Standard Life	Standard Life	
	UK Multi-channel including retail, corporate and direct Germany and Ireland	Canada Retail Canada Corporate	Hong Kong Singapore Dubai	
			JVs HDFC Life Heng An SL	

Summary

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