

Insurance Investment Solutions

Strategies and support to optimize capital efficiency,
deliver yield and meet your long-term commitments

We have over 200 years' experience of managing our own and third-party insurance assets – probably no other asset manager understands the long-term needs of this sector better.

Our insurance
investment solutions

We recognize that the investment and regulatory landscape can change rapidly. With our global reach, deep resources and extensive expertise, we look to transform investment ideas into practical answers to the challenges insurers face – or the opportunities they wish to capture.

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Our capabilities

Trusted expertise for insurance investors

At Aberdeen Standard Investments, we understand the challenges facing insurance companies across the world.

More stringent regulation and a challenging economic environment have put unprecedented pressure on insurers' capital, solvency and reporting requirements. Plus they still need to generate strong, sustainable returns to meet commitments to policyholders.

Given all these pressures, many insurers are looking for an insurance-literate asset manager, with the proven experience and operational infrastructure to provide a range of investment solutions that are both capital efficient and can generate yield.

A proven partner

Aberdeen Standard Investments has a long heritage of managing assets for insurance investors around the world. Our clients in the sector include life, health, property & casualty and re/insurers, ranging from the biggest global groups to captive and regional insurers. Today, insurers across the UK, US, Europe and Asia trust us to manage assets worth \$415.2 billion (C\$520.2 billion).*

Expertise across insurance portfolios

We manage extensive general account assets, helping insurers maximize their returns while effectively hedging guarantees, and optimally managing risk and capital requirements. We also have significant experience managing annuity portfolios. This includes developing new asset class capabilities that allow providers to optimize risk-adjusted returns to meet their cashflow obligations.

By working with insurers worldwide over many years, we have built up the experience and knowledge to meet regulatory requirements in multiple jurisdictions. This in turn allows us to support insurers with comprehensive asset and risk reporting so that they can meet their regulatory reporting requirements in a timely way.

Capabilities across asset classes

To meet the diverse and changing needs of insurers, we have developed investment capabilities across a broad range of asset classes, supported by over 1,000 investment professionals* worldwide.

Solutions for insurers include:

- strategies that offer diversification and capital efficiency
- Cash flow and liability management solutions - interest rate, inflation, guarantee and hedging strategies, etc.
- Multi-asset structuring and bespoke solutions that are regulatory friendly

Dedicated insurance specialist team

Insurance clients can also count on support from our dedicated insurance specialist team. The team includes investment actuaries with significant international experience within the investment industry and detailed knowledge of regulation, risk and actuarial matters.

Members of the team sit on a variety of insurance industry working groups and provide clients with extensive support and industry insight.

* Source: Aberdeen Standard Investments, as at 31 December 2017.

Investment solutions

Choosing the right investment approach

Your organization has its own very specific investment objectives. To help you meet them, we can offer a variety of strategic investment approaches.

From individual investment strategies to complete outsourcing of all investment decisions – solutions can be as simple or as extensive as your business requires.

Range of products

We provide a comprehensive range of products across a wide range of asset classes (see right). In particular, we offer many strategies with capital efficient and diversification properties that make them ideally suited for insurance companies.

Bespoke solutions

Some investors prefer or require a more custom-made investment solution. We can work closely with you to build bespoke solutions tailored to your requirements, including portfolios that aim to beat either a traditional or absolute-return benchmark.

Liability matching

Increasingly, insurance companies are looking to match future liabilities to meet their long-term cashflow needs. We have extensive experience managing a range of liability-aware mandates – and can deliver strategies that either look to match or exceed your cashflow obligations.

Investment outsourcing

Given the highly complex and technical nature of global insurance regulations, some insurance companies may wish to outsource all or part of their investment strategy to external asset managers. We are highly experienced in this area, working closely with clients to understand their specific objectives in order to develop investment strategies aligned to their own regulatory requirements.



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Opportunities across asset classes	
Equities	Includes core, income, small cap and ESG strategies spanning the risk/return spectrum
Fixed income	Comprehensive capabilities covering corporate, government, high yield, structured finance and emerging market debt, as well as liability-related and absolute return approaches
Multi-asset	Strategies that call on the full range of asset class opportunity, including absolute return, enhanced diversification, traditional balanced and tactical asset allocation strategies
Liquidity	Liquidity and money market solutions tailored to duration, access and yield needs
Quantitative investments	Systematic investments across pure and smart beta and active quant strategies
Private markets	Strategies providing access to the full range of private market assets including real estate, private equity, infrastructure debt and equity, private credit and commercial real estate lending
Real estate	We are a global 'Top 10' manager* of real estate assets, offering pooled, segregated, mutual fund, specialist and global portfolios
Strategic client solutions and multi-manager solutions	Solutions delivering key client outcomes incorporating public and private investments from both Aberdeen Standard Investments and other asset managers
Alternative investment strategies	Solutions include liquid alternatives, alternative factor premia, single-strategy solutions and funds of hedge funds

Source: Aberdeen Standard Investments as of June 30, 2018

\$415 bn

Insurers across the UK,
US, Europe and Asia trust
us to manage assets
worth \$415.2 billion
(C\$520.2 billion).*



* Source: Aberdeen Standard Investments, as at 31 December 2017.

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“Offering expertise across the complete investment universe is key to building good investment solutions for insurers. The more asset classes we can use, the more means we can offer to generate yield and manage risk.”

Virginia Martin Heriz,
Global Multi-Asset Strategist



Our services

Supporting you at every stage

In addition to our investment capabilities, we provide a range of ongoing services to support insurers' activities and decision-making.

Asset and risk reporting

Given the regulatory environment, we understand that providing comprehensive and timely reporting is vital for insurers. We have developed a range of reporting capabilities to support you, including:

- risk and performance attribution
- fund and investment reporting
- asset data reporting.

In addition, we can provide fund accounting and valuation services, as well as transaction processing, trade management, asset servicing and unit pricing.

Accountancy firm KPMG has reviewed our Solvency II asset reporting process and deemed it fit for purpose in October 2017. We can also provide clients with a Data Dictionary glossary.

Internal ratings processes

Private market assets are becoming highly valued for their illiquidity premium. However, these assets are often not rated publicly, making it hard for investors to assess and compare their risk profile and creditworthiness.

We have substantial experience of rating private market assets using our own internal processes. In June 2016, PwC reviewed and approved our ratings process as being fit for purpose under European Solvency II requirements.

Proactive, ongoing support

From the outset of a relationship, we look to work very closely with you to determine your exact requirements. We believe this is absolutely key to building robust investment solutions that can be relied on to meet your objectives over the long term.

We then engage proactively with you on an ongoing basis, assessing whether the investment solution we have built for you continues to meet your needs. Clear service guidelines regarding the management of your mandate, and your meeting and reporting requirements are put in place, giving you complete control over the level of activity involved.

Our dedicated insurance specialist team supports our relationship with you and develops investment solutions in line with your requirements. Team members have deep expertise and experience in the global insurance investment market, allowing you to turn to us for industry insight and trusted opinion at any time.

“From the outset of the relationship, we look to work very closely with you to determine your exact requirements. We believe this is absolutely key to building robust investment solutions that can be relied on to meet your objectives over the long term.”

Case studies

Putting solutions into action

Real-life case studies of how we have worked with insurers to provide solutions to their specific business challenges.

Case study 1:

Reducing volatility within a general account portfolio

The challenge

A life insurer approached us because of the high asset volatility within their general account portfolio, which subsequently led to large guarantee costs and capital requirements. They were keen to invest in a simple, pre-packaged solution that could reduce their equity exposure without compromising return potential.

Our investment solution

We designed our multi-asset range to provide absolute returns with low volatility to help investors withstand times of great market stress. As a solution, we first tested performance to check it was in line with the client's general account.

In addition, we ensured the look-through data on the underlying assets was available within regulatory guidelines. As a result, the client decided to move forward with a multi-asset investment solution.

The client benefit

Our multi-asset solutions have a track record of generating positive returns with relatively low volatility. From a regulatory perspective, they can therefore help reduce guarantee costs and capital requirements (see Solution 1 graph, right).

Case study 2

Enhancing capital-efficient yield

The challenge

A property & casualty insurer's asset portfolio predominantly held bank deposits and short-term investment-grade corporate bonds. The investment yield generated by this portfolio was at a historical low given the prevailing financial market environment. The CFO's objective was to increase the expected return of the portfolio by around 100 basis points without allowing a rise in market risk to create an intolerably large increase in their solvency capital requirement (SCR).

Our investment solution

Our insurance specialist team worked with the client's investment and actuarial teams to show how our absolute-return capabilities within fixed income could provide a highly efficient route to yield enhancement without substantially increasing their regulatory capital requirements (see Solution 2 graph, right).

The viability of the absolute-return bond solution was supported by the chosen strategy's low return volatility (relative to other yield-enhancing strategies under consideration) and low correlation with the client's existing corporate bond portfolio. We were also able to support the client by providing ongoing and timely look-through data for asset data reporting requirements.

The client benefit

The client was materially able to increase the expected return of their asset portfolio while increasing the yield and efficiently managing risk.

Case study 3

Improving annuity-matching cashflow

The challenge

In a low-yield environment, a client asked us to help them increase the risk-adjusted return on the assets backing their annuity business. In doing so, the client expressed a desire to access the illiquidity premium available through private market asset classes such as infrastructure and commercial real estate debt (see Solution 3 graph, right).

Our investment solution

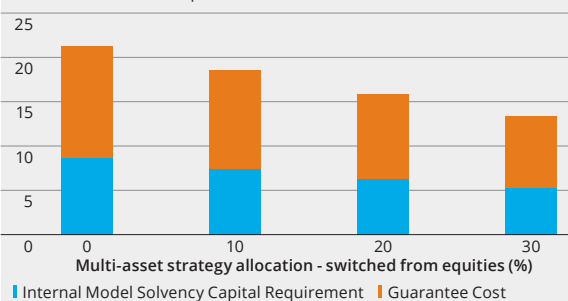
Our private market assets team developed an investment solution incorporating commercial real estate lending and infrastructure debt to deliver the cashflow profile required for annuity matching. Having done this, the client was able to switch a portion of their bond portfolio into these assets.

The client benefit

Following the implementation of our solution, the client materially increased the expected risk-adjusted return on their overall portfolio. In addition, the portfolio maintained a liability matching component. There was also a positive impact on profits.

Solution 1: Multi-Asset Portfolio

Total assets to meet requirement %

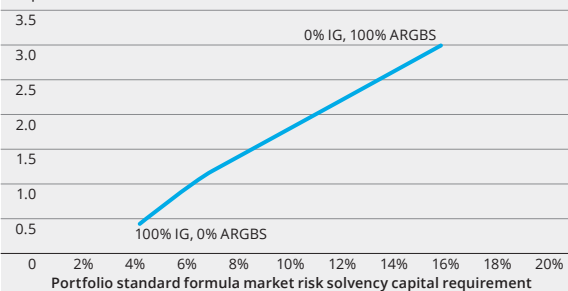


Based on a sample multi-asset portfolio

Source: Aberdeen Standard Investments, December 31, 2017.

Solution 2: Absolute Return Bond

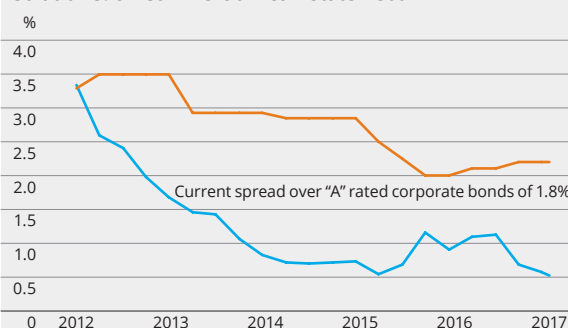
Expected Return in excess of Cash %



Based on a sample absolute return bond portfolio. IG return based on Merrill 5-10 Year "A" Corp Bond OAS Spread over 3m LIBOR at 12/31/17, less an expected default loss allowance.

Source: Aberdeen Standard Investments, December 31, 2017

Solution 3: UK Commercial Real Estate Debt



Source: Aberdeen Standard Investments, December 31, 2017

Benefits of working with us

Proven, focused expertise by your side

Choosing Aberdeen Standard Investments
to support your insurance assets brings
a wealth of potential benefits.

Trusted experience

We have longstanding industry experience and now manage insurance assets worth \$415.2 billion (C\$520.2 billion).^{*} for a wide range of clients – from the biggest global insurers to captive and regional firms.

Dedicated specialist team

Our highly-experienced insurance specialist team, supported by experienced insurance professionals and actuaries, can give you dedicated support around the world. Their knowledge and experience translates into deep industry and regulatory insight and support.

Full-service investment capabilities

We offer genuine global reach with capabilities across a broad range of asset classes. Each asset class is supported by strong and experienced investment teams, a full product range and a compelling performance record.

Breadth of investment solutions

You can choose how you access our investment capabilities – from pooled products to bespoke portfolios to the complete outsourcing of investment decisions.

Comprehensive asset reporting

We can provide comprehensive regular reporting that meets your jurisdiction's regulatory requirements and monthly deadlines.

^{*} Source: Aberdeen Standard Investments, as at 31 December 2017.

IMPORTANT INFORMATION

PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS

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