

2016 Capital Markets Day

**Building a simplified and well diversified
investment company**

Standard Life 

Building a simplified and well diversified investment company

Keith Skeoch, Chief Executive

Standard Life 

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2016 Capital Markets Day - Agenda

- | | | | |
|-------|--|--|--|
| 09:00 | ▶ Delivering “new active” investment outcomes
Rod Paris, Chief Investment Officer, Standard Life Investments
Bambos Hambli, Head of Fund of Funds Management, Standard Life Investments | 13:00 | ▶ Leading the UK pension and savings market
Paul Matthews, Chief Executive, UK & Europe Pensions and Savings
Barry O’Dwyer, Managing Director, UK & Europe Pensions and Savings |
| 09:30 | ▶ Leader in outcome-based investing
Guy Stern, Executive Director and Head of Multi-Asset & Macro Investing, Standard Life Investments | ▶ Powering successful adviser businesses
David Tiller, Head of Adviser and Wealth Manager Propositions, UK & Europe Pensions and Savings | |
| 10:00 | Investment solutions Q&A | ▶ Building employer advocacy
Eddy Reynolds, Proposition Director, UK & Europe Pensions and Savings | |
| 10:30 | Coffee break | ▶ Engaging with customers to build lasting relationships
Barry O’Dwyer, Managing Director, UK & Europe Pensions and Savings | |
| 11:00 | ▶ Delivering global growth and diversification
Colin Clark, Executive Director and Head of Global Client Group, Standard Life Investments | 14:00 | ▶ Ongoing focus on improving efficiency
Luke Savage, Chief Financial Officer |
| 11:30 | Delivering global growth and diversification Q&A | 14:20 | Final Q&A |
| 12:00 | Lunch | 14:50 | ▶ Closing remarks
Keith Skeoch, Chief Executive |

Capitalising on major global trends shaping the savings and investments landscape

- We have a range of proven investment solutions to meet the needs of clients in a shifting investment landscape
- Track record of consistently strong long-term investment performance
- Expanding global reach of Standard Life Investments and diversifying by geography, client type, asset class and client need
- Leading the UK pensions and savings market and leveraging the potential of our careful positioning
- Highly scalable fee based business with ongoing focus on improving efficiency

Bringing together best-in-class investment management with global distribution and leading position in UK pensions and savings

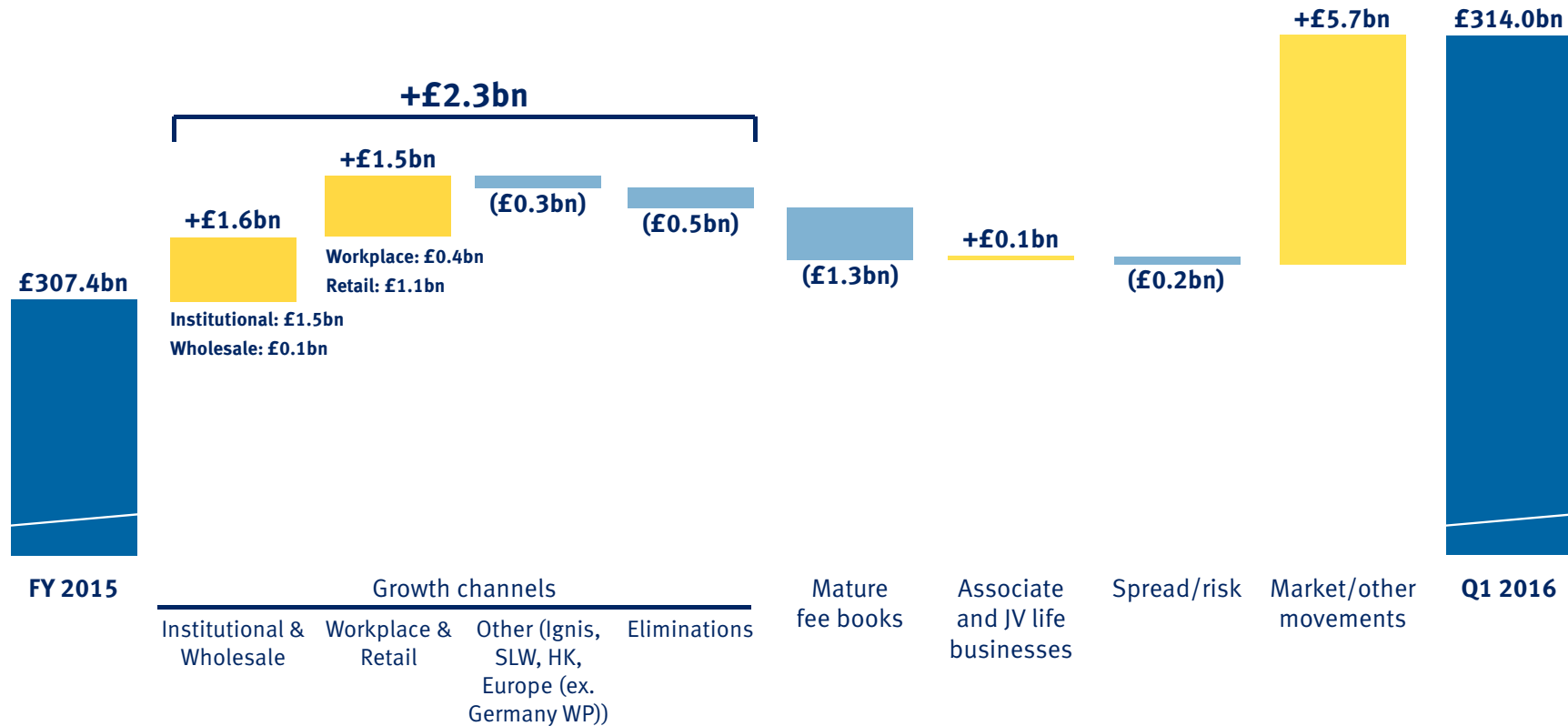
We have made a good start to the year in difficult market conditions

	Q1 2016 £bn	Q1 2015 £bn
Assets		
Group AUA	314.0	307.4 ¹
Standard Life Investments third party AUM (excl. strategic partner life business)	132.7	130.5 ¹
Standard Life Investments total AUM	258.6	253.2 ¹
Flows		
Group gross inflows ²	10.7	10.7
Group net inflows ²	0.9	2.9
Growth Channels gross inflows	10.0	10.0
Growth Channels net inflows	2.3	4.9
Mature Books gross inflows	0.5	0.5
Mature Books net outflows	(1.5)	(2.1)

Helped by the diversity and resilience of our business

1. As at 31 December 2015. 2. Includes Q1 2016 gross inflows from associates and joint venture life businesses of £0.2bn (Q1 2015: £0.2bn) and net inflows of £0.1bn (Q1 2015: £0.1bn).

With continuing momentum in growth channels



**Benefiting from highest Institutional net inflows since Q2 2013
and record Q1 net inflows in Retail**

Delivering “new active” investment outcomes

Rod Paris, Chief Investment Officer,
Standard Life Investments



Strategic priorities

- Broaden and deepen alpha
- Improve the scalability and efficiency of our operating platform
- Attract, retain and develop talent
- Diversify revenue and profit

Investments at the heart of Standard Life

Delivering “new active” investment outcomes

- We have a well diversified investment business
- The investment landscape is shifting
- We have an investment philosophy and range of skills and capabilities to succeed in this new landscape
- Evidenced by a range of new investment solutions delivered for clients and the re-engineering of core investment componentry
- We continue to flex our investment platform to innovate
- We are a trusted and relevant partner to our clients

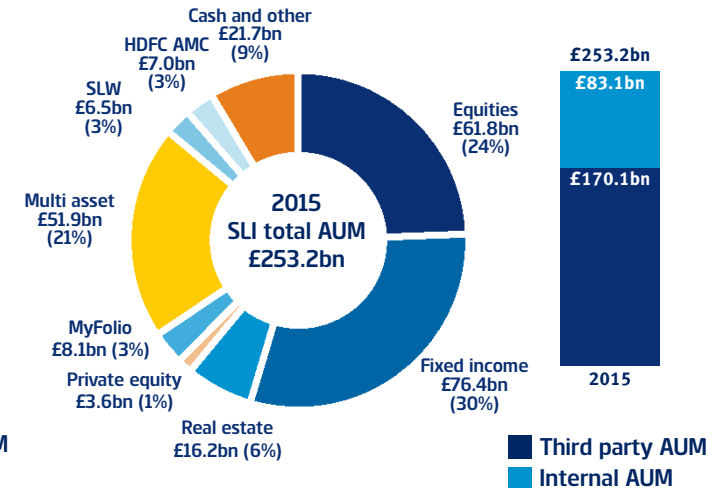
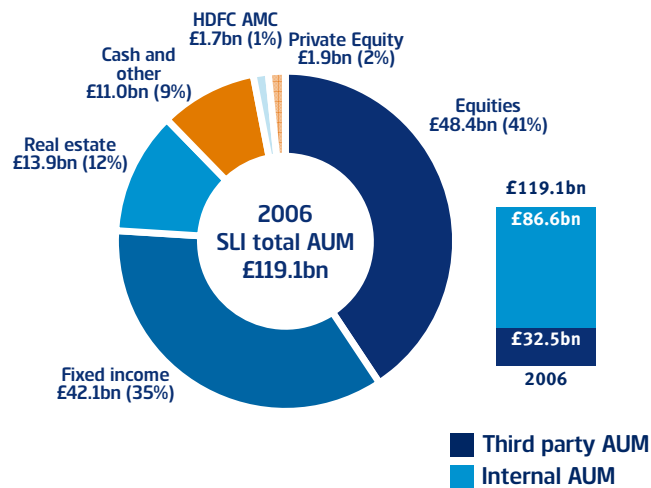
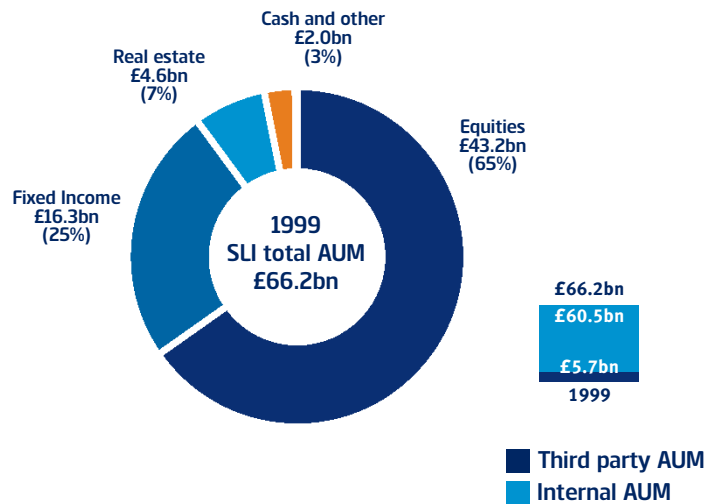
With consistently strong investment performance

We have a well diversified investment business

From our beginnings as largely a UK equity manager in 1999 ...

... to a UK credit and equity manager in 2006 ...

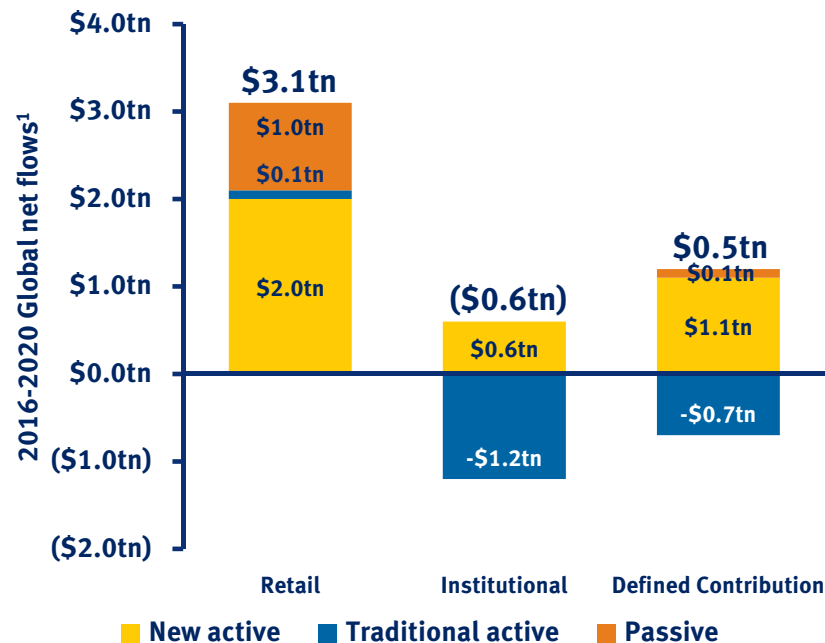
... to a well diversified business with a global proposition



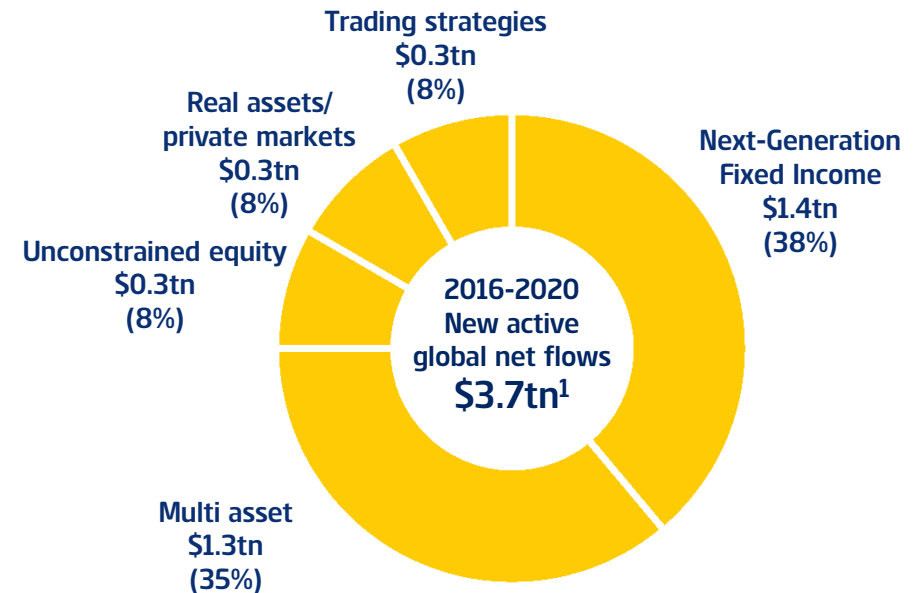
With scale across a broad range of asset classes

The global asset management industry is reshaping

New active solutions will drive Global AUM growth



A new capabilities set is required to capitalise on this growth



With growing demand for “new active” investment solutions

1. Source: Casey Quirk, November 2015.

We have a broad offering that is relevant to our clients

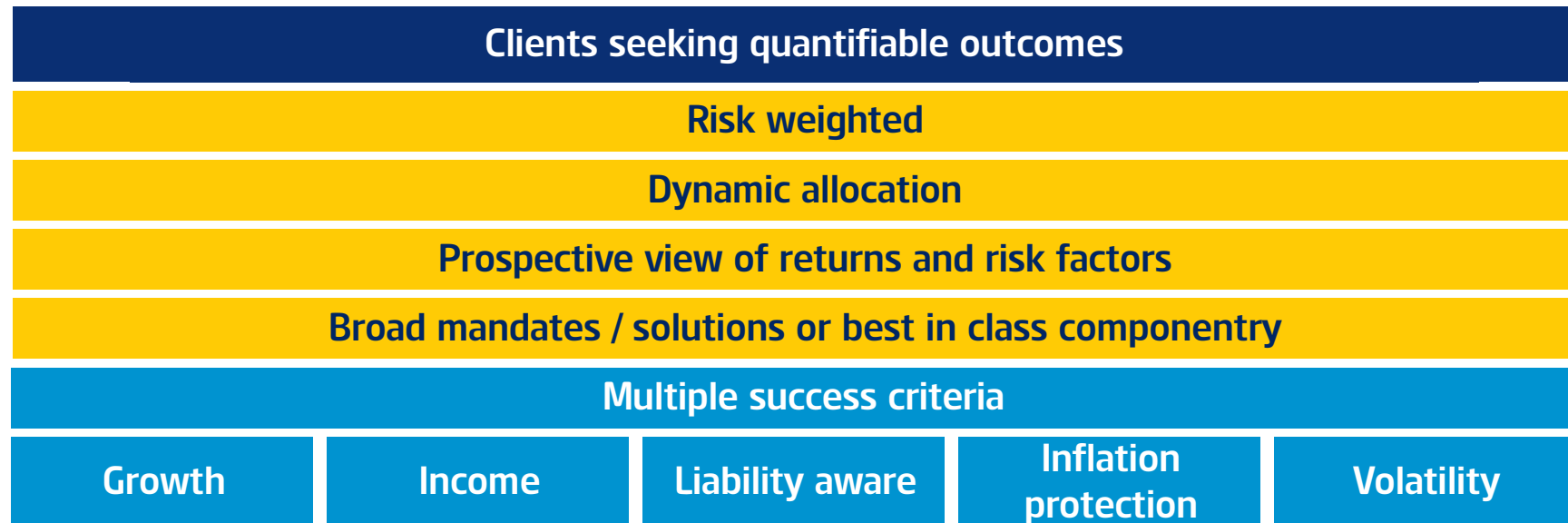
Increasing demand for “new active” over traditional active strategies

- Unconstrained rather than benchmark driven
- Absolute rather than relative return focus
- Private not just public/listed markets

Outcomes not just products

- Defined benefit pension schemes de-risking
- Insurance companies outsourcing
- Sustainable Responsible Investing increasingly important

Slow growth low return environment driving need for outcome orientated investing



This calls for a new range of skills

Need for a much broader “new active” opportunity set

Traditional opportunity set

- Public markets
- Core fixed income and equity
- Local focus
- Individual asset class products
- Benchmark driven



“New active” opportunity set

- Private markets
- Non-core and specialities
- Global focus
- Multi-asset strategies
- Benchmark agnostic

This calls for broader and deeper sources of performance and diversification

We have a truly active investment philosophy ...

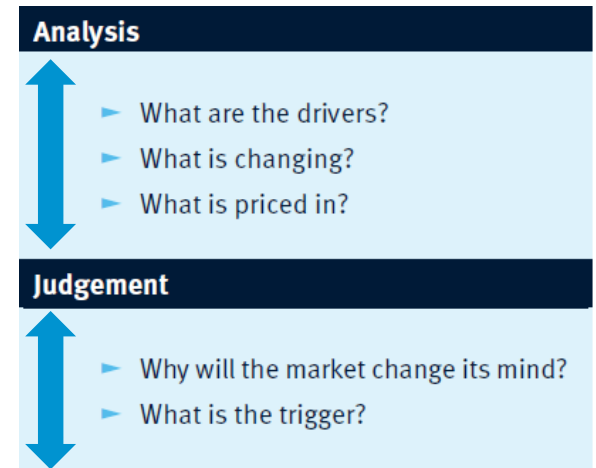
Truly active asset manager

- We believe in fundamental research
- We have high conviction
- We don't invest for the short term

Focus on Change: the philosophy behind our investment decisions

- Helps analyse key factors driving market price of an investment
- Identify the drivers that the wider market may have missed
- We speak a common investment language – five key questions
- Supported by effective dealing and risk management

Five key questions



Proven investment philosophy for the world of “new active”

... and a team culture that encourages knowledge sharing and collaboration

- >400 investment professionals
- Across 3 locations:
 - Edinburgh
 - London
 - Boston

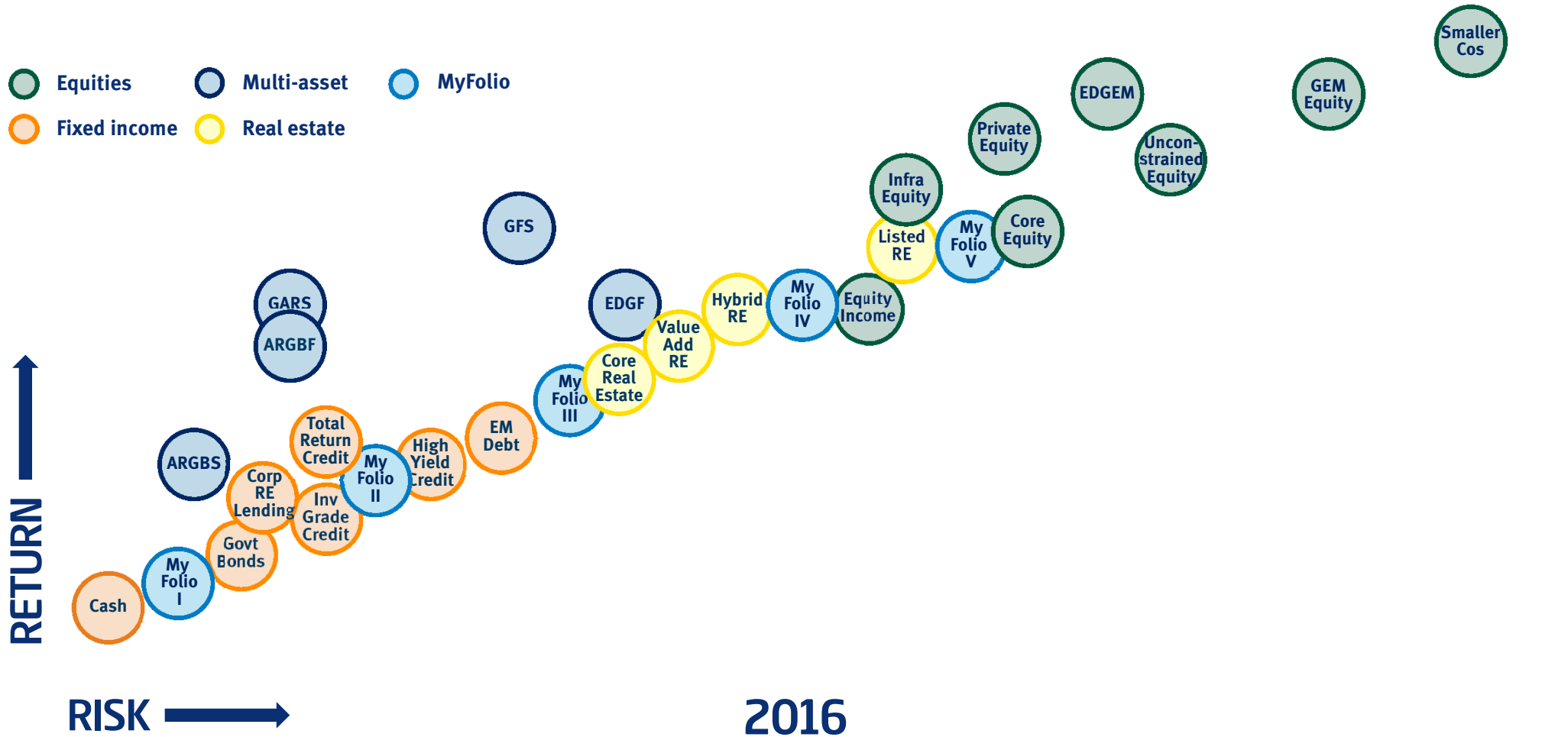


Within SLI, across Standard Life and with our clients and partners

Through our focus on understanding client needs and the innovation of our offering ...



... we now have broad global capabilities to meet the “new active” needs of our clients



With a track record of client co-development and commercialising innovation

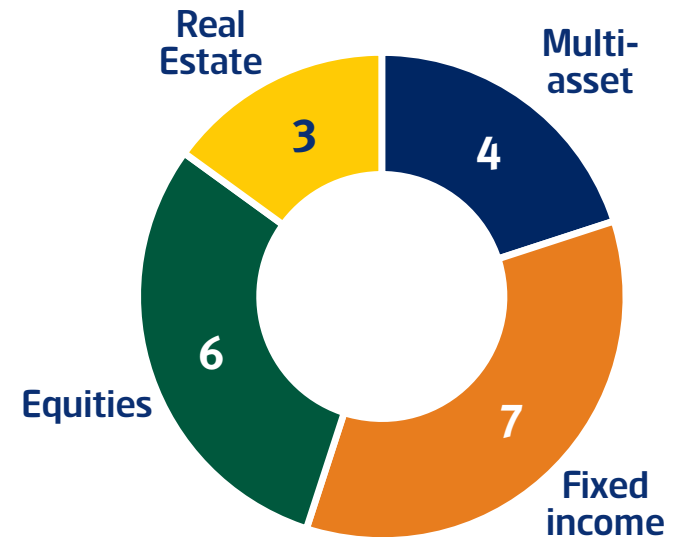
	Years since launch	Track record above benchmark	Client seeding		Years since launch	Track record above benchmark	Client seeding		Years since launch	Track record above benchmark	Client seeding
MyFolio	5 years	✓	✓	Global Smaller Cos	4 years	✓	✓	EDGF	2 years	✓	
ARGBS	5 years	✓	✓	Global Corp. Bond	4 years	✓		EMD Local Currency	2 years	✓	
Bespoke Client solutions	3 years	✓	✓	SRI Euro Corp. Bond	3 years	✓	✓	Strategic Bond	5 years	✓	
Active Plus	4 years	✓	✓	Short Duration GILB	1 year	✓		GEM Equity Income	3 years		
GFS	2 years	✓	✓	Ground Rent Fund	3 years	✓	✓	Total Return Credit	1 year	n/a	
Euro Club I & II	2 years	✓	✓	Euro Equity Income	1 year	✓	✓	GEM Equity Uncon.	<1 year		✓

Well diversified for “new active” across the investment platform

Strong consultant recognition

- Positive ratings from investment consultants across all broad asset classes with increasing focus on global strategies
- Alignment of ratings with market demand:
 - Absolute return – multi-asset, fixed income
 - Unconstrained investing – equities, credit
 - Income – real estate, credit, equities
 - Private markets – real estate
- Global footprint with consultants increasing with relationships in multiple countries

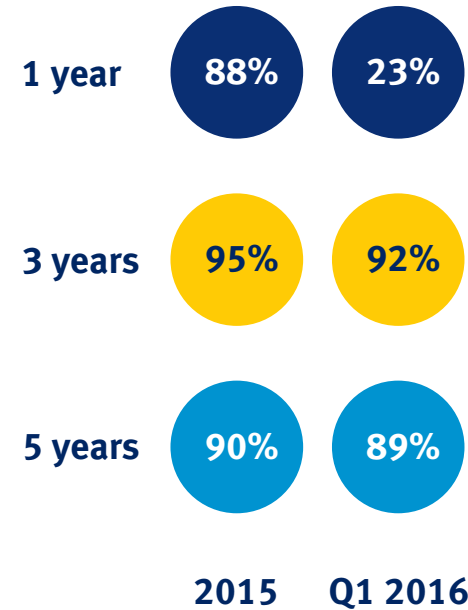
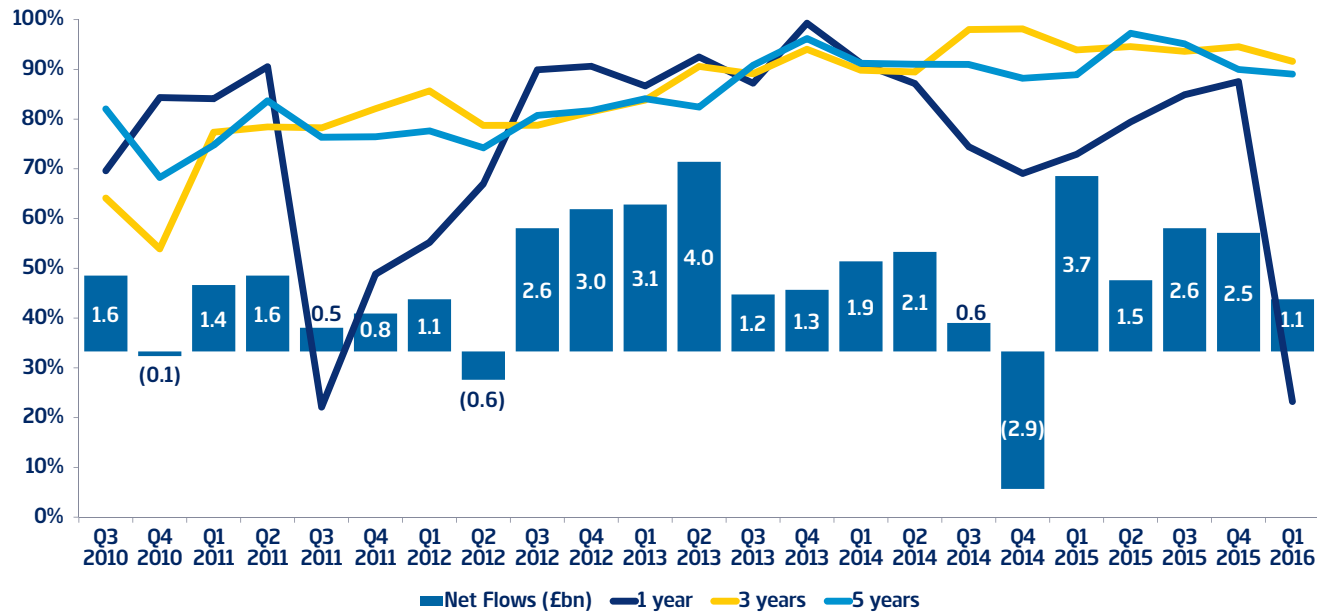
20 strategies with positive ratings
(17 with 2 or more ratings)



Across an increasingly broad range of capabilities

Backed by consistently strong long-term investment performance

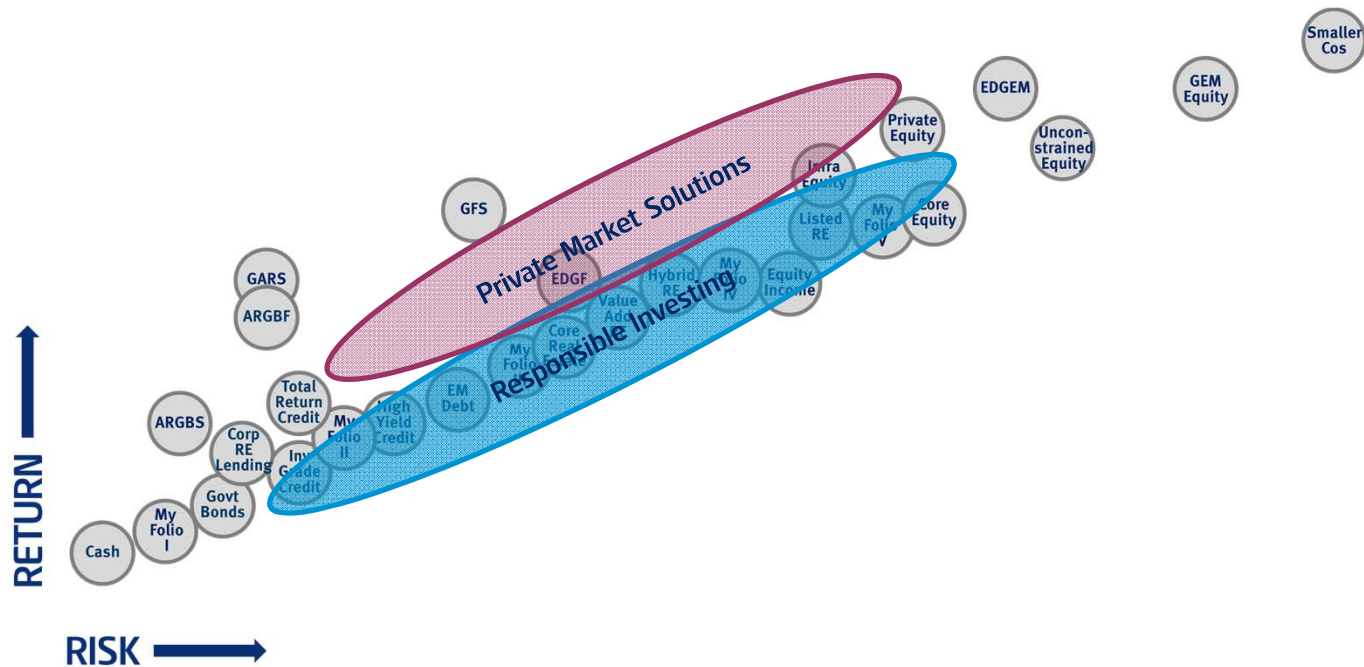
Third party AUM above benchmark¹



3 and 5 year investment performance driving flows in all asset classes

1. Third party AUM above benchmark (excluding strategic partner life business). Benchmark for Absolute Return products is cash.

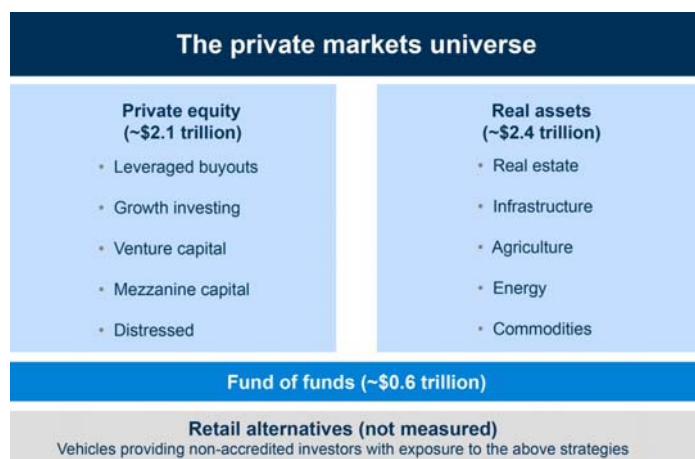
Continuing commitment to broadening and deepening our sources of alpha through innovation



- We are committed to broadening and deepening our sources of alpha
- We continue to acquire new skill sets
- We have the breadth of componentry to meet client needs across investment cycles
- We are a trusted partner with a strong track record of innovation and product co-creation

Building our private markets capability

A large and growing asset base

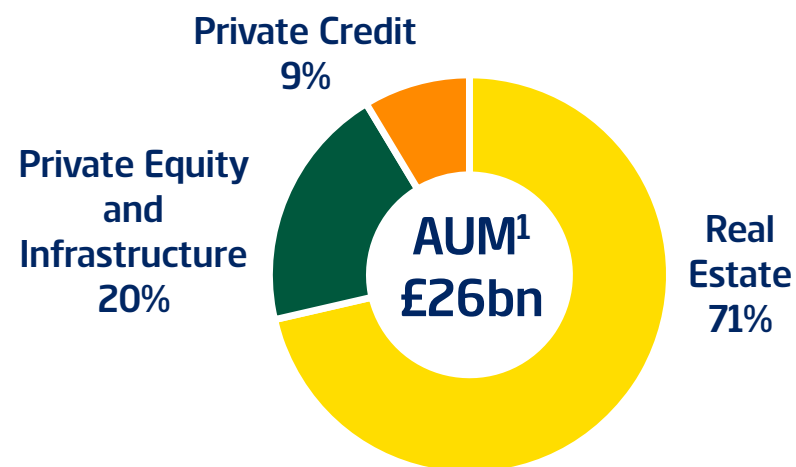


Source: McKinsey Global Wealth & Asset Management Practice.

Increasing mainstreaming of private markets

- Traditionally only larger more sophisticated investors were able to target this market through specialist managers
- More investors looking to “capture” illiquidity premia and “dampen” listed market volatility
- c10% annual growth in private market assets over the last decade

A significant private markets manager



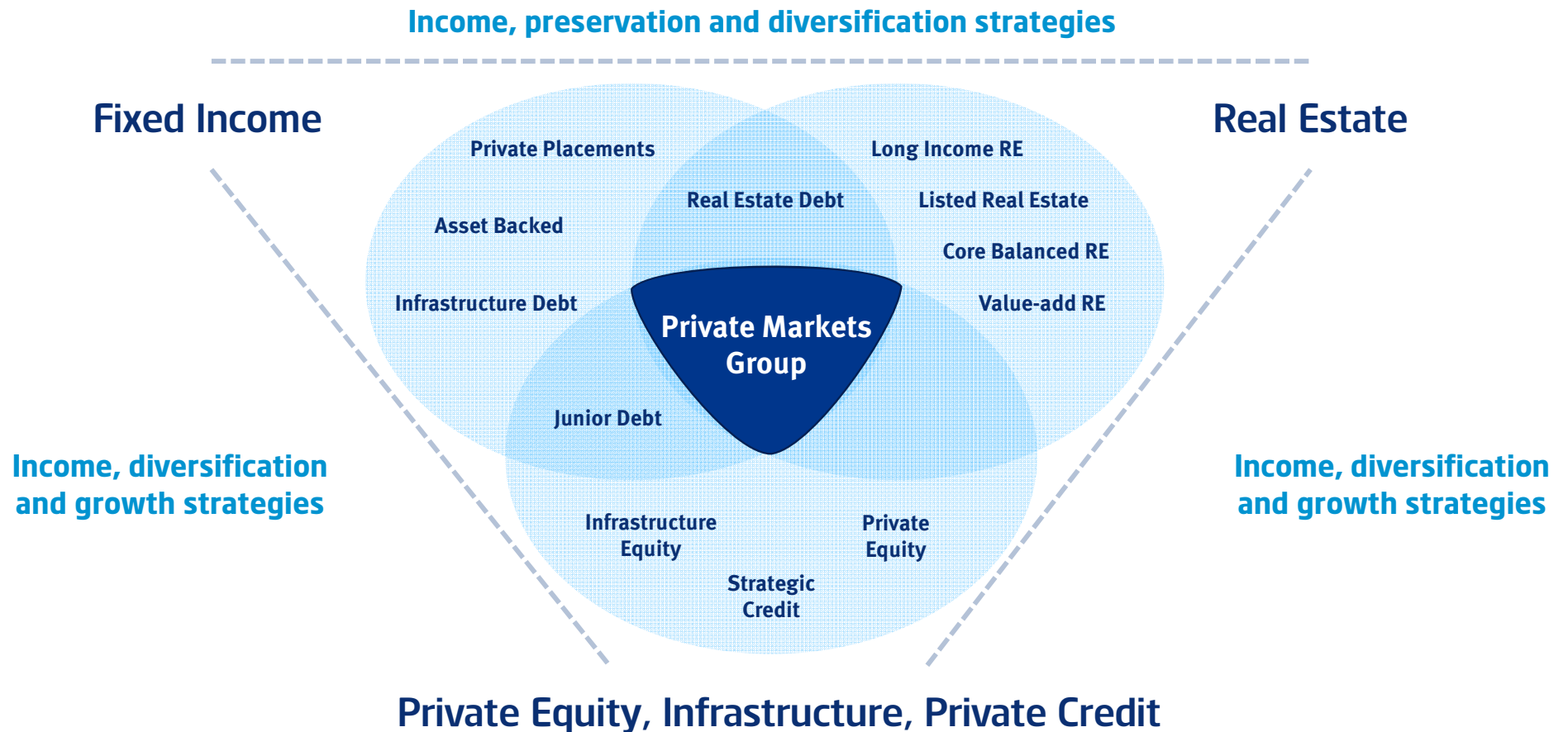
Creating one private markets platform

- Focus on co-creation, product development and distribution
- Leverage existing capabilities and client relationships – typically one individual responsible for private markets in client institutions
- Will look to strengthen existing capabilities

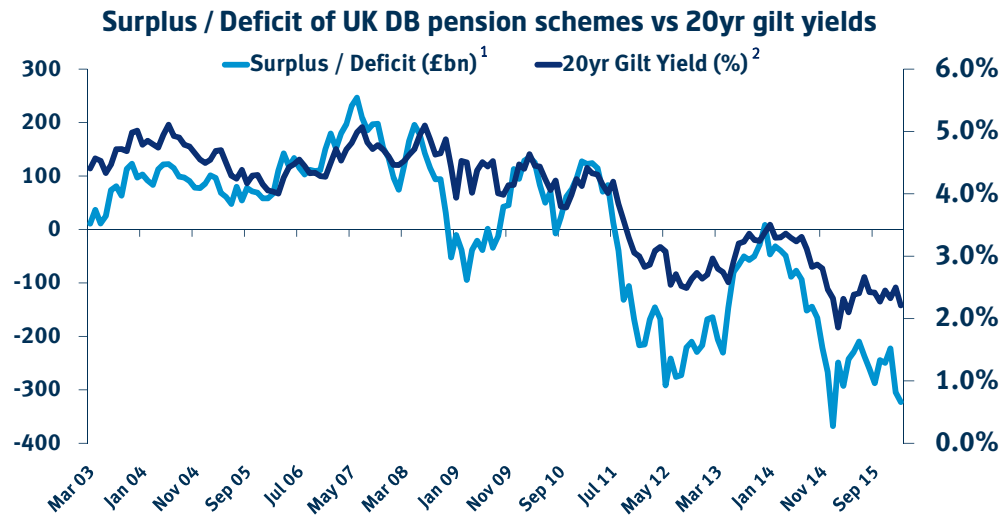
Creating one private markets platform to capitalise on global demand

1. 31 March 2016, before eliminations and cross holdings.

New private markets opportunities



Case study: Liability aware solutions for pension schemes



- Pension schemes have often had to trade off liability hedging with achieving returns to close funding gaps
 - Large schemes have turned to LDI
 - Investment allocations have moved away from growth assets
 - Asset growth has not kept up with growth in liabilities
- Small schemes have lacked access to simple solutions that meet their needs
- So far only 1/3 of c£1.5-2.0tn UK pension liabilities have been hedged representing 17% of DB schemes

Low interest rate environment creates challenges for pension schemes

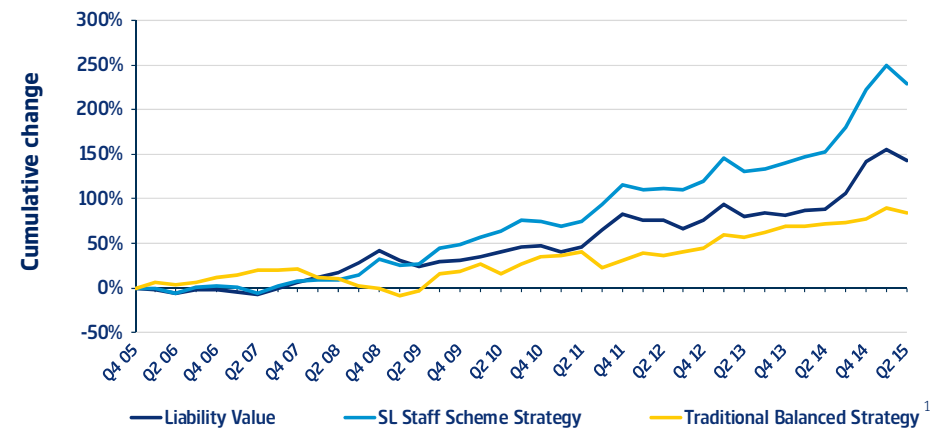
1. Pension Protection Fund, PPF7800 Index. 2. Source: Bloomberg.

Case study: Liability aware solutions for pension schemes

Integrated Liability Plus Solutions (ILPS)

- Combining in a suite of single pooled funds:
 - Liability hedging tools
 - Multi-asset growth potential (return engine)
- Leveraging our experience of managing our own Standard Life Staff Pension Scheme
- Enhanced return potential with liability management and no performance sacrifice
- An ideal solution for medium and small pension schemes

Standard Life Staff Pension Scheme



Flexing our investment platform and skills to meet the needs of DB pension clients

1. Average UK institutional Pension Portfolio, as represented by the BNY Mellon CAPS Balanced Pooled Fund Median.

Strongly positioned in a rapidly changing global asset management industry

- Understand client needs and how these are evolving
- A proven active “focus on change” investment philosophy
- Committed to broadening and deepening our capabilities to stay relevant
- A scalable investment platform that we continue to flex
- Trusted and relevant partner to our clients
- Strategic position in our industry to attract and retain talent

The right strategy for delivering “new active” investment outcomes

MyFolio - UK's leading risk based fund range

**Bambos Hambi, Head of Fund of Funds Management,
Standard Life Investments**

Standard Life 

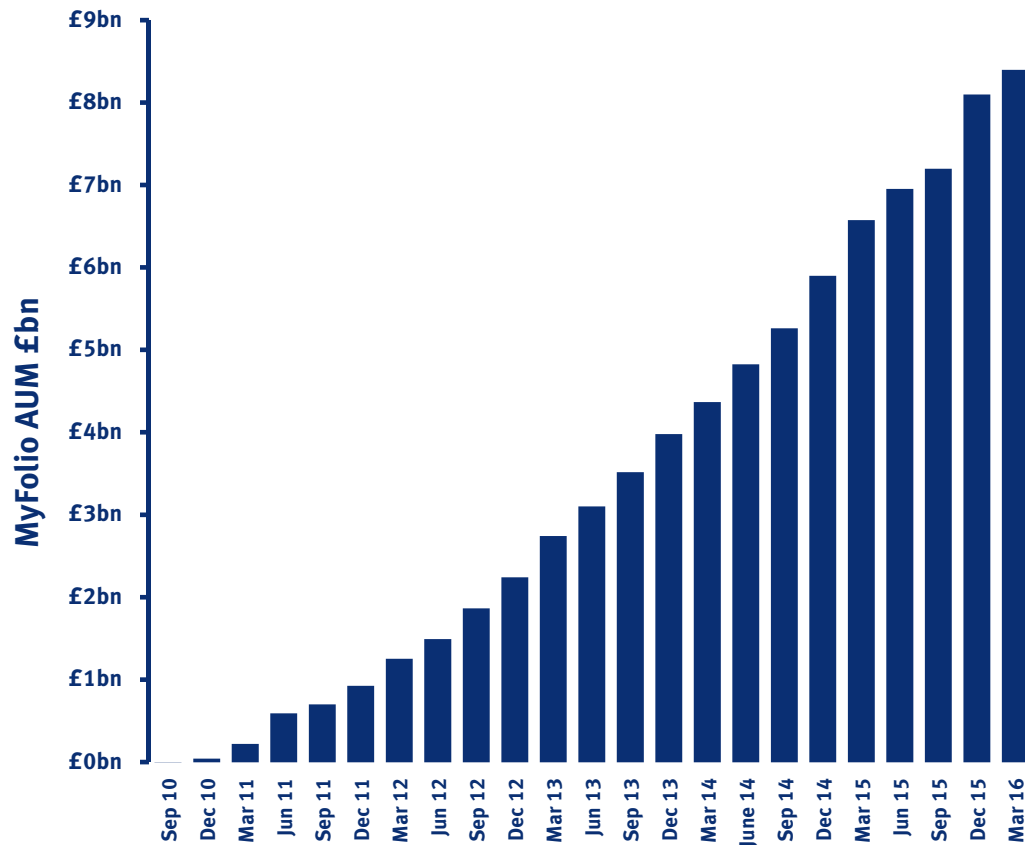
MyFolio: Conceived by Pensions and Savings and delivered by Standard Life Investments

- **Developed to address client need in Pensions and Savings business**
 - RDR and increasing regulation driving need for centralised investment propositions
 - Simple solutions that meet the needs of financial advisers and their clients
 - Ideal solution for retail investors
- **Launched in September 2010**
- **Range of 25 risk-based funds with 5 increasing risk profiles (I, II, III, IV, V)**
 - 5 market funds (passive)
 - 10 managed funds (SLI active managed) with growth and income options
 - 10 multi-manager funds with growth and income options

From idea to UK's leading risk-based fund range in just 5 years

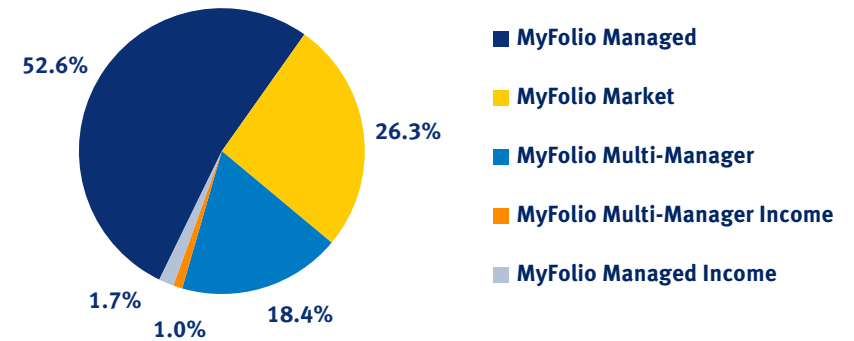
Fast and consistent record of growth

MyFolio has reached £8.4bn AUM in just over 5 years

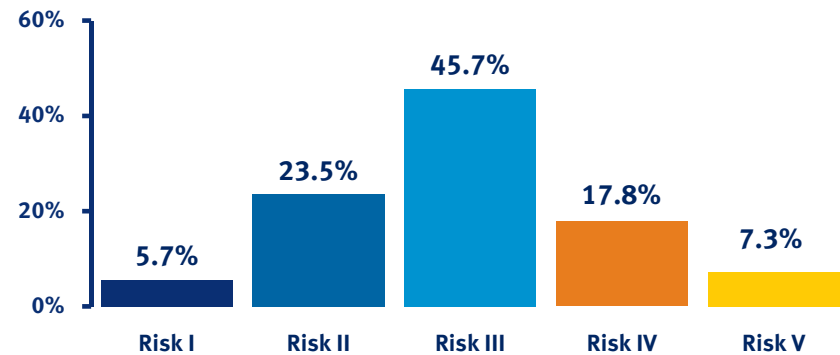


With over 80% of assets sourced through Pensions and Savings

Managed funds investing in SLI funds are most popular



With medium risk level proving the most popular risk level



Making risk based investing easy for customers, advisers and their clients

Strategic Asset Allocation

- We choose the **right mix of assets** for a **specific level of risk**
- Proven track record of **delivering the efficient frontier**

Tactical Asset Allocation

- We decide which **asset classes to favour over the shorter term**
- Draw upon the **multi-asset experience** of the Multi-Asset Investing team

Fund Selection / Portfolio Construction

- We **choose the right funds** to fill the asset class buckets and blend these optimally
- We review **investment processes** of fund managers, **performance** and secure **scale discounts**

Rebalancing and Review

- We **rebalance** the portfolios on a **periodic basis**
- Ensure **portfolios meet risk and return expectations**

Extensive expertise at every stage in the process

MyFolio

Bambos Hambi – Head of Fund of Funds Management

Strategic Asset Allocation

Moody's Analytics
(Quantitative Risk Input)

Strategic Asset Allocation Committee
8 investment professionals

Tactical Asset Allocation (Multi-Asset Investing team)

Global Strategy
12 investment professionals

Multi-Asset Portfolio Management
10 investment professionals

Rates and Real Returns
7 investment professionals

Multi-Asset Risk and Structuring
7 investment professionals

Fund Selection / Portfolio Construction

Fund Solutions Team
10 investment professionals

Rebalancing and Review (Multi-Asset Investing Team)

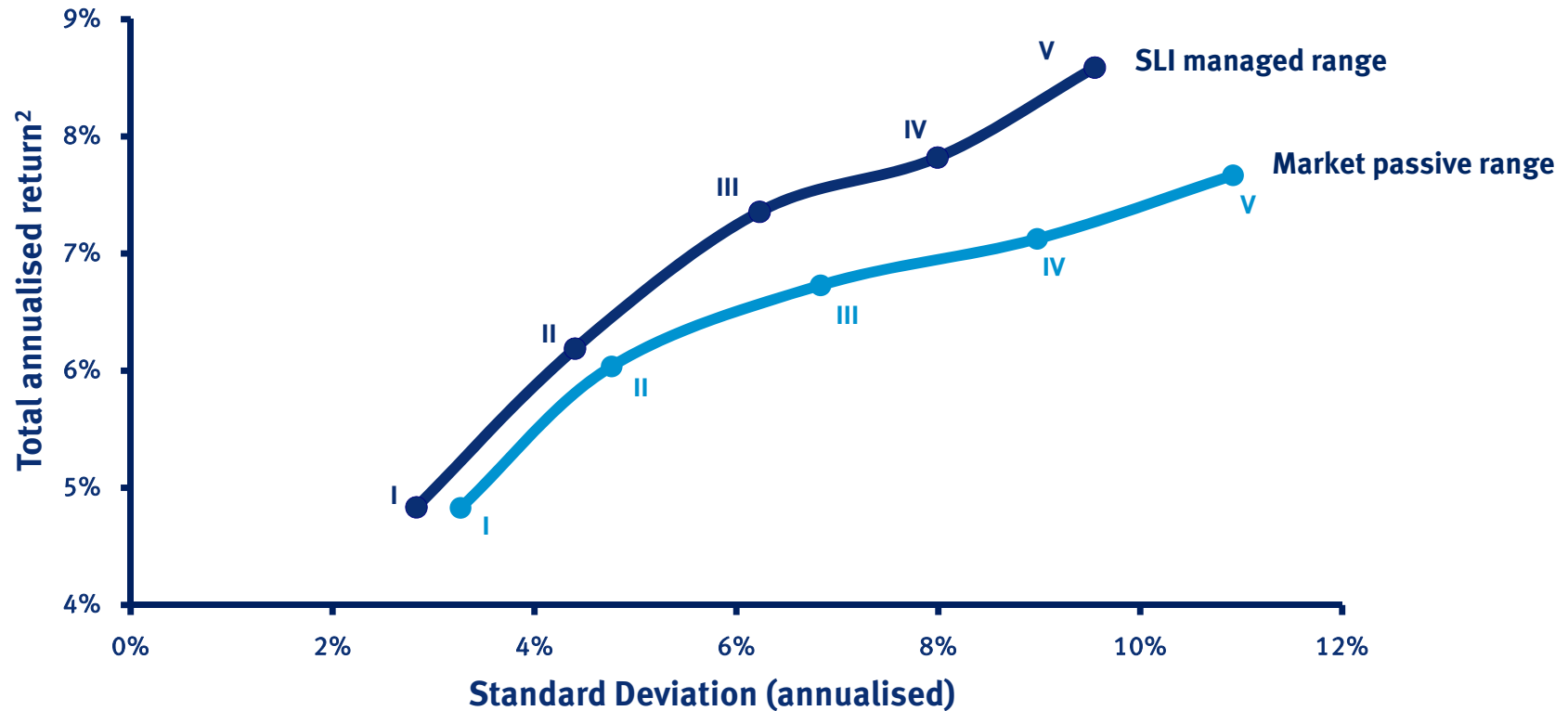
Multi-Asset Implementation
7 investment professionals

Investment Fund Governance
7 investment professionals

Passing benefits of our scale to customers, advisers and their clients

Delivering strong risk-adjusted returns since inception

MyFolio has delivered for customers since inception¹



With clear benefits of our active investment performance

1. From inception in October 2010 to March 2016. 2. Net of investment management fees.

Common investment process applied to a family of risk-based investment solutions exceeding £12bn

MyFolio AUM £8.4bn

+ wider family of risk based solutions

International Opportunities

Ireland MyFolio
(Launched Apr 2012)
c£600m AUM

Germany MyFolio
(European SICAV range
launching late 2016)

Workplace Pensions

Active and Passive Plus
(Common Workplace Default)
c£2.6bn AUM

1825

Central Investment
Proposition

**Part of Central
Investment Proposition**

Drawdown and Retail Direct

**Component of Non-
advised Drawdown**
(Launched Apr 2015)
c£300m AUM

Retail Direct Opportunity

White Labelling Opportunities

Existing Relationships
c£300m AUM

With significant potential for continued future growth

Leader in outcome-based investing

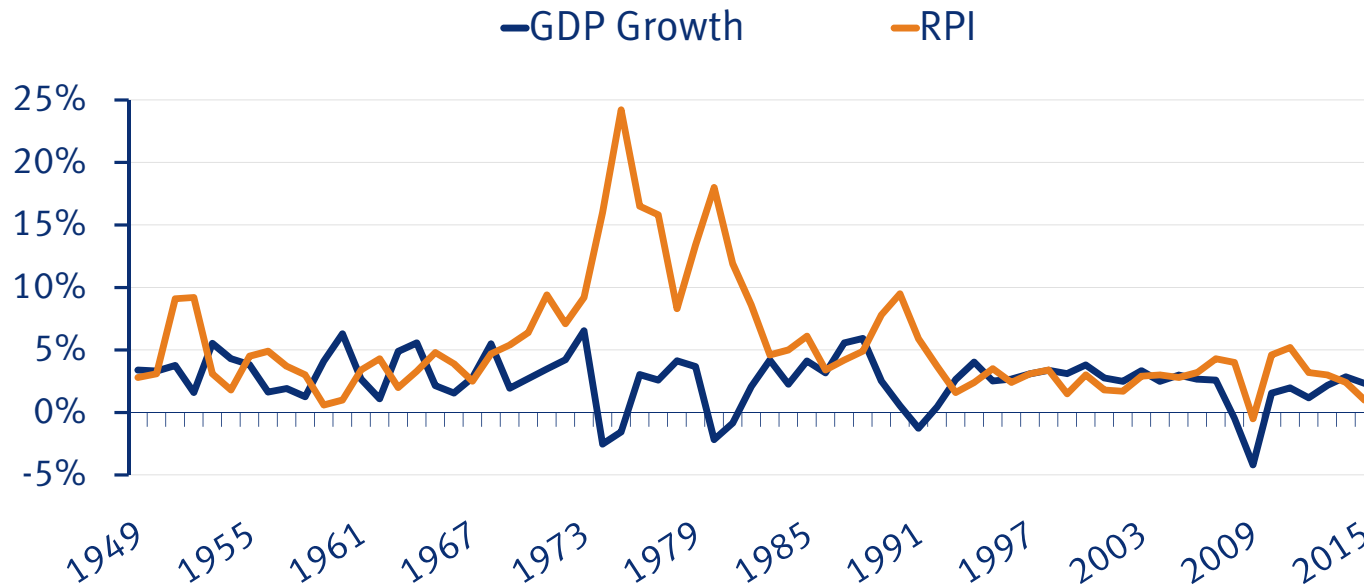
Guy Stern, Executive Director and Head of Multi-Asset & Macro Investing,
Standard Life Investments

Standard Life 

Leader in outcome based investing

- Growing need for outcome oriented investing
- Limitations of traditional multi-asset approach
- Our cutting edge portfolio risk management
- Team with breadth of expertise and experience
- Broad range of multi-asset investment solutions
- Scalable business with significant growth prospects

Generating investment returns in a slow growth, low inflation and compressed return environment



- Correlation has reversed
 - Prior to 1995: -0.51
 - Since: 0.35
- High inflation kills off growth
- Ultra-low inflation causes stagnation

Focus on active investment management and outcome orientation

Limitations of conventional portfolio construction

Markets deliver chaos

Discrete yearly performance (%) by market										
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
50.46	22.87	37.43	12.78	59.39	22.94	15.57	36.18	43.86	20.76	16.26
40.49	20.13	34.88	3.17	57.67	22.14	8.09	17.77	29.93	17.48	12.99
35.33	18.12	15.72	-0.12	54.61	19.23	7.60	17.19	25.18	13.86	12.53
24.08	16.84	5.32	-1.85	44.22	18.68	3.39	14.03	24.98	12.65	7.25
22.04	16.75	5.27	-2.14	30.12	17.47	2.87	13.38	20.81	9.51	5.35
18.96	16.30	3.72	-12.74	20.09	16.90	0.76	12.27	8.67	6.12	1.38
18.83	2.74	3.56	-22.48	12.60	14.51	-3.46	11.07	5.95	4.29	0.98
17.33	1.57	1.85	-23.93	8.09	14.49	-13.55	10.88	1.73	2.27	0.71
13.46	0.69	1.28	-29.86	2.18	7.80	-14.71	3.59	0.61	1.18	0.57
8.78	0.57	-5.47	-32.95	0.71	7.20	-14.75	2.70	-0.53	0.54	0.52
7.93	-0.41	-5.75	-35.10	-1.16	5.75	-15.16	2.34	-3.94	0.16	-3.85
2.73	-6.73	-17.92	-48.22	-5.28	0.66	-17.57	0.78	-4.08	-2.68	-9.65

Global High Yield Bonds	UK Equities	UK Direct Property	Cash
UK Investment Grade Bonds	European Equities	Asia Equities Ex Japan	Japanese Equities
UK Gilts	UK Small Cap	Emerging Market Equities	US Equities

Source: Lipper, total returns in £ terms, 31 December 2015

Conventional diversification is insufficient

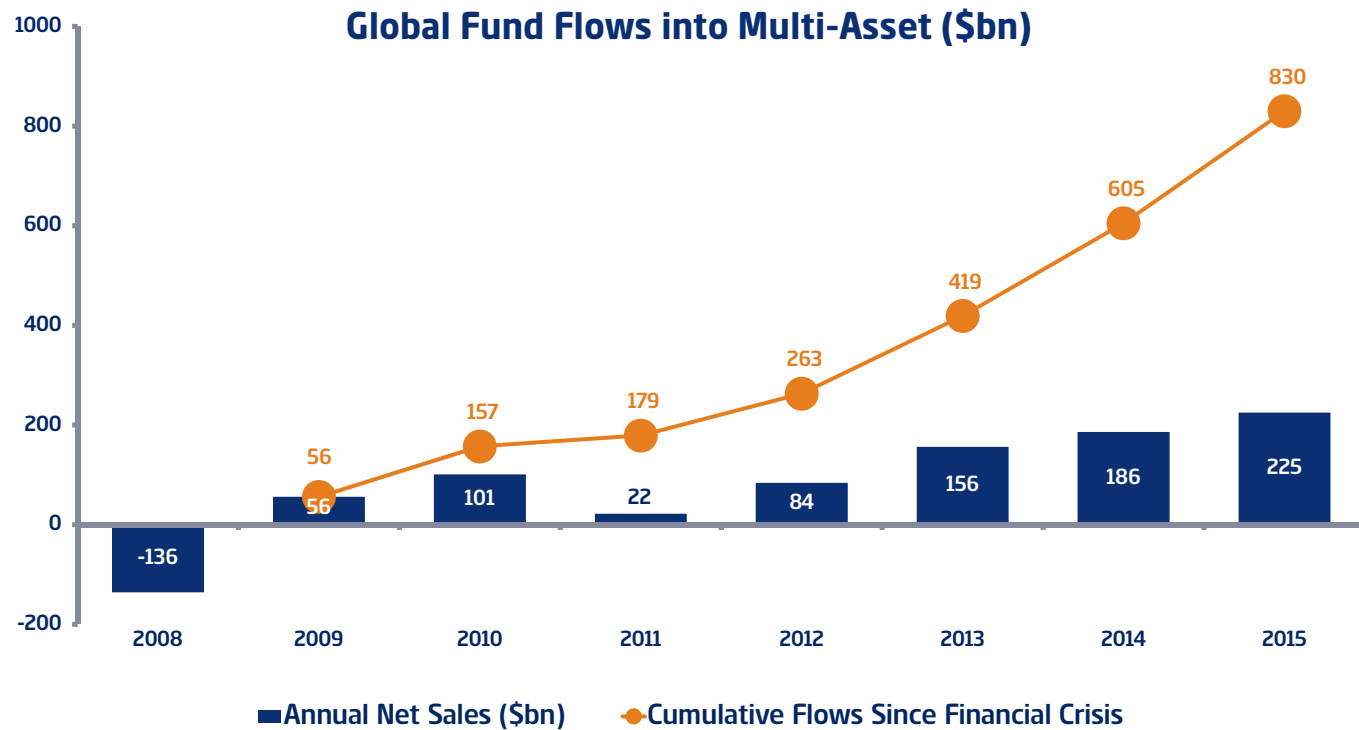
- Constrained by:
 - Strategic benchmarks and broad asset class weights
 - Tactical asset allocation and tracking error limits
- Derived using:
 - Historical asset class data; volatility & correlation
 - Broad market outlooks
 - Intuitive beliefs

Portfolio insurance is unaffordable:

- Based on historical data it would cost 1.7% per quarter, on average, to cap losses at 5%
- This would reduce return on S&P 500 Total Return Index to approximately that of cash

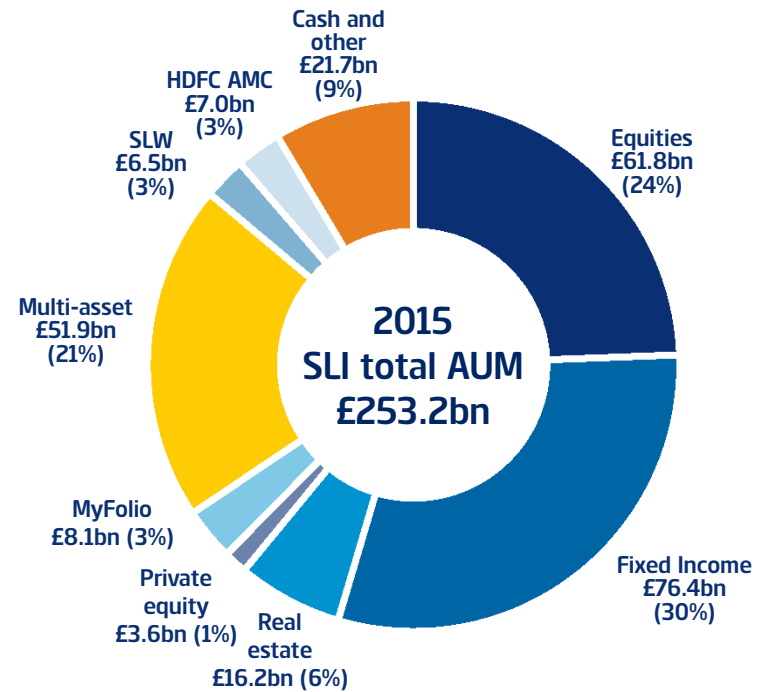
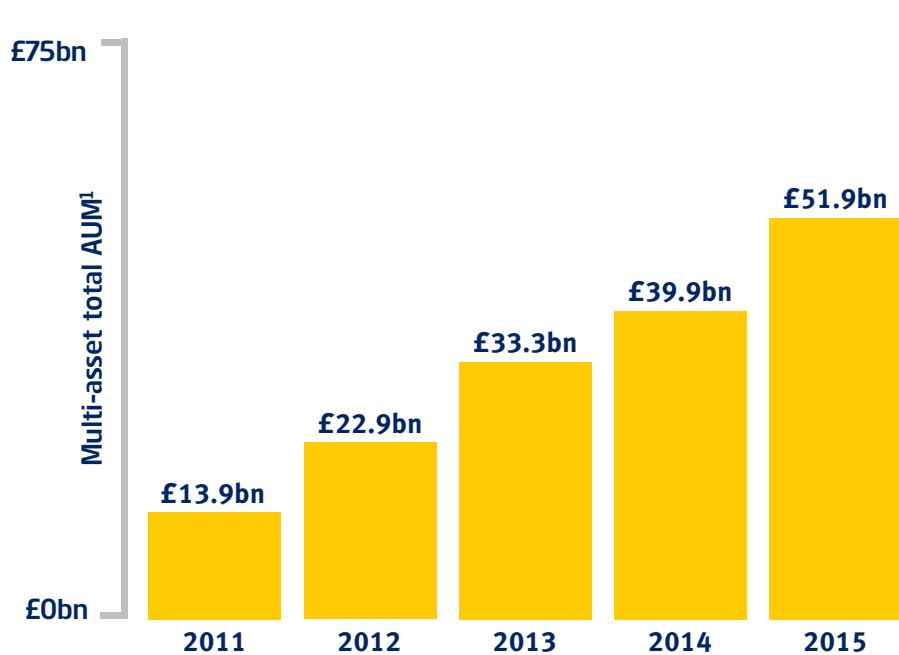
Variable and unpredictable correlation results in variable diversification

Outcome based investing and multi-asset



Large and fast growing global market for outcome based solutions

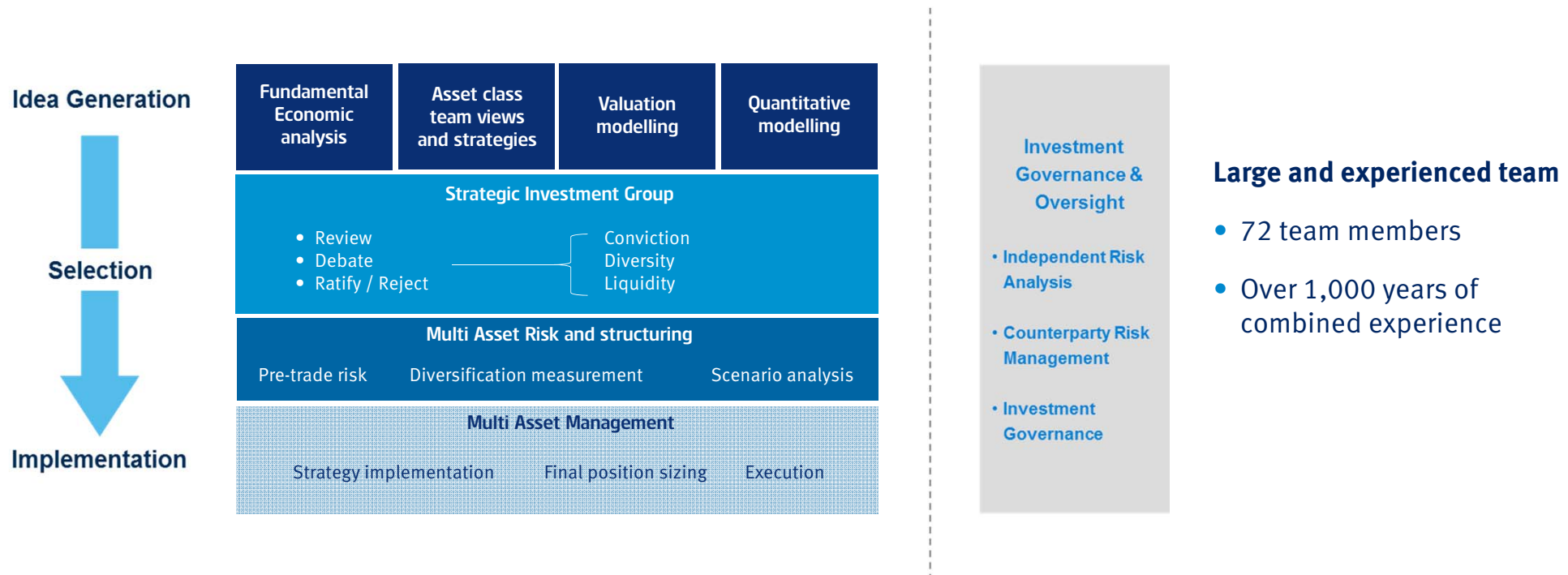
A leader in multi-asset investment solutions



With global potential for continued asset growth

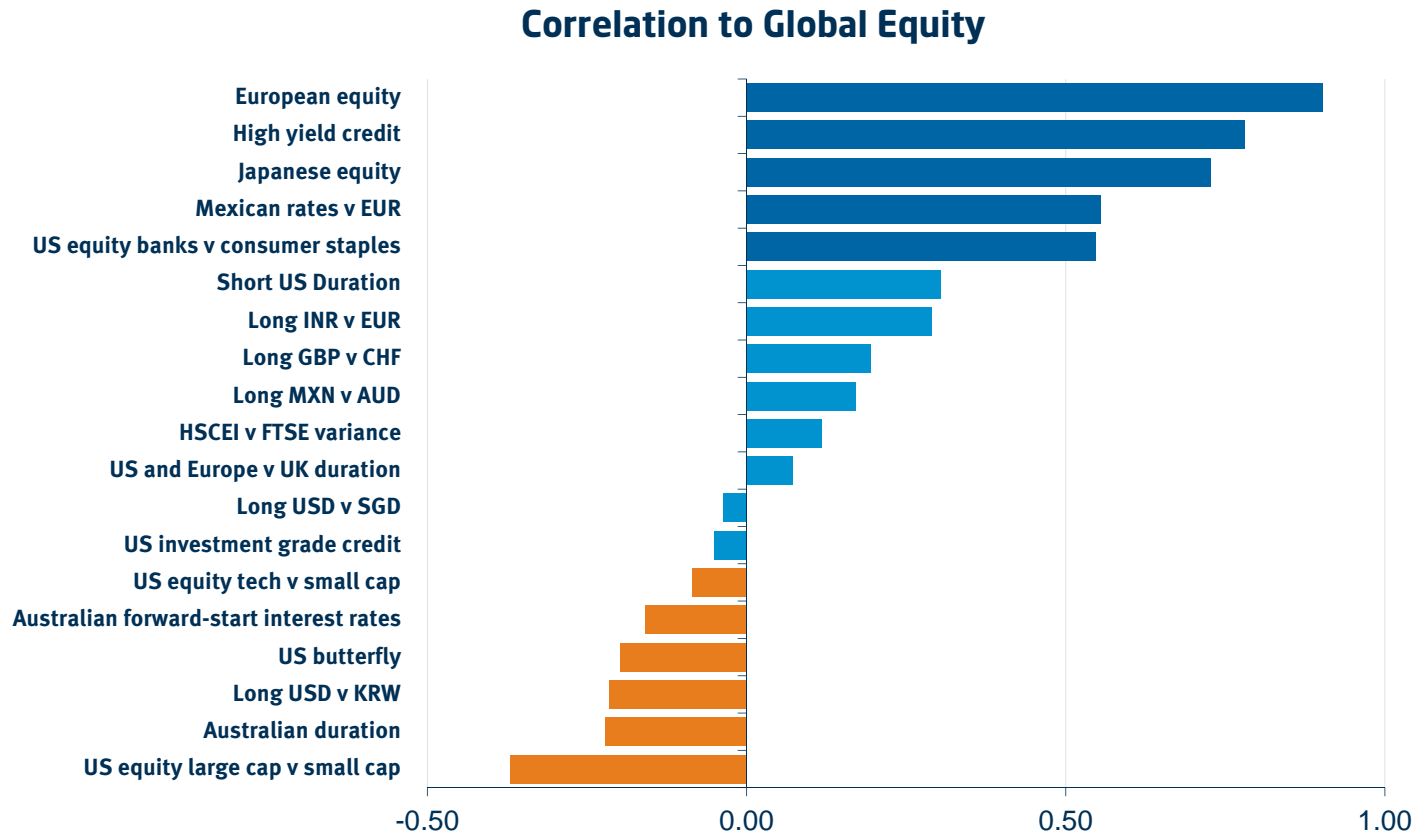
1. Total multi-asset AUM. Third party multi-asset AUM is reported in the Annual Report and Accounts.

With a common investment philosophy underpinned by cutting edge portfolio risk management



Freedom in idea generation and discipline in portfolio construction

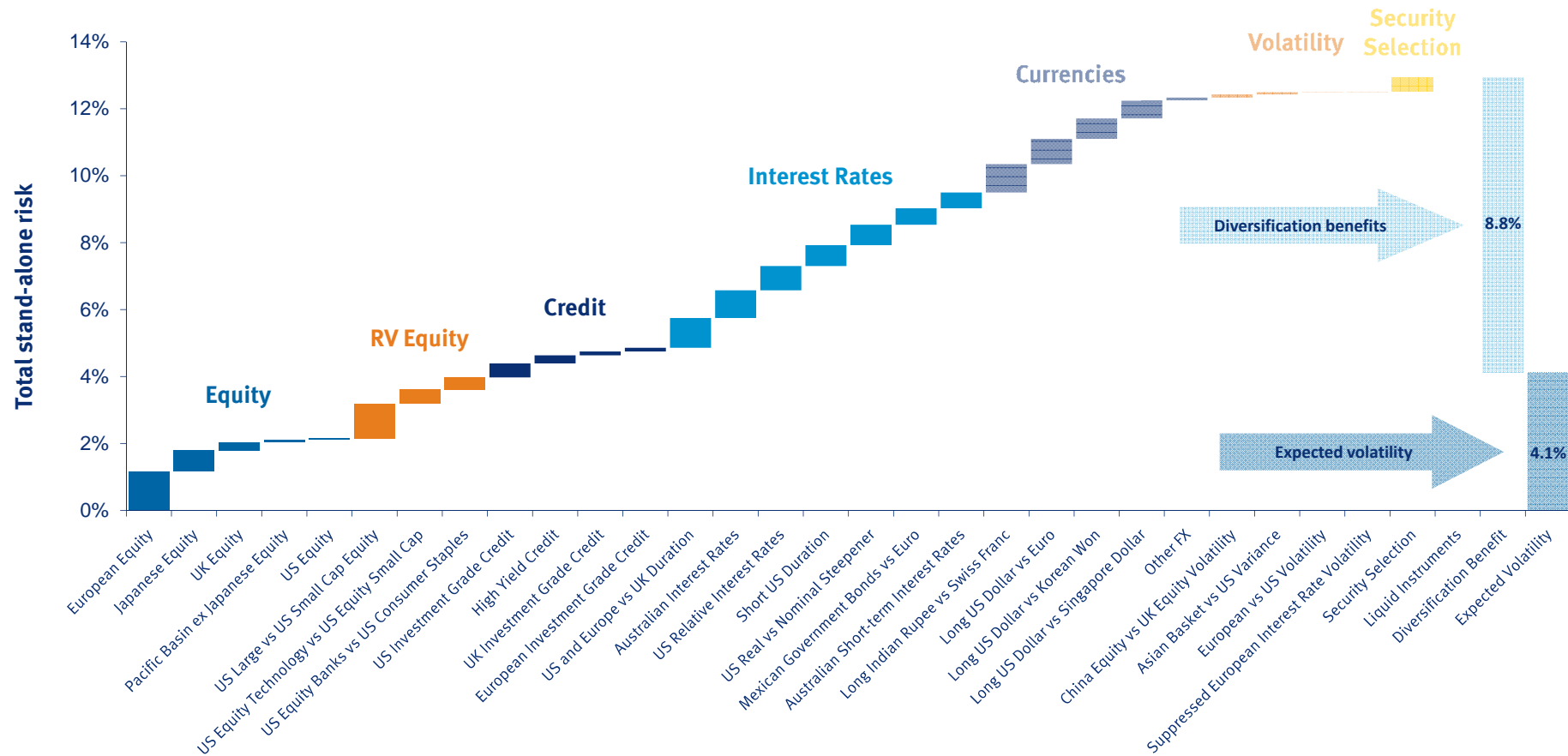
Broad-based return potential with genuine diversity



Multiple return opportunities, irrespective of market conditions

Source: Standard Life Investments UK GARS Portfolio, Sungard APT, UK GARS portfolio, 31 December 2015.

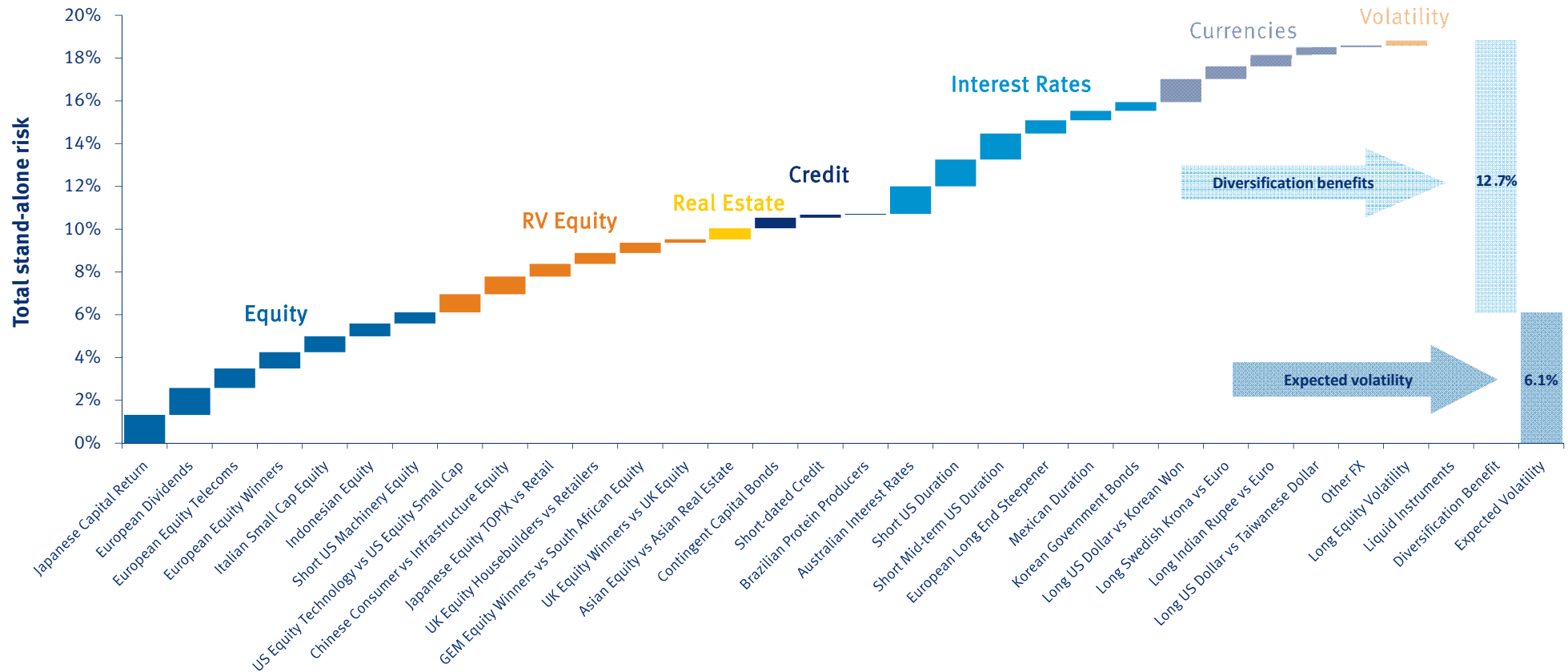
GARS: Diverse strategies reduce the overall risk profile



Deploys sufficient risk to deliver the return objective

Source: Standard Life Investments UK GARS portfolio, 31 March 2016.

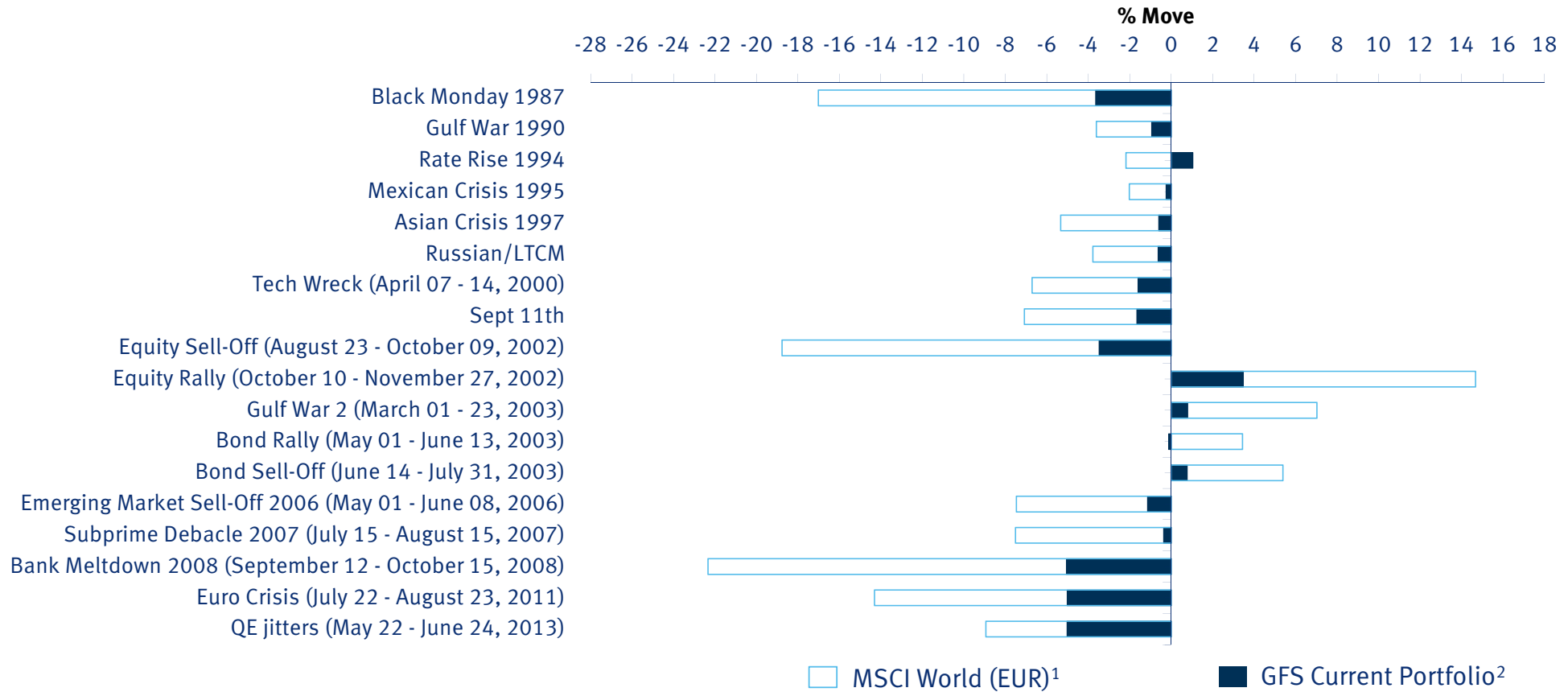
GFS: Diverse strategies reduce the overall risk profile



Extended and deepened risk-taking for demanding objectives

Source: Standard Life Investments GFS portfolio, Sungard APT, 31 March 2016.

Delivering proven volatility dampening



Today's portfolio can also protect in a wide array of historic stresses

1. MSCI World Returns prior to 2000 denoted in European Currency Units, except for 1987 which is denoted in German Marks. 2. Source: RiskMetrics GFS portfolio, 31 March 2016.

Proprietary forward risk scenario analysis

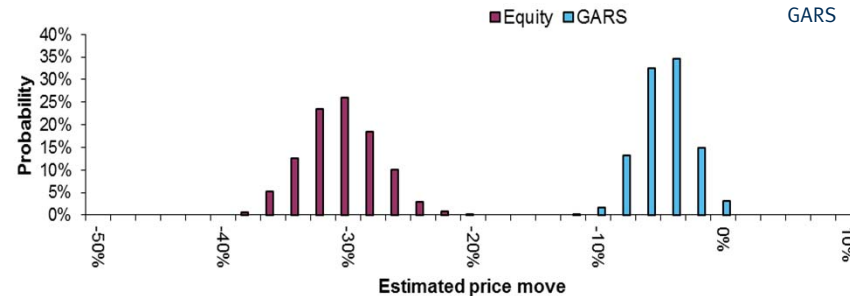
- Extreme, unlikely but economically plausible over a 1 year time horizon
- Our subject matter experts translate scenarios into financial market impacts
- Quantitative techniques – used to estimate portfolio returns

Example: China Crisis

Some scenarios currently of interest:

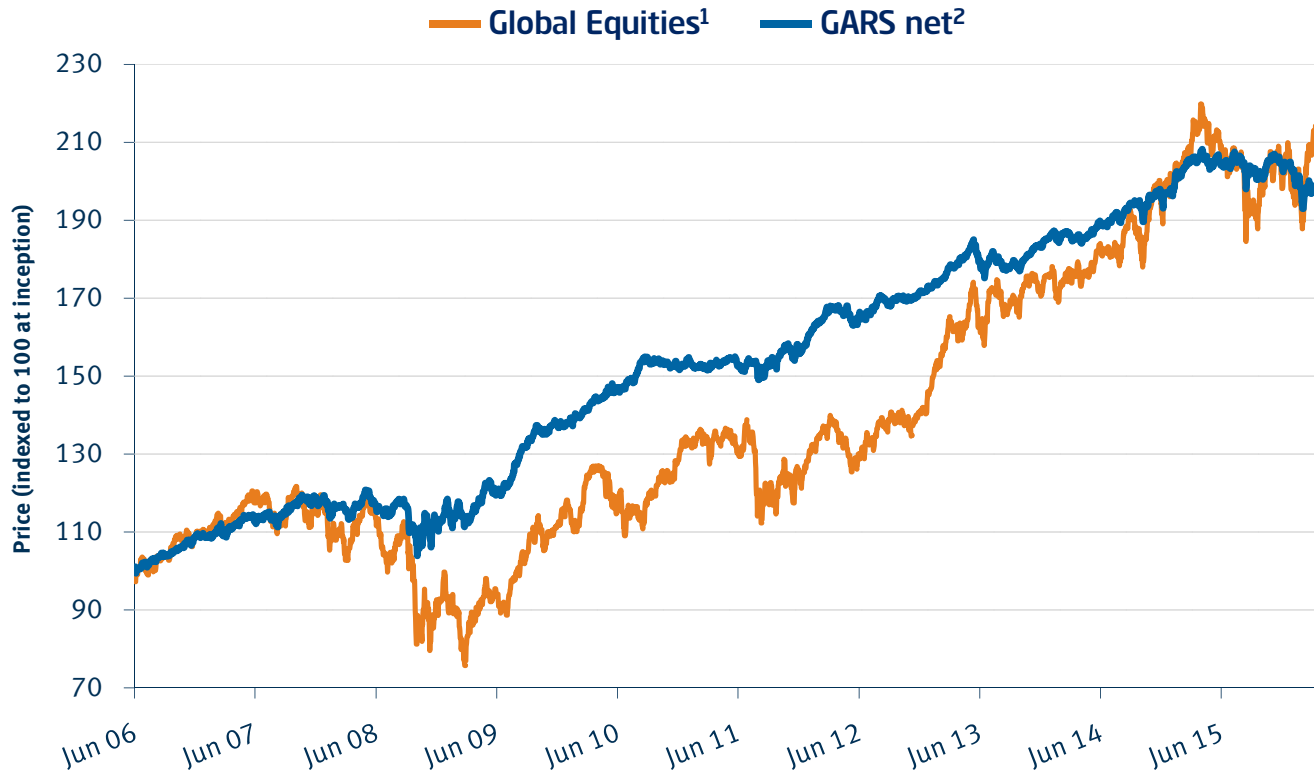
- China crisis
- Currency war
- Crunch time in EM
- Succession breaks EU apart
- Cold war 2
- Unicycle

Description		Key factor examples	
Property market slowdown causes growth to drop sharply		Hang Seng Index	-60%
Fixed asset investment deteriorates		Australian Dollar	-15%
Labour market strained, wage growth and consumption slows		10y UST	-75bp
Risk of banking crises as defaults rise			
Social/political unrest as confidence in government breaks down			
Scenario impact estimate			
		Global Equities	-30.8%
		GARS	-5.3%



Resilient portfolios by design

GARS: Delivering returns with managed volatility over the last 10 years



Volatility:

GARS	5.3%
Global Equities	13.8%

(annualised, gross using monthly data from 01/07/2006 to 30/04/2016)

Maximum Drawdown:

GARS	-13.9%
Global Equities	-37.8%

(using gross daily data to 30/04/2016)

VaR (95%, weekly):

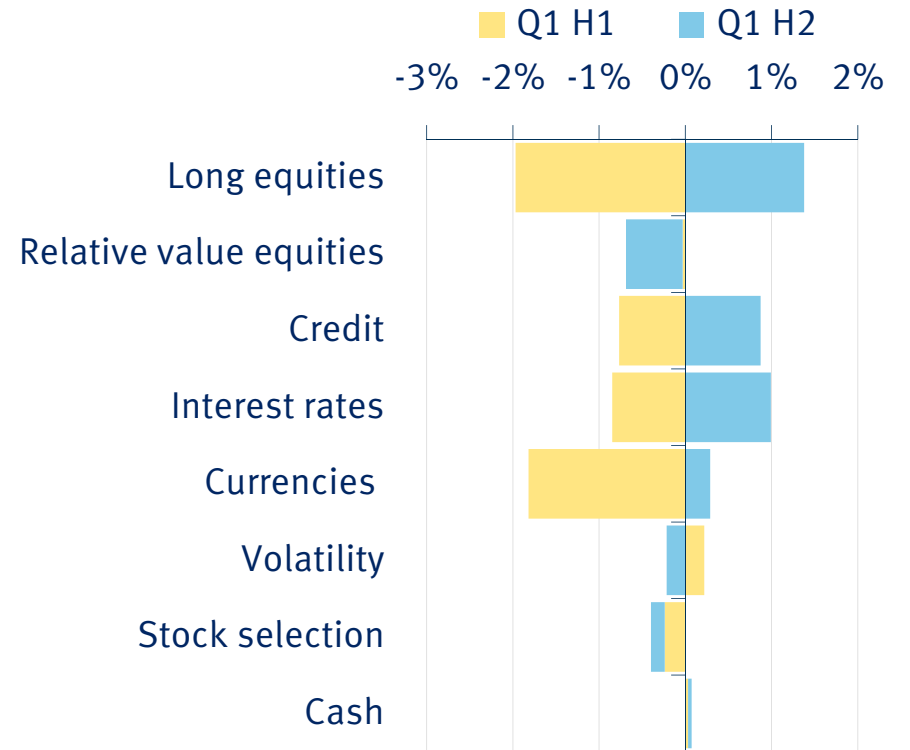
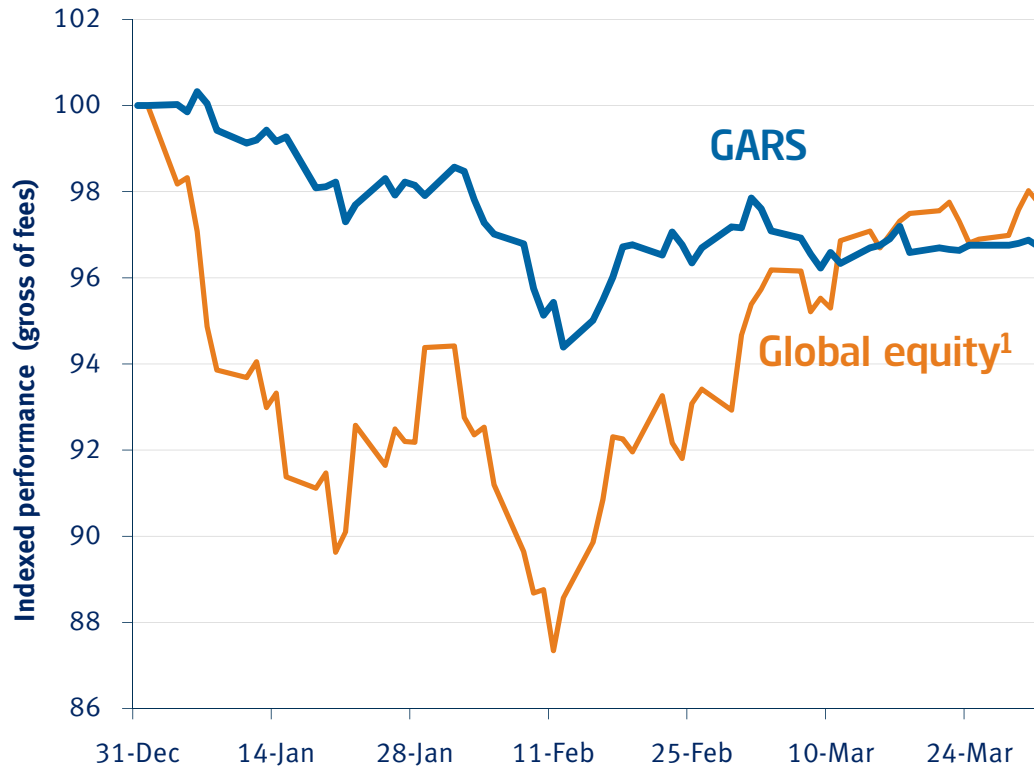
GARS	-1.3%
Global Equities	-3.6%

(using gross weekly data to 30/04/2016)

1. Source: FactSet, MSCI World (£) net of tracker fund fee. 2. Source: Standard Life Investments, net performance.

Source: Standard Life Investments, gross performance from 12/06/2006 to 30/04/2016. Portfolio performance is based on the £, institutional pooled pension portfolio.

GARS: Q1 2016 - a quarter of two halves



1. Global equities taken as MSCI World Total Return Index hedged to Sterling.
 Source: Standard Life Investments, GARS UK Unit Trust data gross performance, 31 March 2016.

Applied to a range of capabilities that meet specific client needs

	Return Target / Risk Minimisation				Risk Budget / Return Maximisation	
	Absolute Return Global Bond Strategies (ARGBS/GCAR)	Global Absolute Return Strategies (GARS)	Global Focused Strategies (GFS)	Enhanced Diversification Growth Fund (EDGF)	Absolute Return Government Bond Fund (ARGBF)	Global Tactical Asset Allocation (GTAA)
Return	Cash + 3%	Cash + 5%	Cash + 7.5%	Equity-like	~Cash + 5%	~Cash + 8%
Volatility	1.5% to 3%	4% to 8%	6% to 12%	2/3 the risk of equity markets	5% available	10% available
Ideas universe	Macro	Macro	Macro & Micro	Macro	Macro Tactical	Macro
Implementation	Bonds & FX	Multi-Asset	Multi-Asset	Multi-Asset Major Markets	Government bonds	Multi-Asset Major Markets
Age	5 years	10 years	2 years	2 years	5 years	n/a
Current size	£1bn	£52bn	£0.5bn	£0.1bn	£0.3bn	£60bn+

Available individually or as part of our wider investment solutions

Case study: Enhanced Diversification Growth Fund

Clients frequently combine absolute return solutions with risk assets

- To act as a volatility dampener
- To retain performance link to growth asset markets

10 years of innovation and expertise in multi-asset allowed us to create EDGF

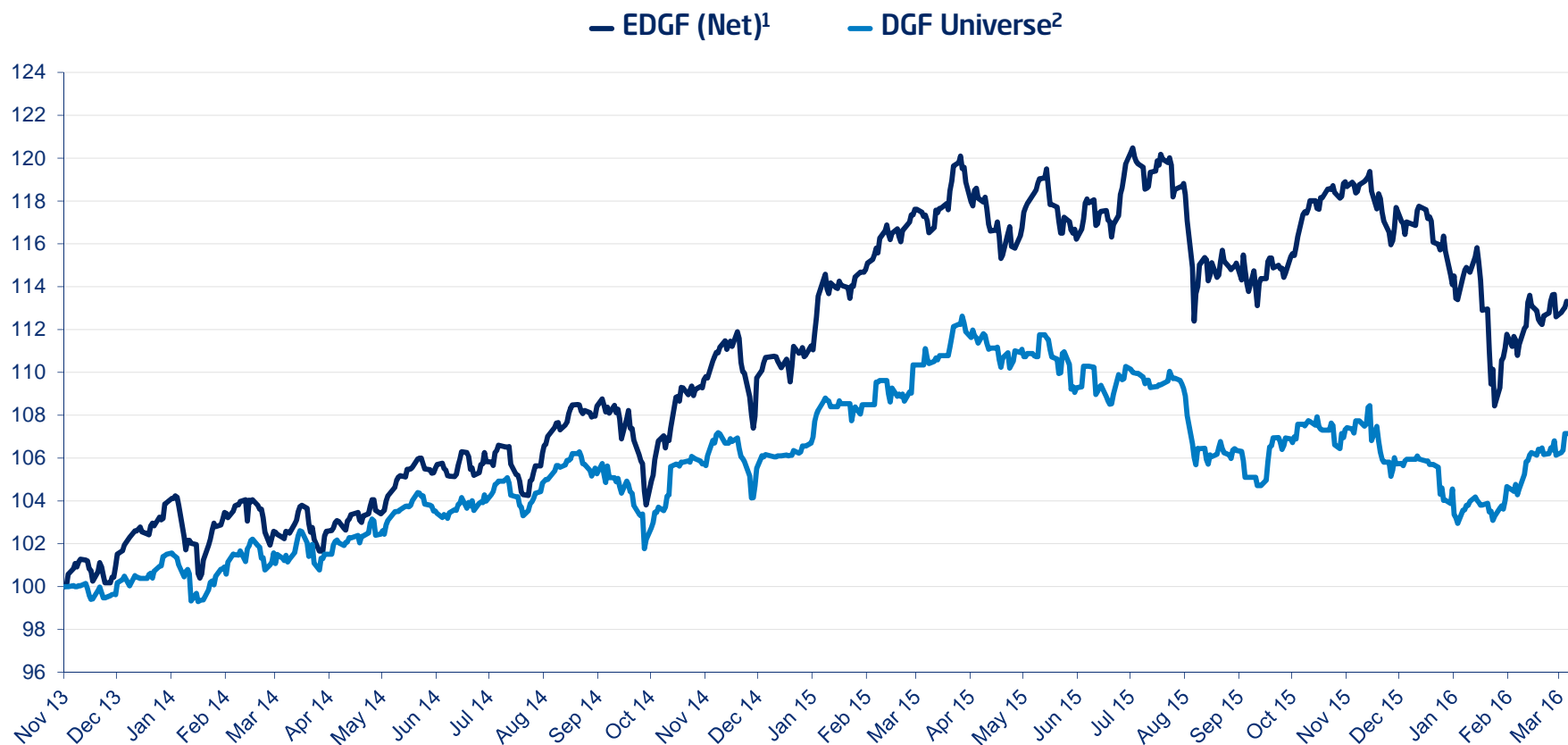
- Aiming to deliver global equity returns over the market cycle
- With 2/3rd of global equity volatility

Broad appeal

- Available in one investment solution that can take a larger share of client portfolios
- With appeal to wider range of clients (for example DC pension)

Ideal solution for the DC pension market

Case study: Enhanced Diversification Growth Fund



A growing record of strong investment performance

1. EDGF shown net of fees (0.65%). 2. The DGF universe is composed of the 10 largest DGF funds in the UK and median fund performance is shown.

Source: eVestment, data is GBP net of charges, 31 March 2016.

Scalability is in our DNA

**Macro not
micro**

- Paint with a broad brush
- Restricted activity to large-scale macro components since inception

**Multi not
mono-asset**

- Wider opportunities to find strategies we like
- Drawing upon the wide expertise of Standard Life Investments

**3 year not
3 month**

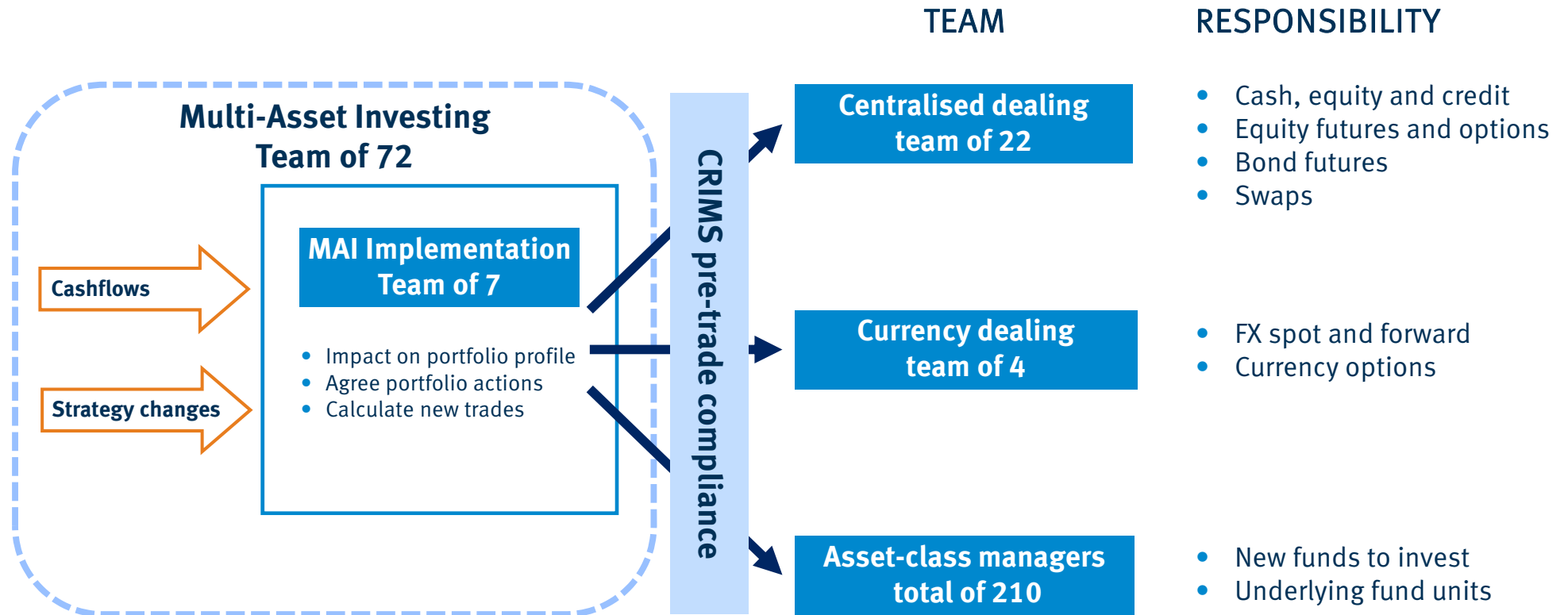
- Apply a longer time horizon to investment decisions
- No need to deal fast – low frequency / turnover / cost

**Resilient not
reactive**

- Portfolio construction builds resilience to stresses
- Opportunity to profit from others' panic

Underpinned by world-class trade implementation

Leading trade implementation capability



Delivering added scalability and returns

Leader in the large and growing global outcome based investing market

- Cutting edge portfolio risk management and ongoing innovation
- Experienced team with breadth and depth of expertise
- Broad range of multi-asset investment solutions to meet a wide range of client needs
- Innovating and looking to the future:
 - Deepening our connection to clients globally through analysis and insight
 - Developing ways to incorporate private market / illiquid assets
 - Creating new solutions and a cutting edge investment process
- Continuing to deliver long-term investment performance

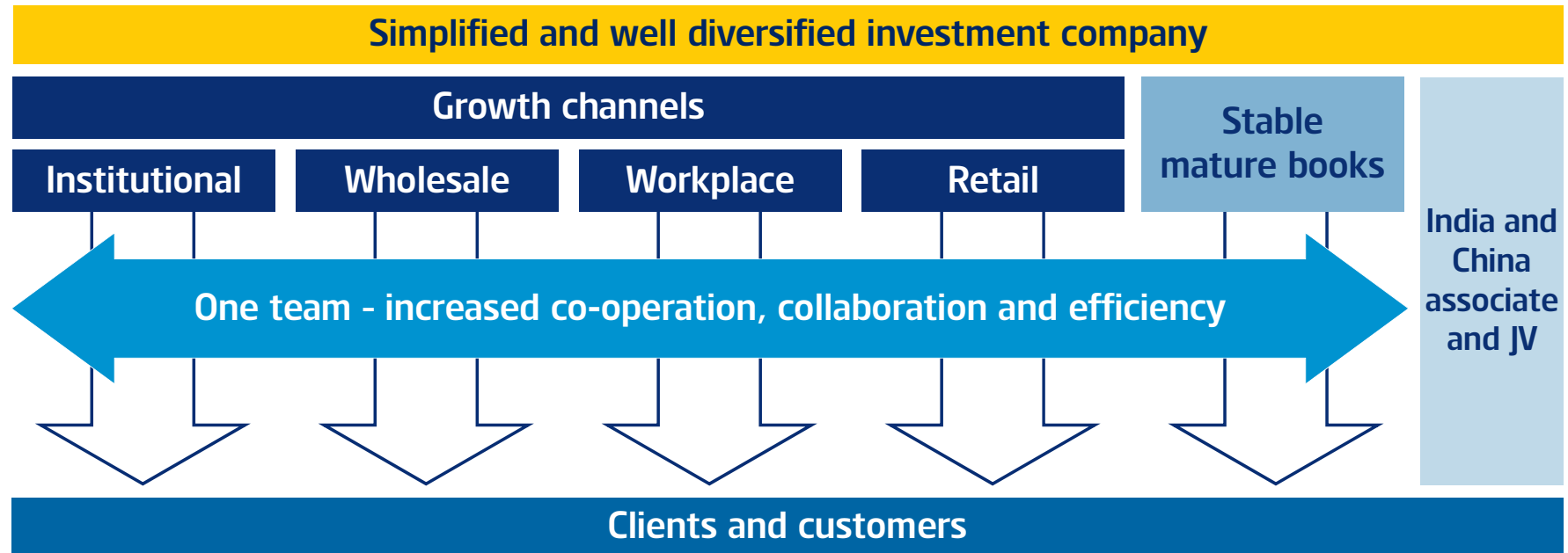
Scalable solutions with strong growth prospects and global appeal

Building a simplified and well diversified investment company

Keith Skeoch, Chief Executive

Standard Life 

One company, one culture, one vision



Delivering global growth and diversification

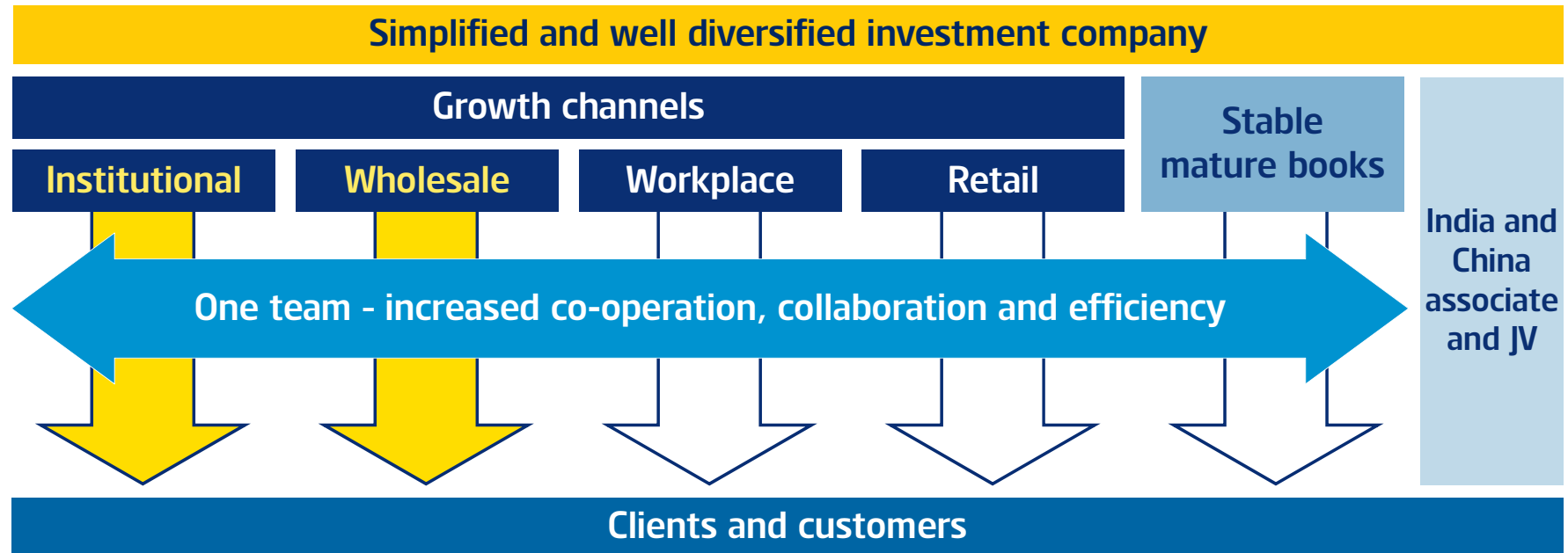
Colin Clark, Executive Director and Head of Global Client Group,
Standard Life Investments

Standard Life 

Delivering global growth and diversification

- Modern suite of capabilities and solutions to meet client needs
- Serving a more diverse range of clients
- Expanding the global reach of our distribution
- Positioned for continued profitable global growth

One company, one culture, one vision



A broad and rapidly growing investment business

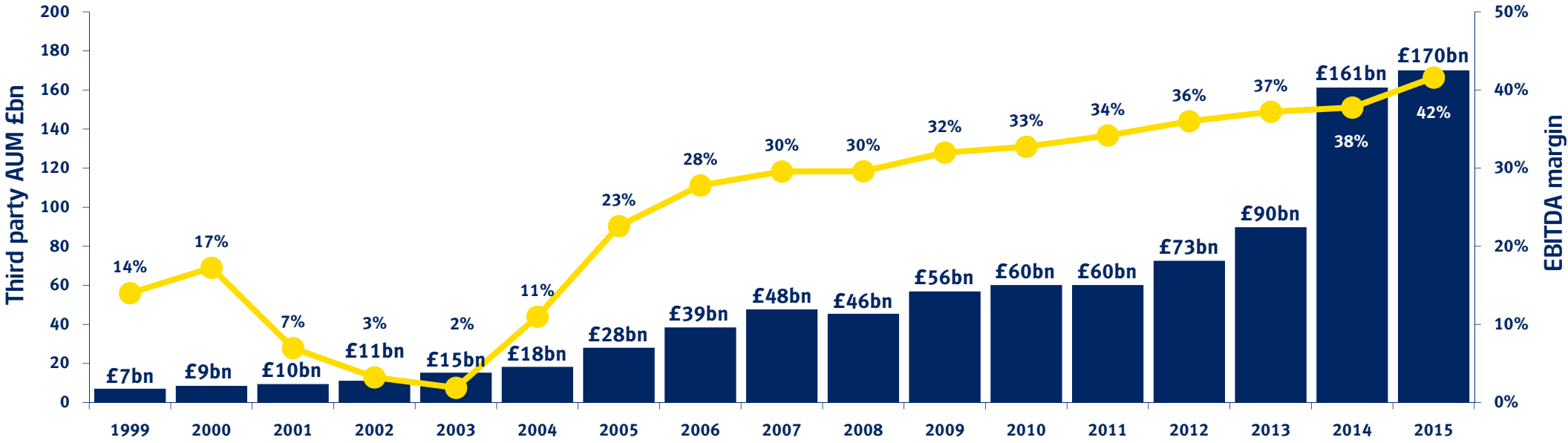
Institutional ¹ (inc Ignis)	Strategic Partner Life Business	Wholesale	Standard Life Wealth
£78.1bn AUM¹	£122.7bn AUM	£45.9bn AUM	£6.5bn AUM
2,500 clients	2 clients	7,300 clients	7,000 clients
Total AUM:		£253.2bn	
Total 3rd Party AUM:		£170.1bn	
Total Clients:		c17,000	

Fuelled by a rapidly growing and increasingly international client base

1. Including £11.1bn Ignis AUM

With a long-established track record of profitable growth

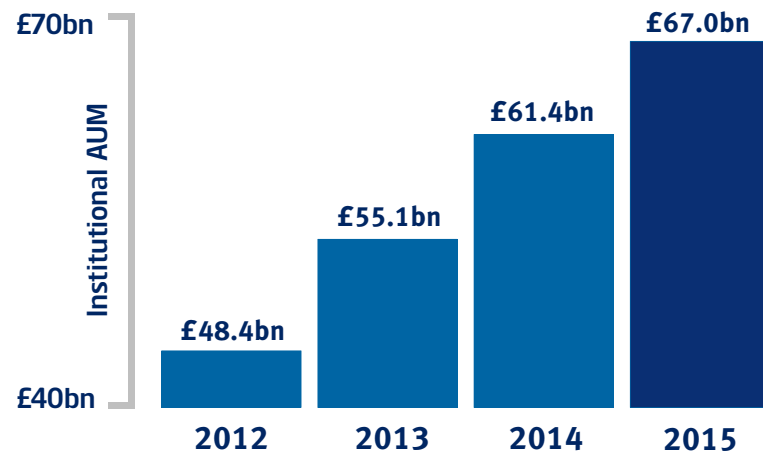
Standard Life Investments third party AUM¹ and EBITDA margin



1. Continuing operations basis for 2010 – 2015.

Institutional - meeting the needs of clients globally

Sustained Growth of Global Institutional Book¹



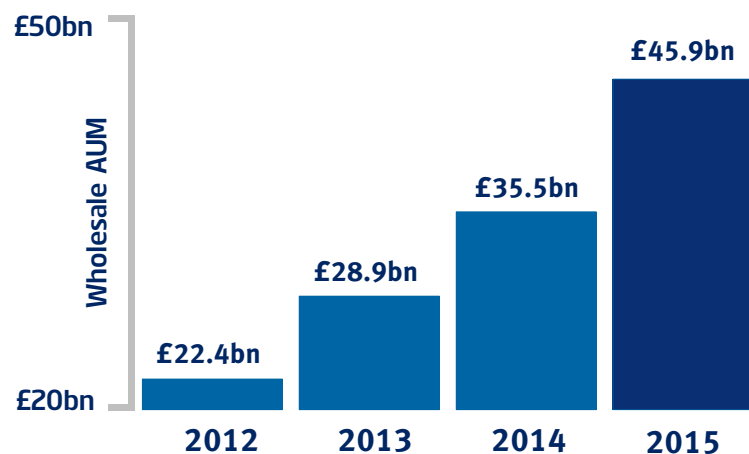
- Largest active manager of UK pension fund assets for 5th consecutive year²
- Around 2,500 clients across 46 countries
- Particular opportunities in management of insurance assets (liability aware), DC pensions and sovereign wealth funds
- Opportunities for further growth through strategic partners

Solutions expertise driving global institutional demand

1. Excludes Ignis £11.1bn AUM. 2. FTfm UK Pension Advisory Survey 2015.

Wholesale - positioned to benefit from the growing democratisation of risk

Rapidly Growing Global Wholesale Book



- Top 3 UK manager by AUM up from 17th place 5 years ago and market share doubled to 5.4%¹
- 2nd highest net and gross sales in the UK in 2015 and only manager to be in the top 5 for net sales in the last 16 consecutive quarters²
- Leveraging distribution strength, relationships and expertise to accelerate globally
 - 11th largest net selling manager across Europe in 2015, up from 19th in 2014³
 - Growing Asia wholesale business

A leading force in the UK with growing global footprint

1. Investment Association Q4 2015. 2. Pridham Report Q4 2015. 3. Broadridge 2016 European Fund Market Data Digest

Global coverage with team strength and depth



Global coverage with team strength and depth

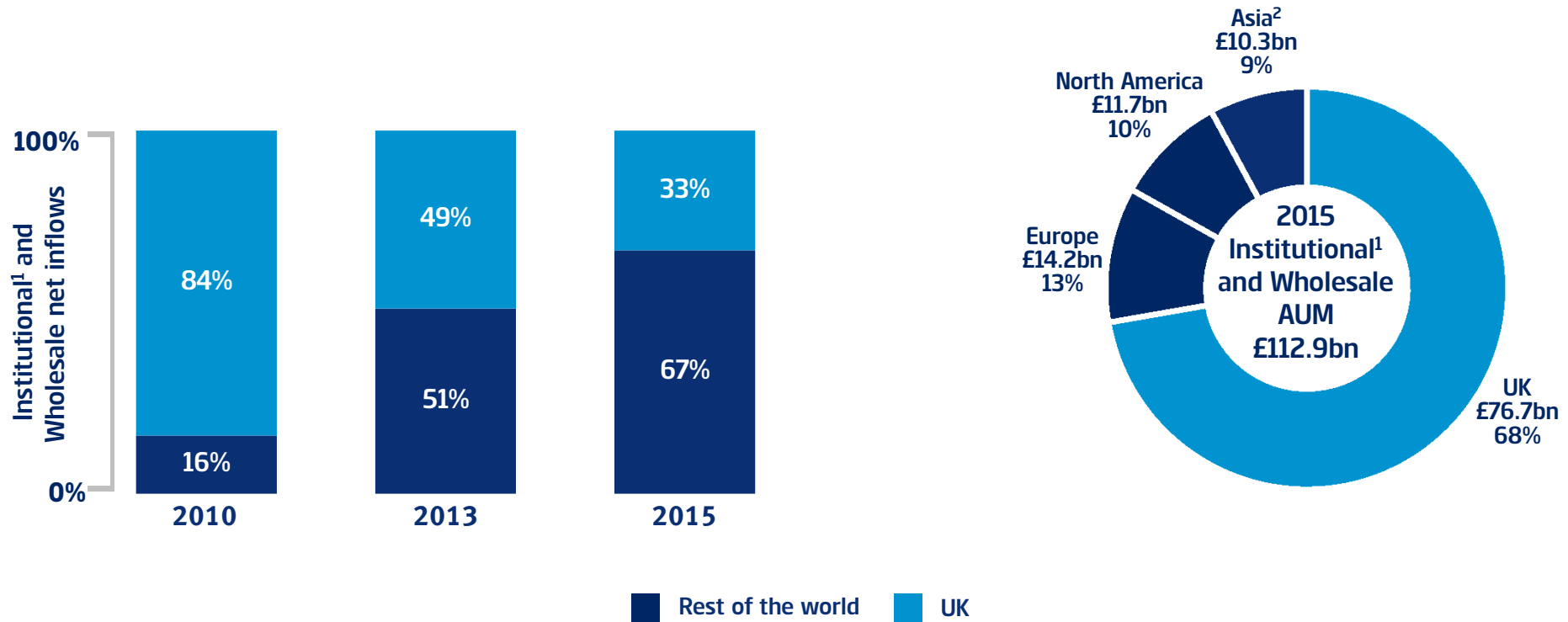


Global Coverage:
21 offices globally; 3 regional hubs;
411 people in distribution

Global Clients:
Clients in 46 markets
Institutional and Wholesale

Strategic partners:
Standard Life, HDFC AMC, Heng An Standard Life, Sumitomo Mitsui, Phoenix Group, John Hancock, Manulife and Bosera

An expanding global footprint



Two thirds of net inflows from outside of the UK

1. Excluding Ignis. 2. Asia Pacific and India; excludes discontinued operations.

Increasingly diversified by client type

		Wholesale					Institutional						
		Financial Advisers	Wealth Managers	Fund Platforms	Private Banks/GFIs	Family Office	Fund of Funds	Charities / Foundations	Public Authorities	Corporates	Insurers	Sovereign Wealth	Strategic Partners

UK & Ireland	UK	█	█	█	█	█	█	█	█	█		
	Ireland	█	█							█		
CEMEA	Austria											
	Belgium											
	Denmark								█			
	Finland								█	█		
	France											
	Germany				█					█	█	
	Lux											
	Italy											
	Netherlands				█					█		
	Norway											
	Spain											
	Sweden				█				█		█	
	Switzerland				█							
	Middle East					█			█	█		█
North America	Canada	█		█	█			█	█	█	█	
	United States					█	█	█	█	█		
Asia Pacific	Australia								█			
	NZ											
	China / HK	█	█									
	Korea											
	India											█
	Japan											█
	Singapore											
	Taiwan											

Clients Pre 2010

Major markets only.

Increasingly diversified by client type

		Wholesale					Institutional						
		Financial Advisers	Wealth Managers	Fund Platforms	Private Banks/GFIs	Family Office	Fund of Funds	Charities / Foundations	Public Authorities	Corporates	Insurers	Sovereign Wealth	Strategic Partners
UK & Ireland	UK	█	█	█	█	█	█	█	█	█	█	█	
	Ireland	█	█	█				█		█	█		
CEMEA	Austria									█			
	Belgium		█	█	█	█	█			█	█		
	Denmark				█		█			█			
	Finland				█				█	█	█		
	France		█	█	█		█		█	█	█		
	Germany		█	█	█		█		█	█	█		
	Lux		█	█	█	█	█			█			
	Italy		█	█	█		█	█		█			
	Netherlands		█	█	█	█	█			█	█		
	Norway						█		█	█	█		
	Spain		█	█	█		█		█	█			
	Sweden		█	█	█		█		█	█	█		
	Switzerland		█	█	█	█		█	█	█			
	Middle East					█			█	█		█	
North America	Canada	█		█	█			█	█	█	█	█	
	United States		█		█	█	█	█	█	█	█	█	
Asia Pacific	Australia		█	█		█		█	█	█			
	NZ							█		█			
	China / HK	█	█	█	█	█		█		█	█	█	
	Korea									█	█	█	
	India											█	
	Japan									█		█	
	Singapore		█	█	█			█			█		
Taiwan									█	█			

Clients
Pre 2010
Post 2010

Major markets only.

Increasingly diversified by client type

		Wholesale					Institutional						
		Financial Advisers	Wealth Managers	Fund Platforms	Private Banks/GFIs	Family Office	Fund of Funds	Charities / Foundations	Public Authorities	Corporates	Insurers	Sovereign Wealth	Strategic Partners

UK & Ireland	UK	█	█	█	█	█	█	█	█	█	█	█
	Ireland	█	█	█				█		█	█	
CEMEA	Austria	█			█	█				█		
	Belgium		█	█	█	█	█			█	█	
	Denmark		█		█		█			█	█	
	Finland				█				█	█	█	
	France		█	█	█	█	█		█	█	█	
	Germany	█	█	█	█	█	█		█	█	█	
	Lux		█	█	█	█	█			█	█	
	Italy		█	█	█	█	█	█		█	█	
	Netherlands		█	█	█	█	█			█	█	
	Norway						█		█	█	█	█
	Spain	█	█	█	█	█	█		█	█	█	
	Sweden		█	█	█	█	█		█	█	█	█
	Switzerland	█	█	█	█	█	█	█	█	█		
	Middle East					█			█	█		█
North America	Canada	█		█	█			█	█	█	█	█
	United States		█		█	█	█	█	█	█	█	█
Asia Pacific	Australia		█	█		█		█	█	█	█	█
	NZ							█		█	█	
	China / HK	█	█	█	█	█	█			█	█	█
	Korea					█				█	█	█
	India										█	█
	Japan				█				█	█	█	█
	Singapore		█	█	█		█	█			█	
Taiwan									█	█	█	

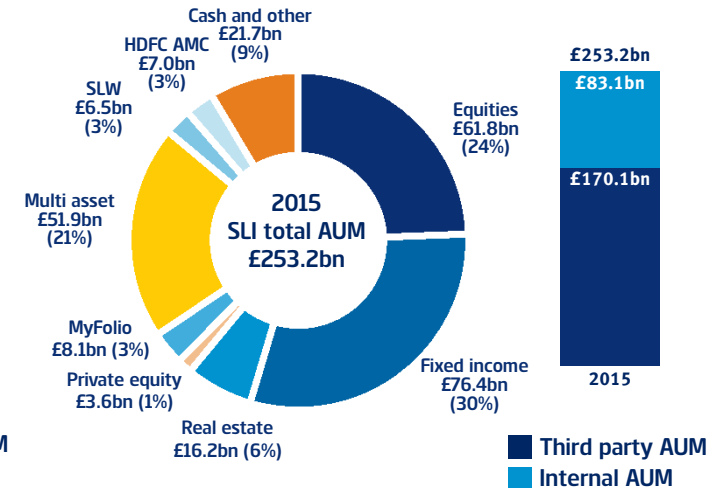
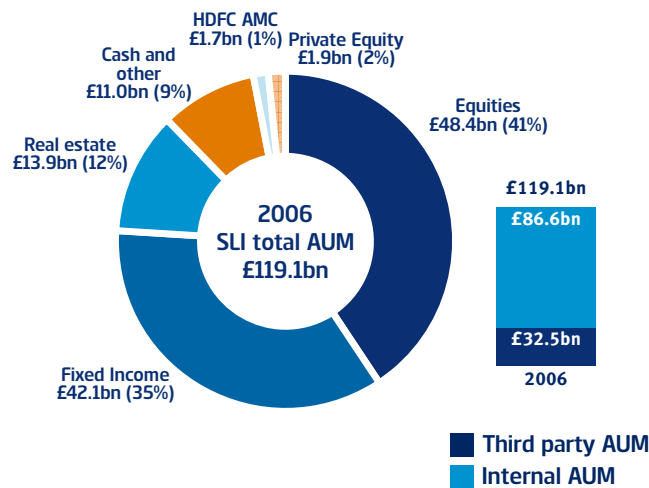
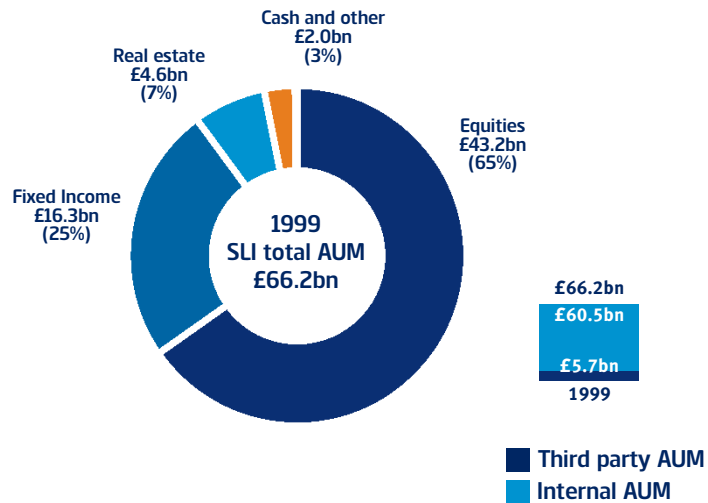
Clients	Pre 2010	Post 2010	Potential Future Clients	Major markets only.
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We have a well diversified investment business

From our beginnings as largely a UK equity manager in 1999 ...

... to a UK credit and equity manager in 2006 ...

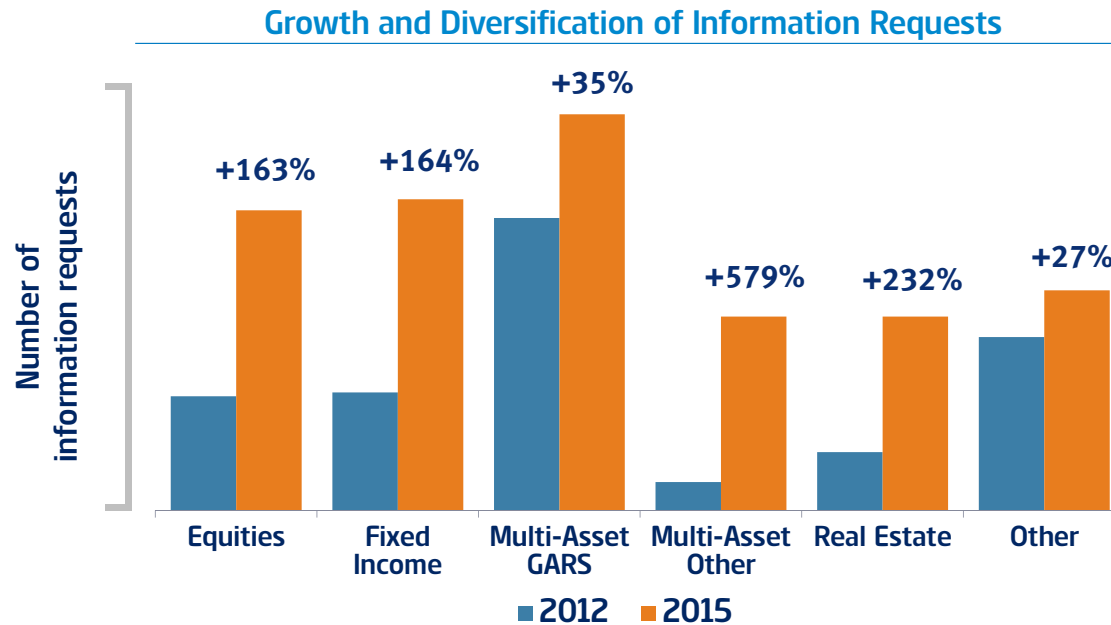
... to a well diversified business with a global proposition



With scale across a broad range of asset classes

1. Comprising Institutional £67.0bn, Wholesale £45.9bn, Wealth £6.5bn, Ignis £11.1bn and Phoenix Group £39.6bn.

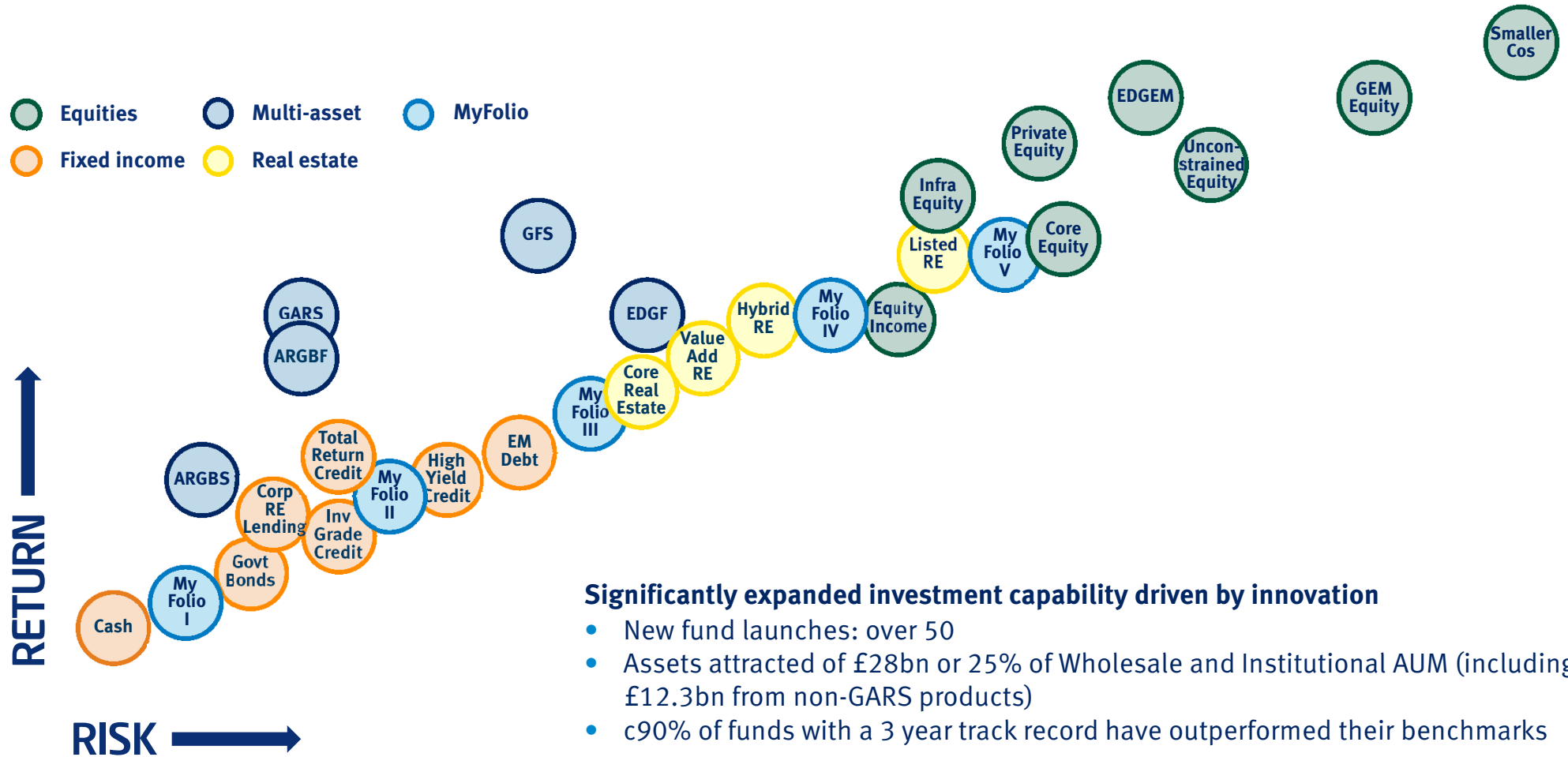
Growing client demand across all capabilities



- Significant increase in tenders and requests for information over the last 3 years
- Increase across all asset classes
- Sharp increase in interest in broader multi-asset suite
- Diversified product range resonates with clients

1. Excluding Strategic Insurance. Discontinued Canadian business excluded from all years. "Multi-Asset – Non GARS" includes MyFolio; "Other" includes Ignis and Standard Life Wealth.

Suite of client-led investment solutions with global appeal



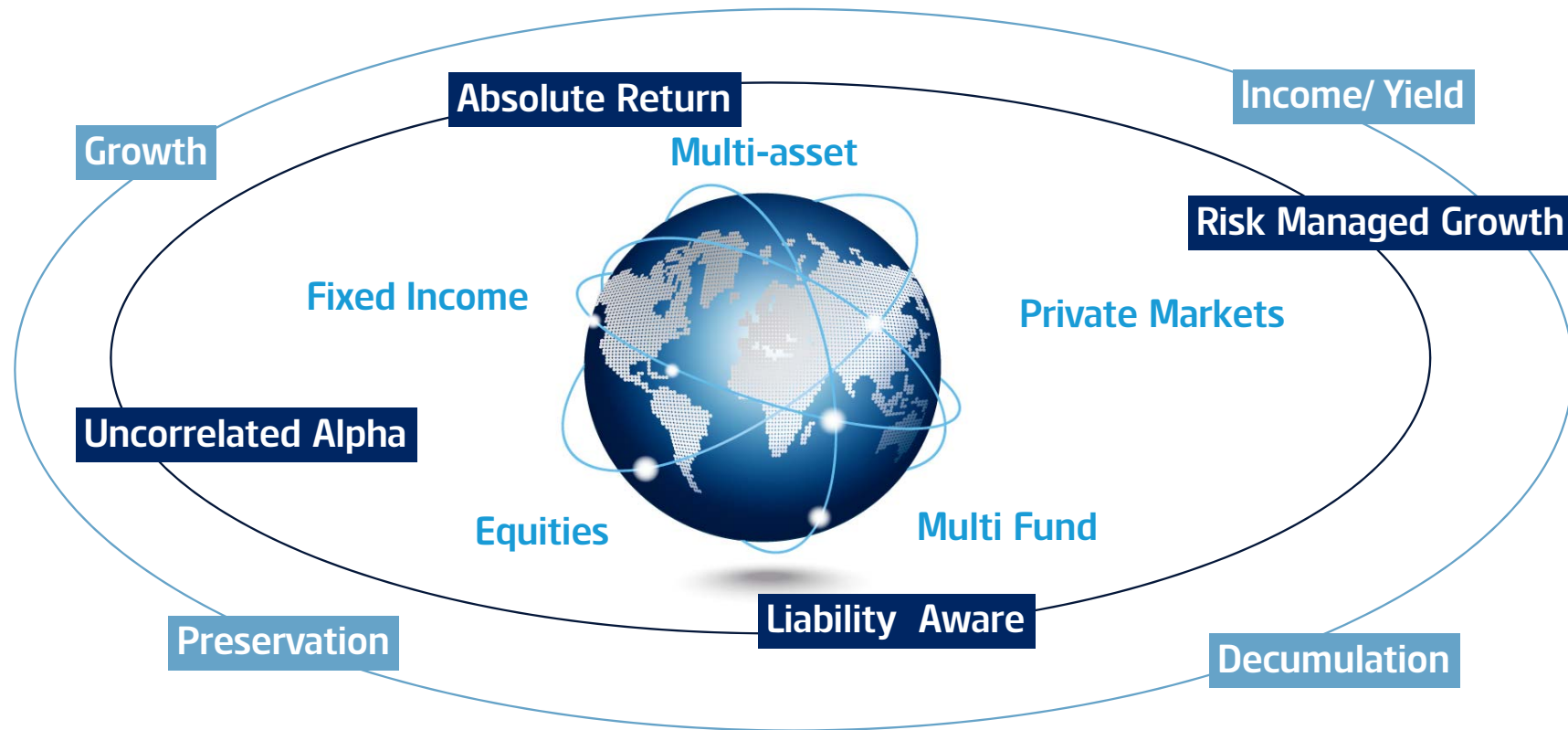
1. MyFolio suite launched in September 2010

With a track record of client co-development and commercialising innovation

	Years since launch	Track record above benchmark	Client seeding	AUM ¹		Years since launch	Track record above benchmark	Client seeding	AUM ¹		Years since launch	Track record above benchmark	Client seeding	AUM ¹
MyFolio	5 years	✓	✓	£8.1bn	Global Smaller Cos	4 years	✓	✓	£0.3bn	EDGF	2 years	✓		£0.1bn
ARGBS	5 years	✓	✓	£1.0bn	Global Corp. Bond	4 years	✓		£0.3bn	EMD Local Currency	2 years	✓		£0.1bn
Bespoke Client solutions	3 years	✓	✓	£0.6bn	SRI Euro Corp. Bond	3 years	✓	✓	£0.3bn	Strategic Bond	5 years	✓		<£0.1bn
Active Plus	4 years	✓	✓	£0.5bn	Short Duration GILB	1 year	✓		£0.2bn	GEM Equity Income	3 years			<£0.1bn
GFS	2 years	✓	✓	£0.5bn	Ground Rent Fund	3 years	✓	✓	£0.1bn	Total Return Credit	1 year	n/a		<£0.1bn
Euro Club I & II	2 years	✓	✓	£0.5bn	Euro Equity Income	1 year	✓	✓	£0.1bn	GEM Equity Uncon.	<1 year		✓	<£0.1bn

1. Includes cross holdings.

Diversified by breadth of investment solutions provided



Relating client needs to investment expertise

Case study: Liability aware solutions for insurers

Large growth opportunity

- Insurance companies around the world looking for expertise in “new active”
- \$750bn of global insurance assets estimated to be outsourced over the next 5 years¹

Our leading capabilities

- Combining multiple capabilities in innovative solutions
- Expertise in multi-asset, fixed income, GTAA and private markets
- Ability to meet complex reporting requirements
- Bespoke solutions and Solvency II optimisation

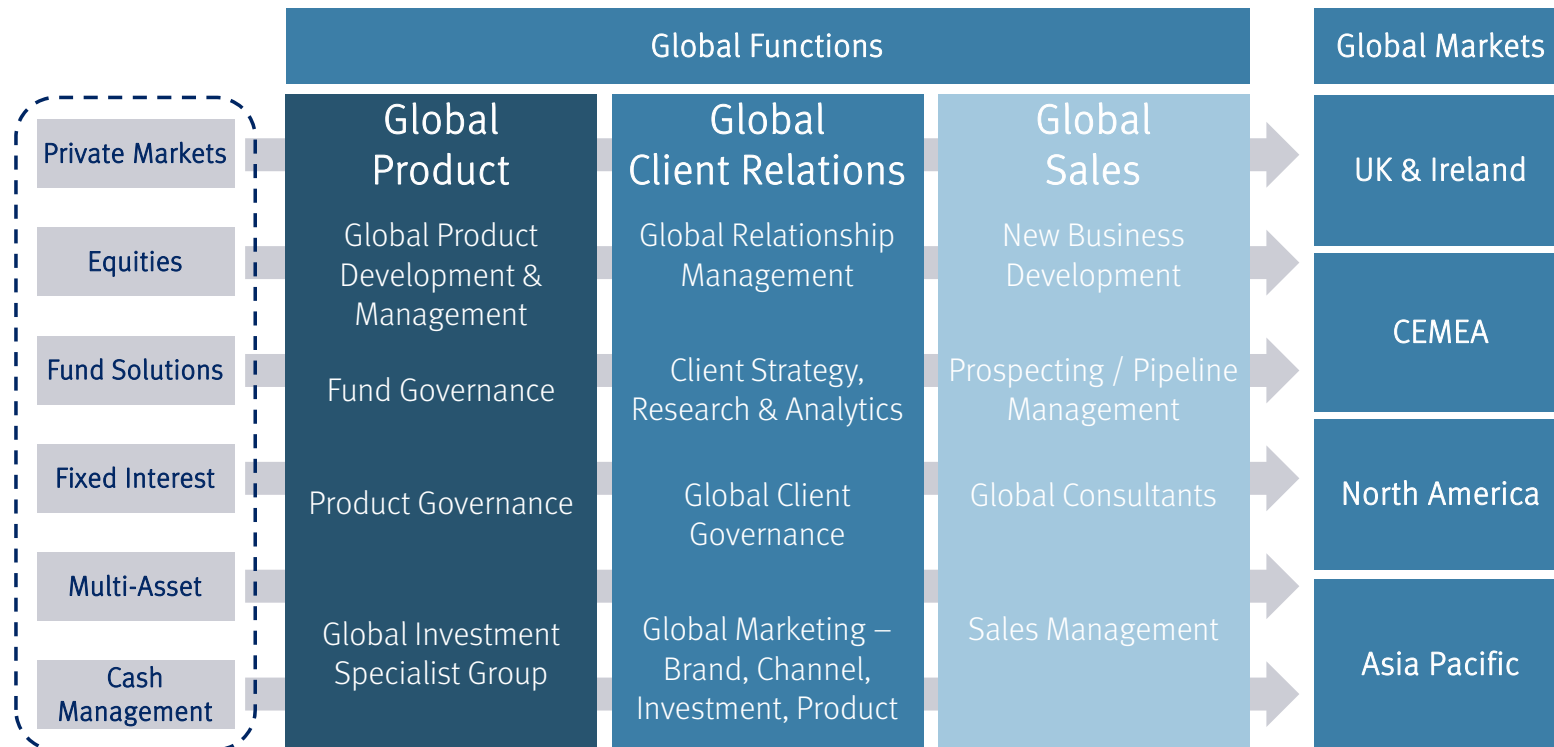
Strong credentials

- Leveraging our experience of managing over £100bn of insurance assets including:
 - Standard Life, Phoenix Group
 - A further 85 insurance clients investing general account, customer and pension assets
- Successes in 2016 to date:
 - £0.6bn private equity mandate from UK insurer
 - €1.3bn committed into fixed income from European insurer

Flexing our investment platform and skills to meet needs of insurers

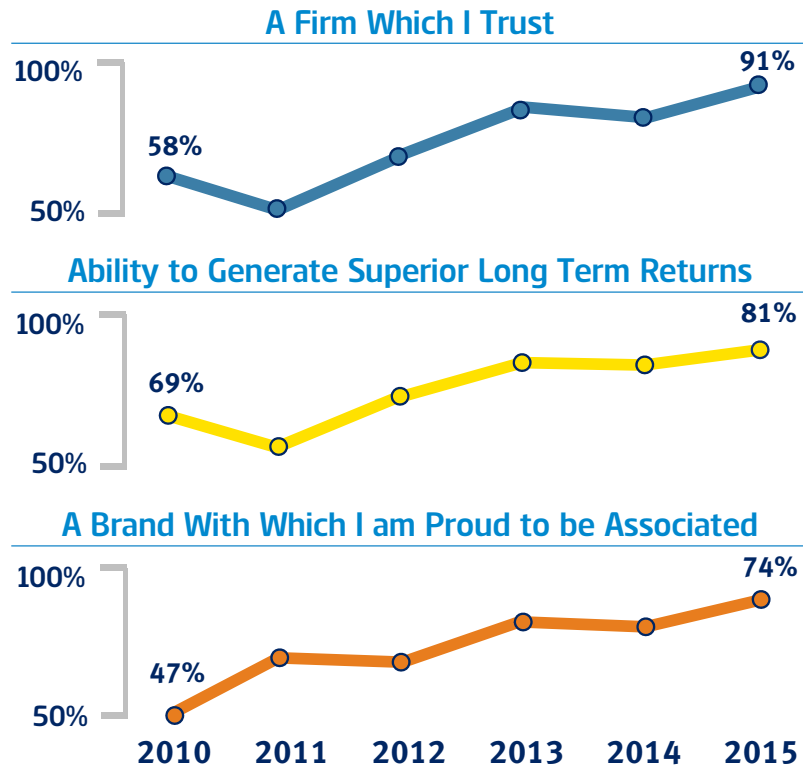
1. Source: Casey Quirk, November 2015.

Distribution model aligned to client needs



Delivering global capabilities to local clients

Strong advocacy among our blue chip client base



- Premier blue chip, increasingly multi-national client base
- Client loyalty and growing advocacy
- Low attrition and top quartile redemption rates
- Share of wallet creates opportunity
- Rich source of seed / initial fund raising
- High calibre relationship management a differentiator

With untapped potential for deeper long-lasting relationships

Source: Standard Life Investments.

Growing our global brand awareness



Premium brand

Aligned to values

Raising global awareness

Supporting diversification

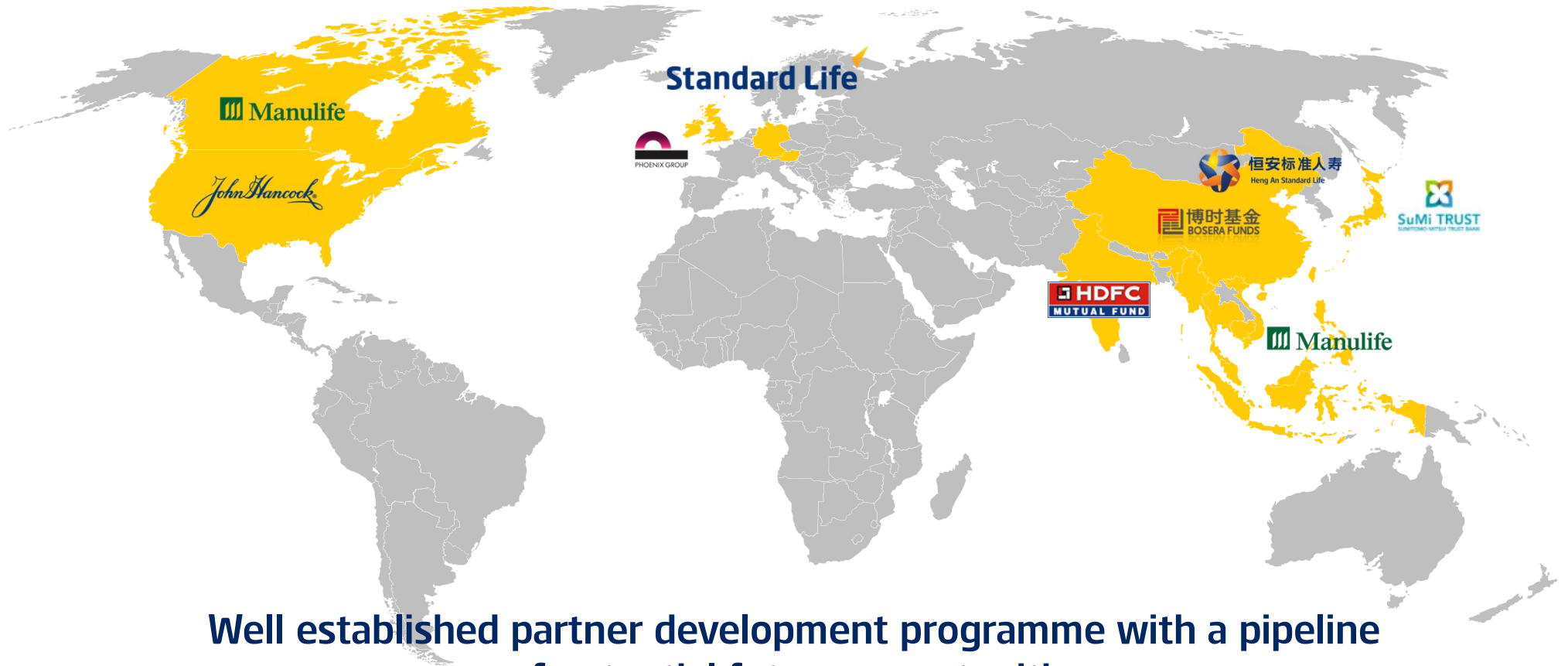
With an integrated global brand, marketing and distribution strategy to accelerate regional growth

Strategic partnerships have transformed regional growth

Partner	Market	Year Relationship Established	Equity Ownership	Outsource Partner	Manufacturing Partner	Distribution Partner
Standard Life	UK, Ireland, Germany	1998	✓	✓	-	✓
HDFC Asset Management	India	1999	✓	-	✓	✓
Heng An Standard Life	China	2003	✓	-	-	✓
Sumitomo Mitsui Trust Bank	Japan	2010	-	-	✓	✓
John Hancock	US	2011	-	-	-	✓
Manulife	Canada/Asia	2014	-	-	-	✓
Phoenix Life	UK	2014	-	✓	-	-
Bosera Asset Management	China	2016	-	-	✓	✓

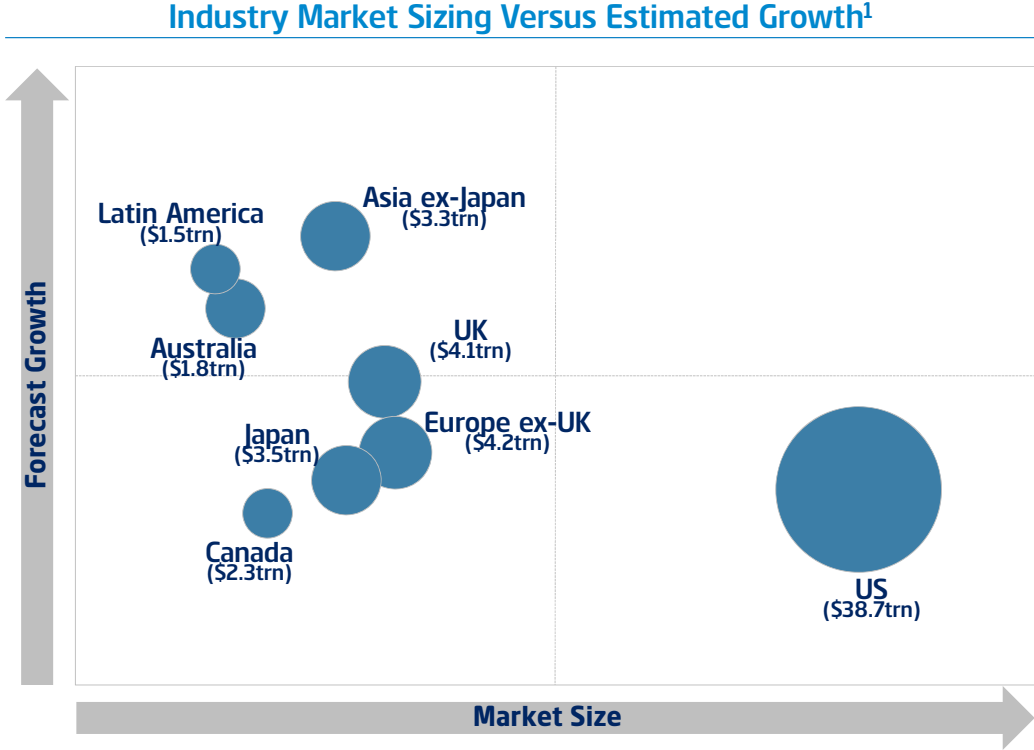
Providing efficient way of accessing retail markets

With an increasing breadth and depth of global coverage across largest asset management markets



Well established partner development programme with a pipeline of potential future opportunities

Targeting the largest and fastest growing asset management markets around the world

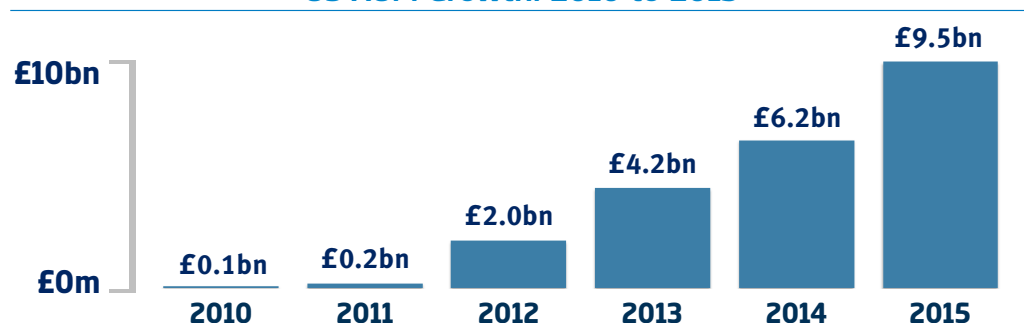


With a focus on broadening and deepening our presence in the US

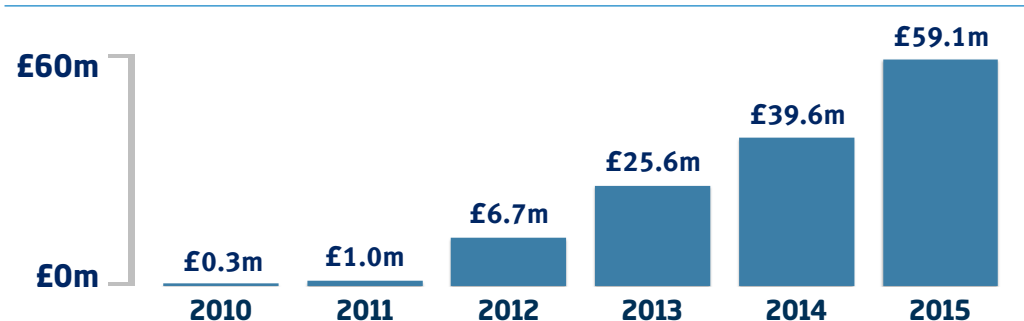
1. Cerulli Associates - forecast growth based on estimated 5 year CAGR

Succeeding in the US - the world's largest asset management market

US AUM Growth: 2010 to 2015



US Revenue Growth: 2010 to 2015



- AUM up from £0.1bn in 2010 to £9.5bn in 2015 with positive net flows since 2010
- Over 200 high quality clients across 39 States
- Diversified client base: sub-advisory; public; insurance; foundations; Taft Hartley
- Exceptional wholesale distribution partners
- US distribution team expanded from 6 to 33 in 5 years
- Clients invested in: Private Equity, Real Estate, GARS, ARGBS, GFS, EMD, GEM Equity

Strategically positioned to deliver continued growth in the US

Source: Standard Life Investments

Succeeding in the US - the world's largest asset management market

YOU DON'T NEED TO SEARCH THE GLOBE FOR AN EXPERIENCED ABSOLUTE RETURN MANAGER.

WE ALREADY DID.

JOHN HANCOCK GLOBAL ABSOLUTE RETURN STRATEGIES FUND (JHAX)
Subadvised by

Standard Life Investments

\$247.1 billion
in assets under management globally (as of 6/30/12)¹

\$27.3 billion
in absolute return assets under management (as of 6/30/12)

With our \$174 billion mutual fund platform², it's no surprise institutional asset managers across the globe want to manage money for John Hancock. But only a select few, like Standard Life Investments, actually pass our extensive due diligence process. Standard Life Investments developed the Global Absolute Return Strategy (GARST) in 2005 to address a funding shortfall in the firm's pension plan and later launched it to institutional clients in Europe. For the first time, you can access the GARST strategy in the U.S. through a mutual fund — John Hancock Global Absolute Return Strategies Fund. You are not alone. Visit JHfunds.com.

John Hancock

1. Includes assets in all Standard Life Investments strategies and products worldwide.
2. Includes assets in John Hancock mutual fund, retirement plan, asset allocation, variable annuity, variable life insurance, and 529 products as of June 30, 2012. Absolute return funds are not designed to outperform stocks and bonds in strong markets and there is no guarantee of positive returns. They employ certain techniques which are intended to reduce risk and volatility in the portfolio and provide protection against a decline in the Fund's assets. However, there is no guarantee that any investment strategy will be successful or that the Fund's objectives will be achieved. The use of hedging and derivatives transactions could produce disproportionate gains or losses and may increase volatility and costs. The issuer or grantor of a security, or counterparties to a transaction, may be unable or unwilling to make principal, interest or settlement payments. If the Fund invests in illiquid securities, it may be difficult to sell them at a price approximating their value. Currency transactions are impacted by fluctuations in exchange rates, which may adversely affect the U.S. dollar value of a fund's investments. Foreign investing, especially in emerging markets, has additional risks such as currency and market volatility and political and social instability. Investments in higher-yielding, lower-rated securities involve additional risks as these securities include a higher risk of default and loss of principal. The prices of medium and small company stocks can change more frequently and dramatically than those of large company stocks. For additional information on these and other risk considerations, please see the Fund's prospectus. A fund's investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus contains this and other important information about the fund. To obtain a prospectus, call John Hancock Funds at 1-800-225-5291 or visit our Web site at www.jhfunds.com. Please read the prospectus carefully before investing or sending money. NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE. NOT INSURED BY ANY GOVERNMENT AGENCY.

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Delivering global growth and diversification

- Established track record of sustained profitable growth
- Diversified by:
 - Geography
 - Channel and client type
 - Asset class
 - Range of solutions provided
- Track record of commercialising innovation with growing demand across breadth of capabilities
- Strong advocacy among our blue chip client base with untapped potential
- Growing global brand awareness accelerating regional growth
- Helped by strategic partnerships in largest and fastest growing markets

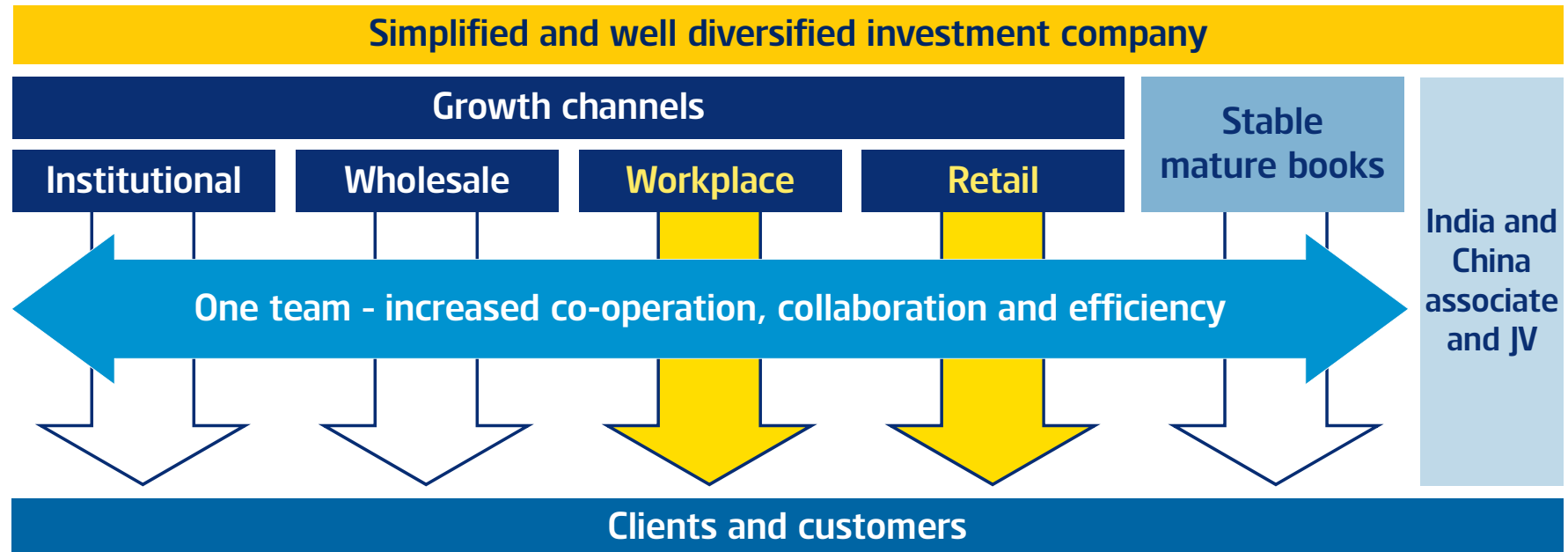
Driving sustainable and profitable growth

Leading the UK pension and savings market

Paul Matthews, Chief Executive,
UK and Europe Pensions and Savings

Standard Life 

One company, one culture, one vision



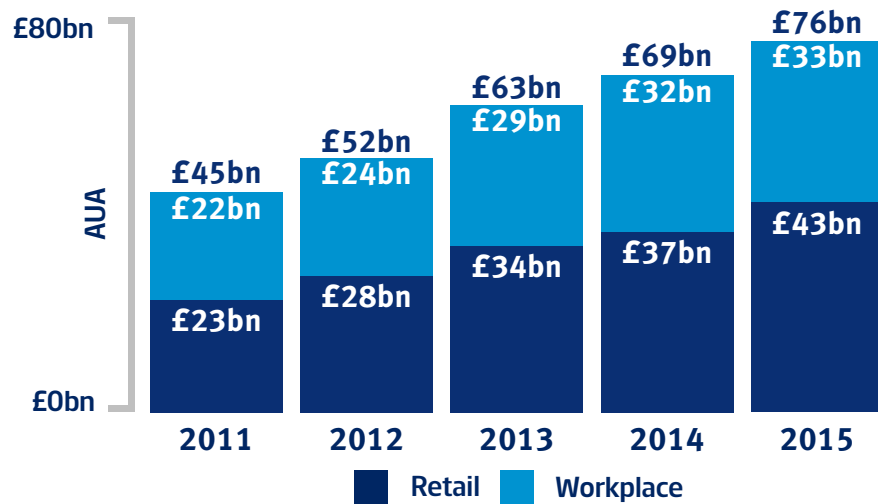
Leading the UK pensions and savings market

- We have a business with scale and momentum
- Competitively positioned in growing markets
- Exceeding the needs of gatekeepers to grow high value customer numbers and strengthen margins:
 - Advisers: powering successful adviser businesses
 - Employers: building employer advocacy
- New opportunities to increase customer engagement to maximise revenue across the value chain

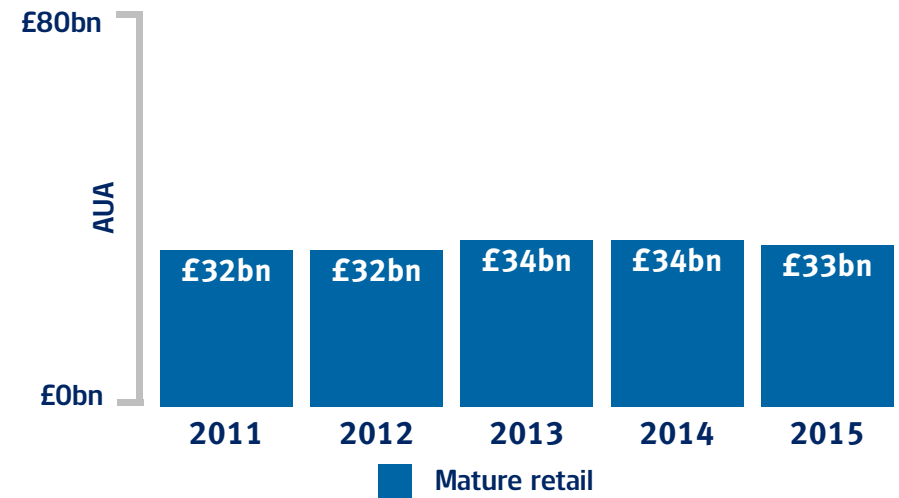
Unlocking the potential of our careful positioning

We have scale and momentum across our growth channels

Fast growth from our Workplace and Retail growth channels



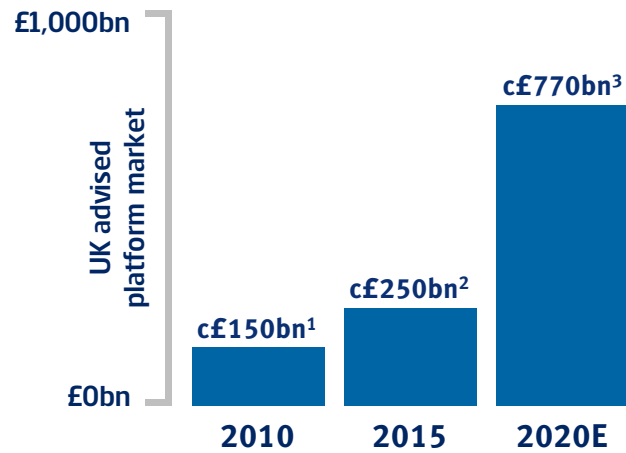
Stable mature book of business



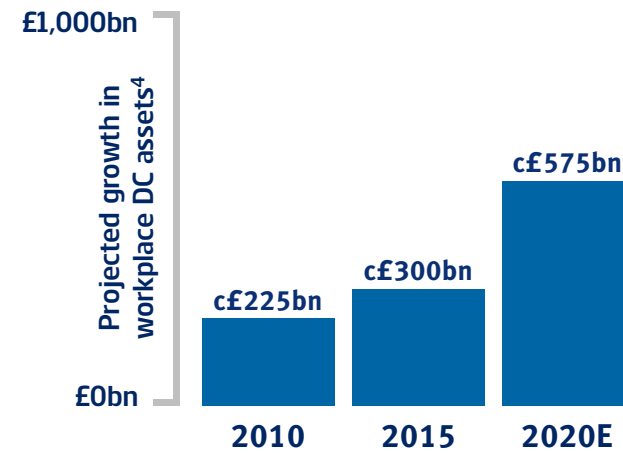
And a stable mature book of business that provides additional value

We are well positioned in attractive growth markets

Retail advised platform market is expected to grow strongly



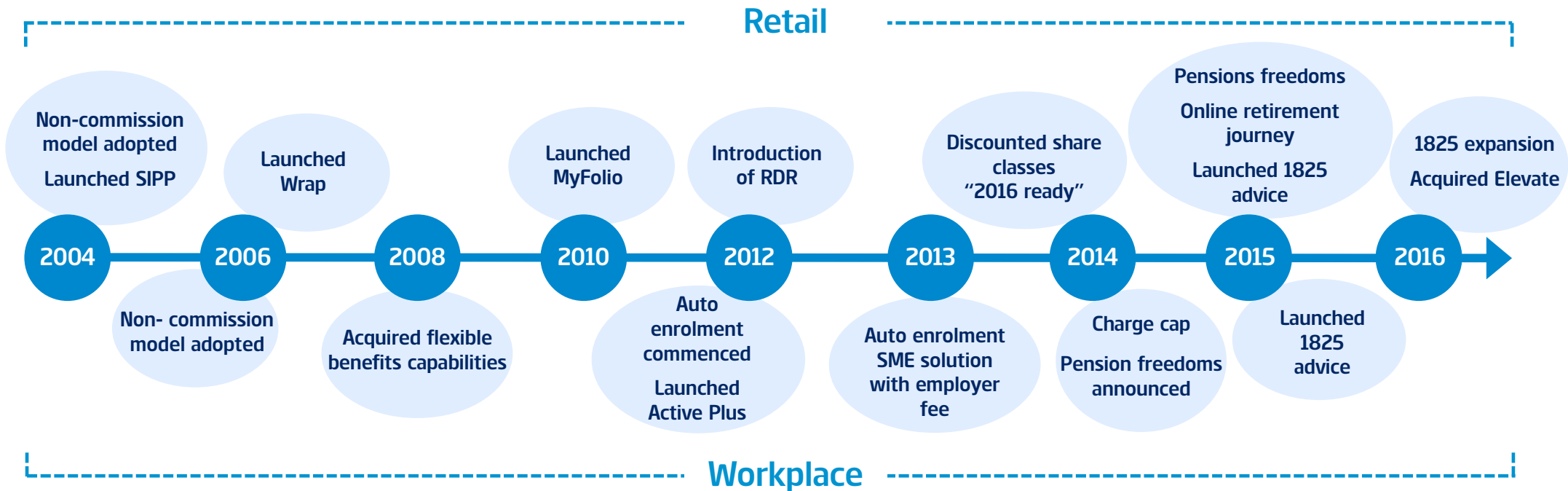
Strong forecast growth in our target workplace market



With high market shares and propositions that are in demand

1. Source: Platform – The UK Adviser Guide Issue 22. 2. Source: Fundscape Platform Report Q4 2015. 3. Source: Fundscape Platform Report Q3 2015. 4. Source: Spence Johnson , November 2015.

We have helped to shape our market by responding to the changing needs of gatekeepers and our customers



Taking a long-term view to secure our unique positioning

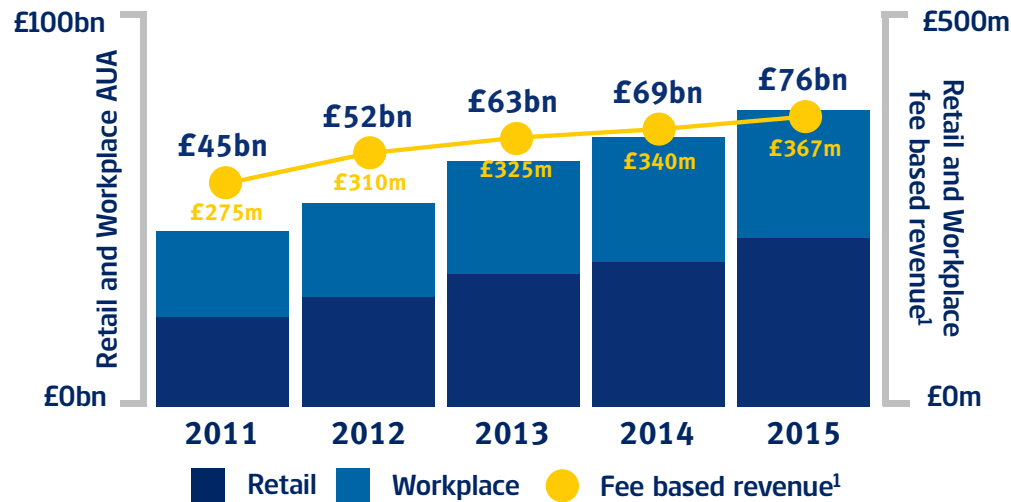
Leading the UK pensions and savings market

Barry O'Dwyer, Managing Director Corporate, Retail and Wholesale,
UK and Europe Pensions and Savings

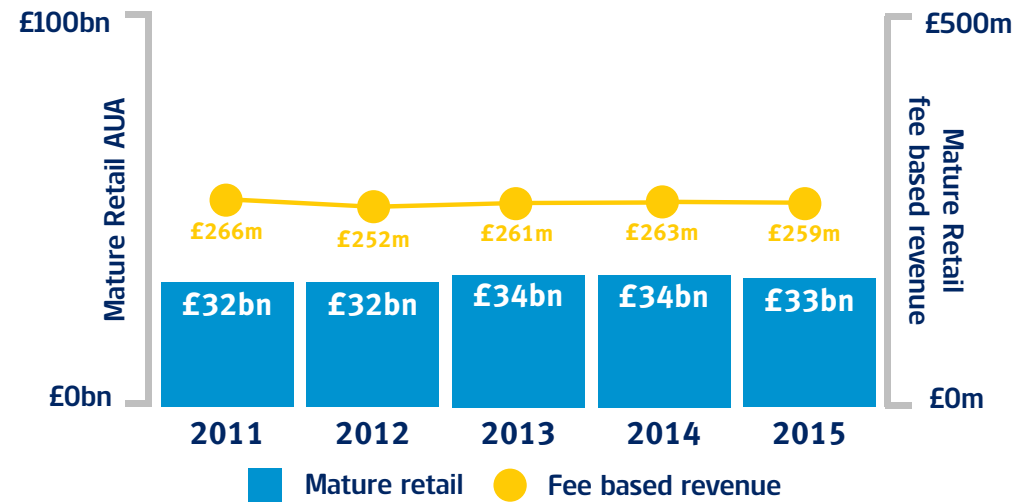
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We have scale and momentum across our growth channels

Ongoing growth from our Workplace and Retail channels



Stable assets and revenues from our mature book of business

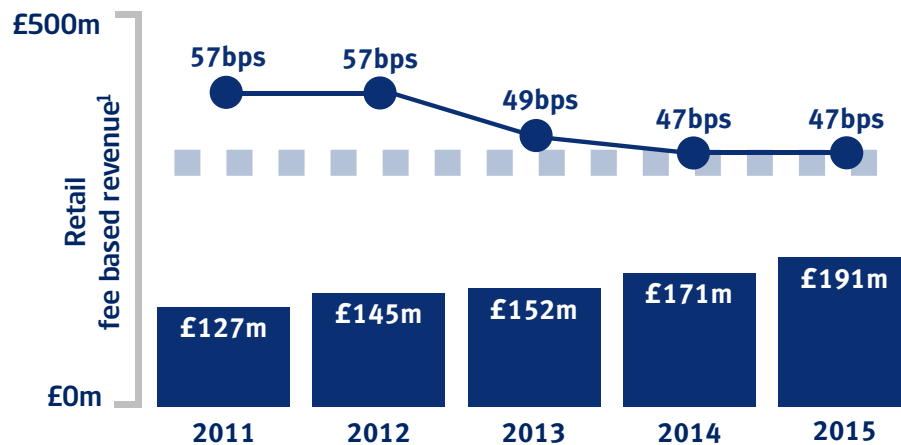


And a stable mature book of business that provides additional value

1. Excludes revenue from cash balances.

Retail revenue continues to grow and revenue margins are stabilising

Retail revenue margin¹ stabilising



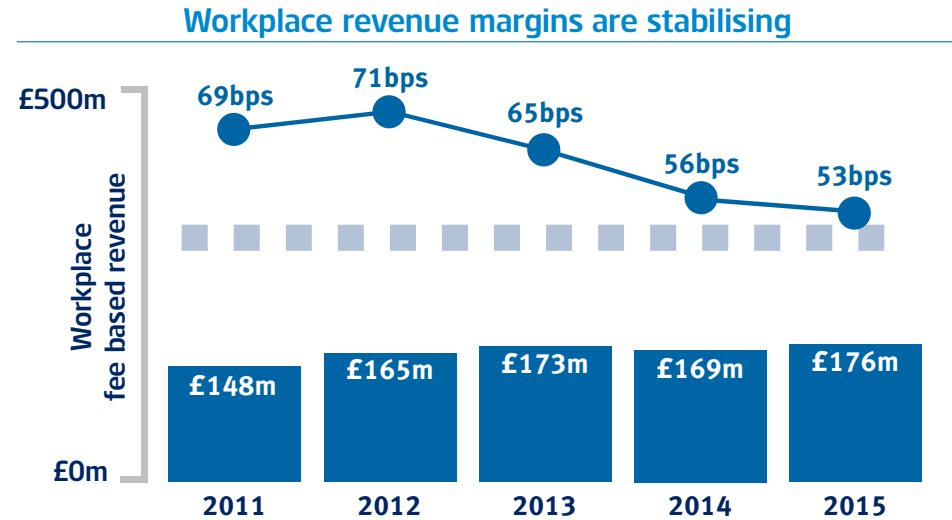
- Rate of decline in revenue margins has slowed
- Wrap revenue amounted to almost half of Retail revenue and as a premium proposition attracts stable revenue margins
- Historic reduction in margins reflected growth in Wrap with large customer and adviser firm discounts being triggered
- Elevate is positioned at a lower price point so will have a one-off impact on the mix once acquisition is completed
- Fees from guidance and advice and growth in retail drawdown have a positive mix impact

Benefiting from our premium proposition in the retail market

1. Excludes revenue from cash balances.

Workplace business benefiting from slower decline in revenue margins

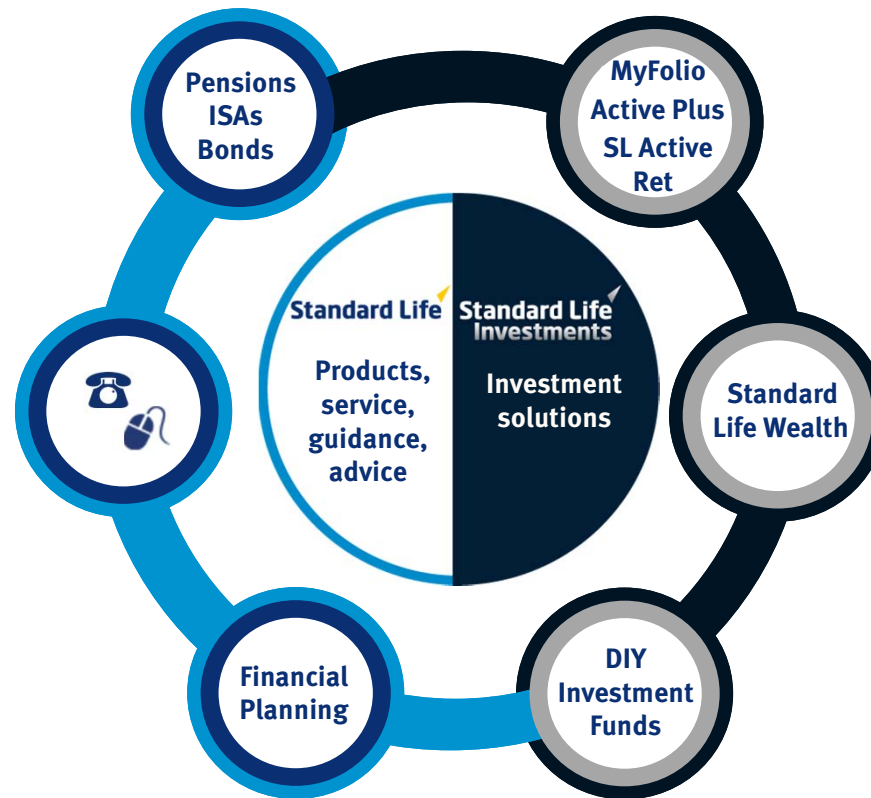
- Rate of decline in revenue margin has slowed
- Recent reduction in revenue margins reflected increasing proportion of large schemes with lower prices – not pricing pressure



Benefiting from our premium proposition in the workplace market

1. Excludes revenue from cash balances.

We provide a compelling proposition for customers ...



And compelling propositions for gatekeepers



That are unique in the UK pensions and savings market

Powering successful adviser businesses

David Tiller, Head of Adviser and Wealth Manager Propositions,
UK and Europe Pensions and Savings

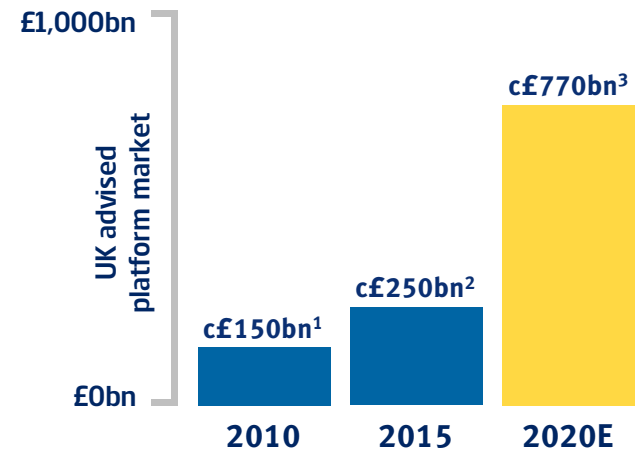
Standard Life 

Platform assets set to continue their strong growth ...

The demand for financial advice has never been greater

- Democratisation of financial risk – individuals taking increasing responsibility for their financial futures
- Changes to taxation and the pensions and investment landscape creates complexity and uncertainty for customers
- Baby boomers approaching retirement and consolidating assets

Advisers turning to platforms to drive scalability and efficiency



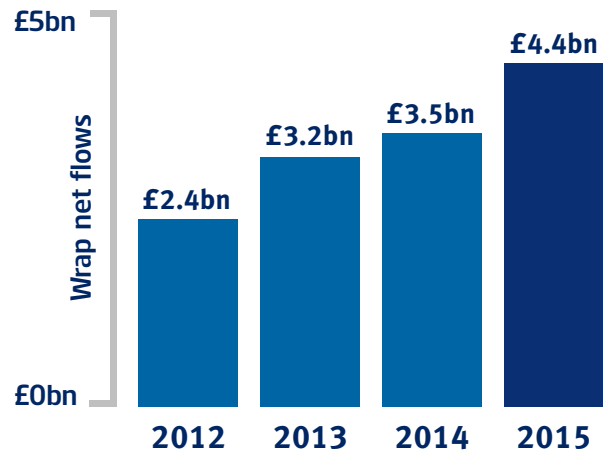
- Complex multi-investment goal, multi-tax wrapper strategies require platform solution
- Centralisation of key advice processes essential to support growth and manage business risk

... with c80% of retail advised market new business written on platforms⁴

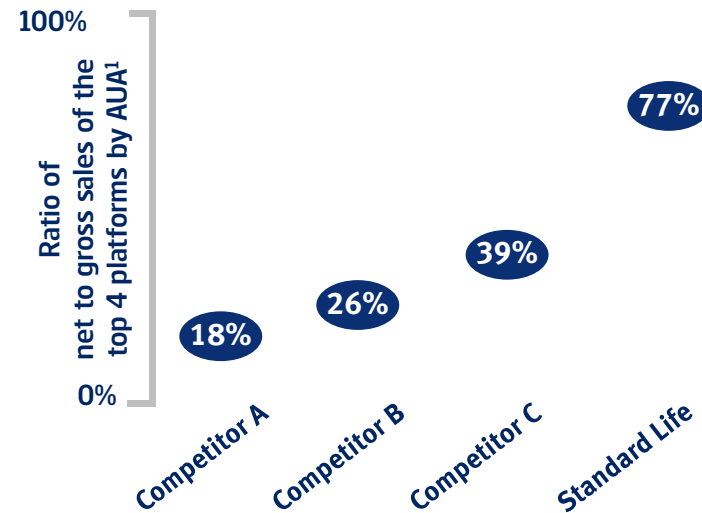
1. Source: Platforum – The UK Adviser Guide Issue 22. 2. Source: Fundscape Platform Report Q4 2015. 3. Source: Fundscape Platform Report Q3 2015. 4. Source: Platforum March 2016.

Our Wrap platform has capitalised on this demand

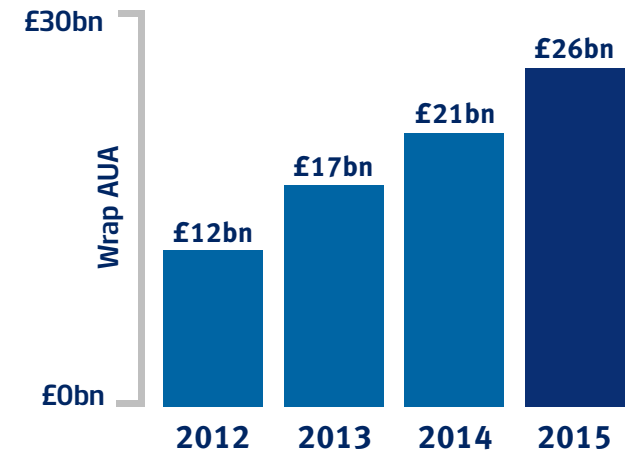
Strong and growing net sales ...



... with low churn and high persistency ...



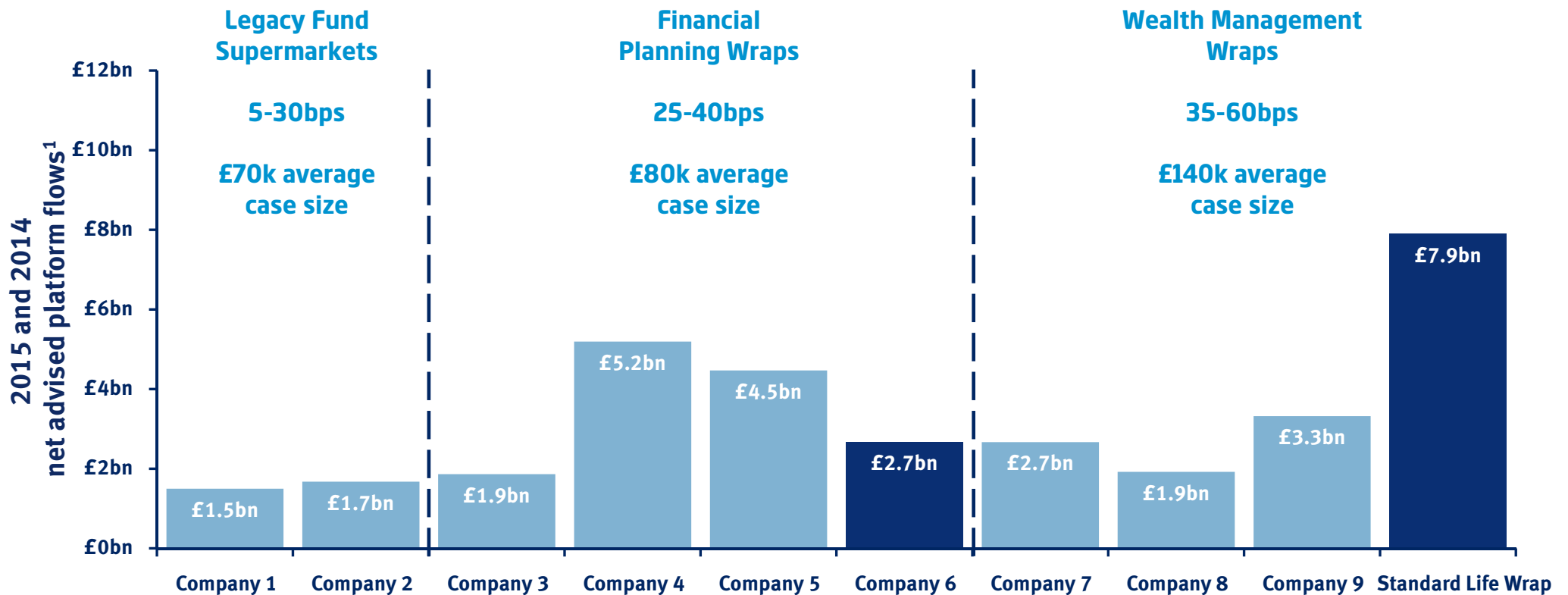
... have driven fast growth in Wrap AUA



Growing our market share of assets and net flows

1. Source: Fundscape Platform Report Q4 2015.

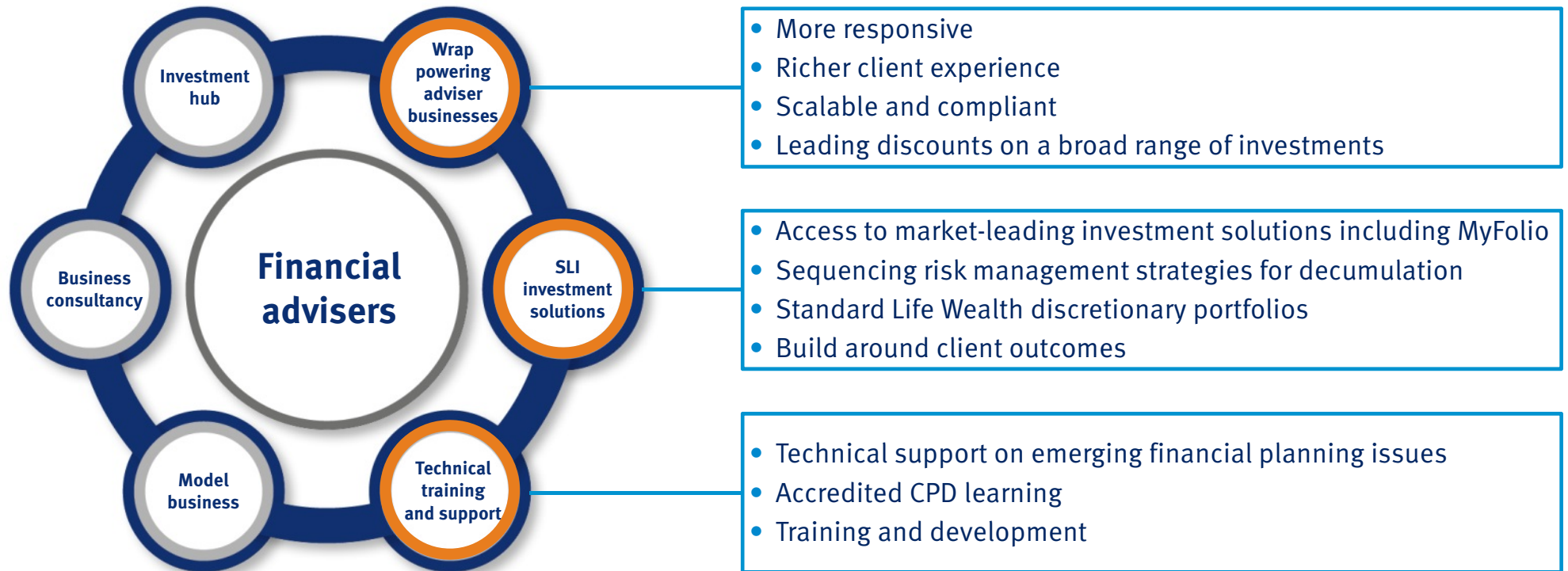
We now have a clear lead in the adviser platform market



While delivering a premium proposition valued by advisers

1. Source: Fundscape Platform Report Q1 2016 and Q1 2015.

Supporting the UK's most successful adviser businesses



Supporting the UK's most successful adviser businesses

- Centralised Investment Proposition Management
- Scalable bulk management of client portfolios
- Centrally generated regulatory reporting
- Automated execution, rebalancing routines and permitted investment controls

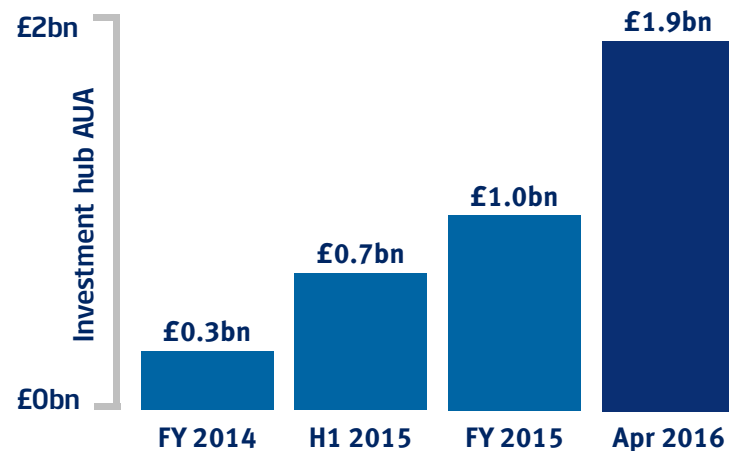
- Regulatory, business development and succession consultancy
- Brand, digital and communication consultancy

- 1825 leverages the same underlying platform
- Adviser business process and scalability innovations
- Potential for exit strategy where there is strong philosophical alignment



We benefit from our scale and commitment to innovation

Our unique Wrap investment hub increases adviser and client choice



- Launched in June 2014 in response to adviser demand – attracted close to £2bn in assets in less than 2 years
- Provides advisers with access to 59 discretionary fund managers on Wrap with c40% assets managed by Standard Life Wealth
- Migrating third party DFM assets onto the hub

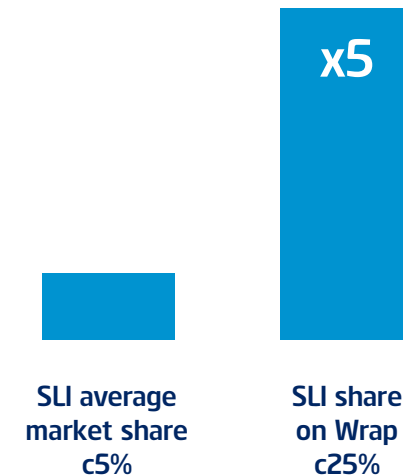
Enhancing our competitive edge and premium proposition

Increasing adviser access to SLI investment solutions

Our investment solutions support advisers and meet client needs

- SLI share of customer assets increases from c5% across the UK wholesale market to c25% of Wrap assets
- Asset retention increases from 4 years across the wholesale market to 7 years on Wrap
- Benefits:
 - Advisers: greater efficiency and compliance through Centralised Investment Propositions
 - Clients: through lower fund management fees and superior investment outcomes
- Opportunity for more advisers and clients to access SLI funds through Elevate

Increasing revenue for SLI through Wrap



Amplifying investment margins across the value chain

1. Based on SIPP value of £150,000.

Leading the UK advised platform market



- Significant and growing demand for advice
- Platforms now essential infrastructure for modern adviser businesses
- Wrap is the number one adviser platform
- Acquisition of Elevate expands our reach
- Enabling adviser businesses to scale up to meet demand

Powering the UK's most successful adviser businesses

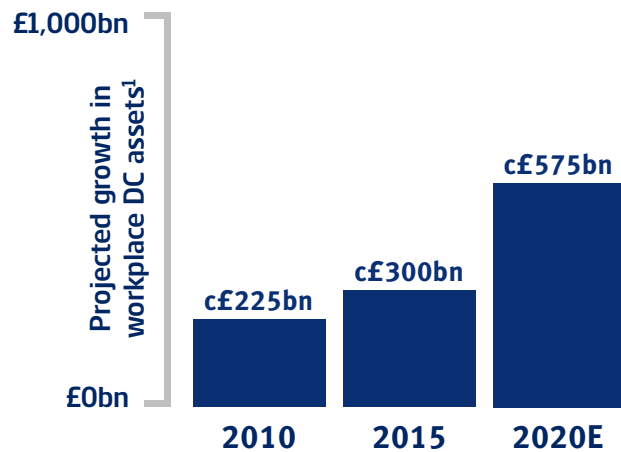
Building employer advocacy

Eddy Reynolds, Proposition Director,
UK and Europe Pensions and Savings

Standard Life 

Workplace DC pensions market set to grow strongly

Workplace DC pensions market will double over five years



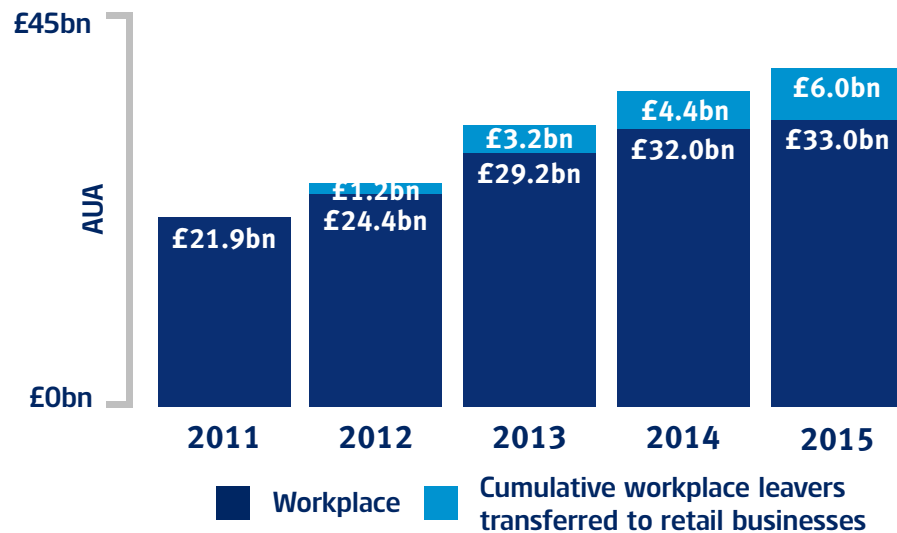
- Democratisation of financial risk – significant shift from DB to DC with individuals increasingly responsible for their financial futures
- Success of auto enrolment driving increase in DC pension customer numbers from c7million in 2012 to c23 million by 2020¹
- Quality employers increasingly seeking to partner with quality pension providers for the long term

DC pensions are now a strategic concern for quality employers

1. Source: Spence Johnson, November 2015.

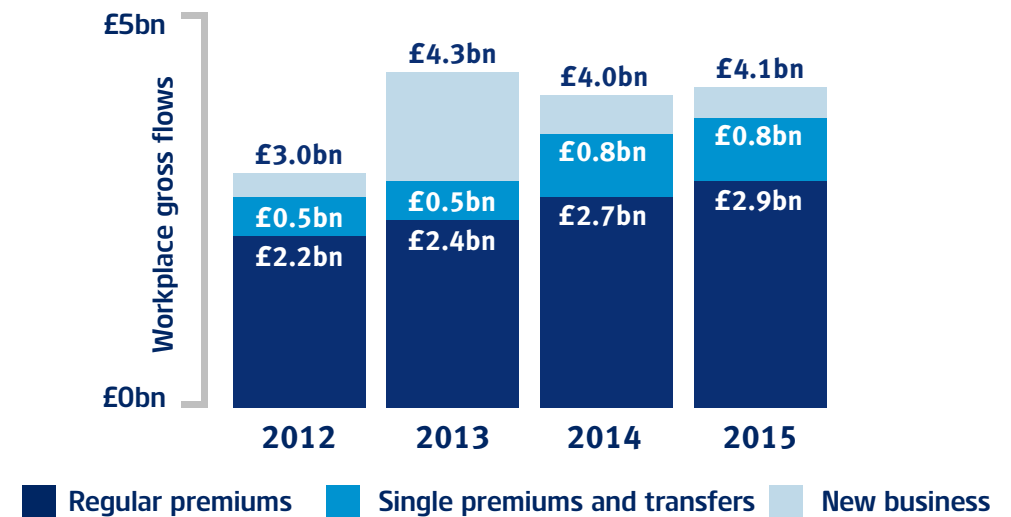
Our fast growing Workplace business is well positioned to benefit from this growth

Strong growth in workplace also benefits our retail channels ...



- c13% share of DC market (c20% of bundled DC market)
- 1.7 million customers (870,000 new customers since auto enrolment began in October 2012)
- Source of growth for our retail businesses with £6.0bn of assets 'transferred' since 2012

... and provides predictable underlying flows



- £4.1bn of gross inflow in 2015
- c70% was highly predictable regular premiums
- Will benefit from increase in auto enrolment minimum contribution rates from 2018

After a period of significant regulatory change, quality employers are now looking beyond core pension provision

Core requirements:

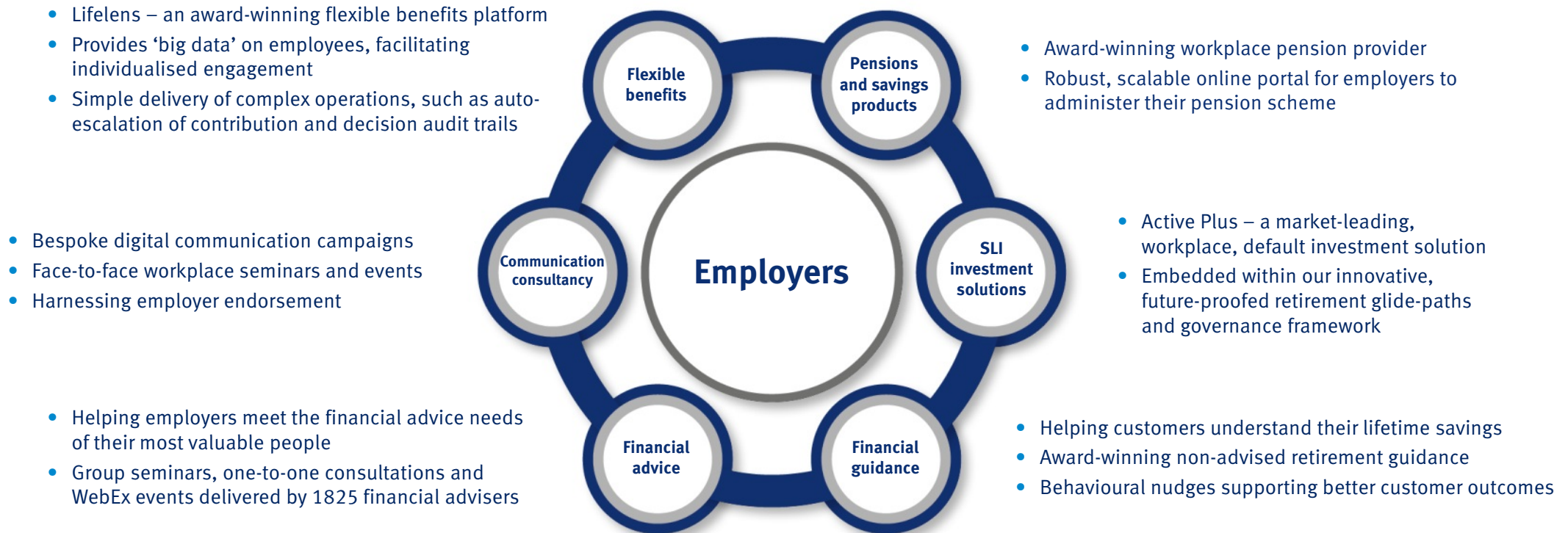
- High quality scheme administration and support
- Default investment solution that delivers the right employee outcomes

Increasingly important requirements:

- Member engagement is becoming significantly more important, as employers seek to ensure a payback on their investment
- Increased focus on delivering better individual member outcomes
- An emerging requirement to meet the more complex needs of highly paid employees

The value of the wider proposition is more important than ever

We meet the wider range of employer requirements



With a unique value proposition that supports revenue margins

We exceed the core requirements of employers ...



Best Group Pension Provider for three years running. 2016 judges' comments:

“Excellent to deal with ... a proposition that genuinely delivers for both the employer and the scheme member ... Standard was, yet again, the industry’s outstanding group pension provider.”

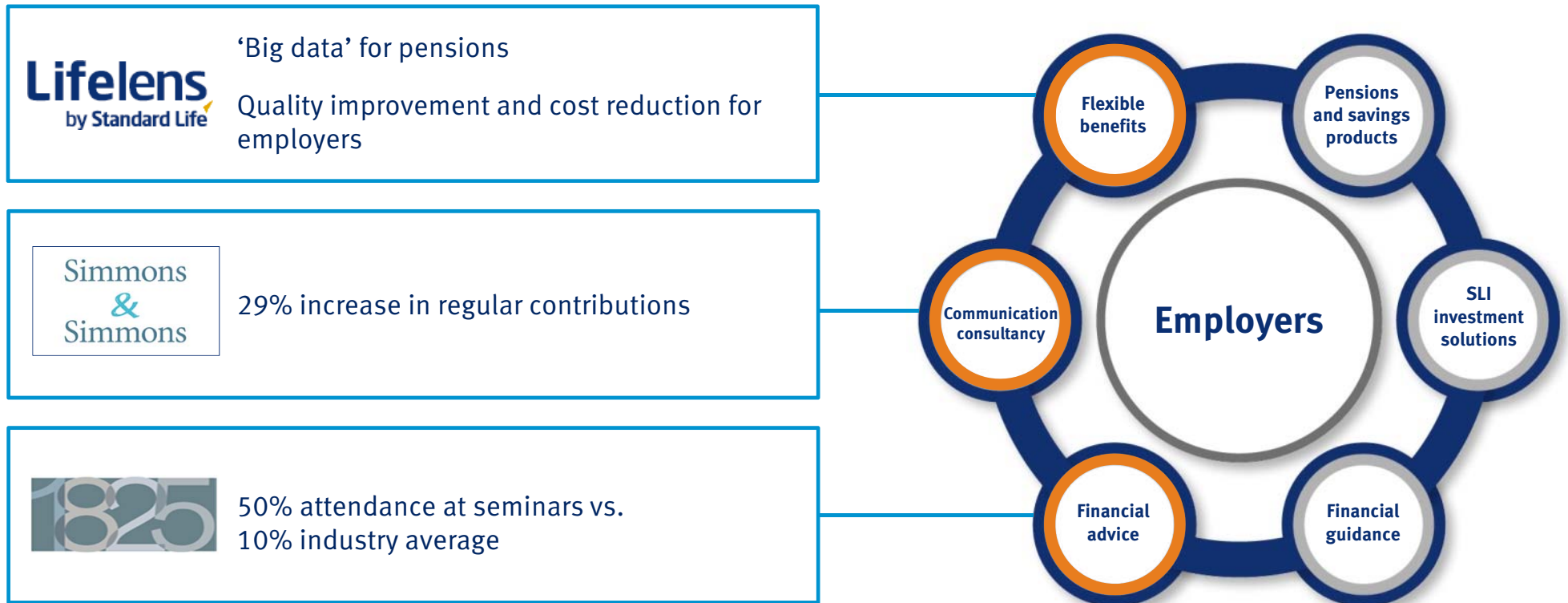


Pete Harris, director of pensions at Telent:

“We aimed to provide something that would get people to the right place.

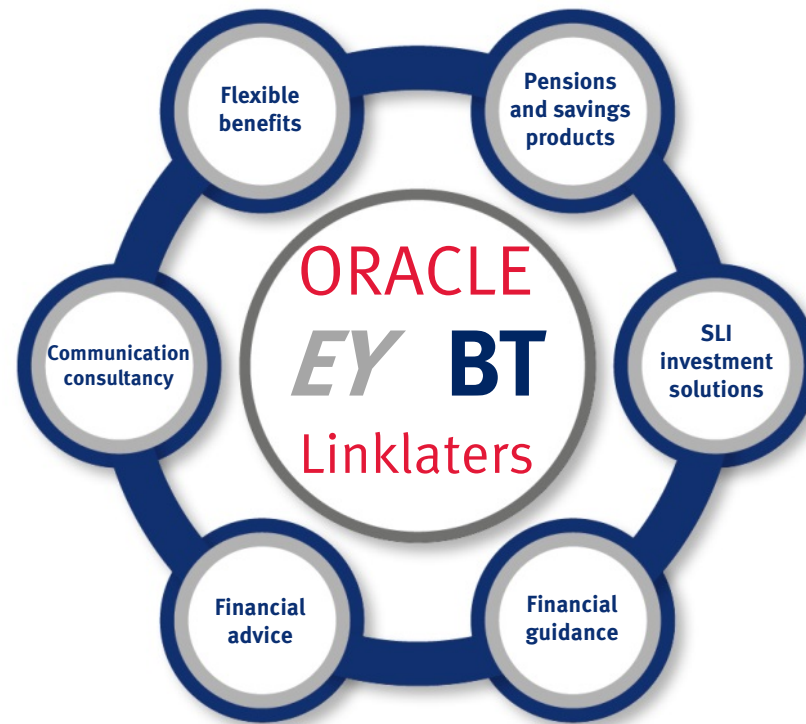
(Standard Life Active Plus) has been very beneficial with the arrival of freedom and choice.”

... and we exceed their new requirements too



With a unique value proposition that supports revenue margins

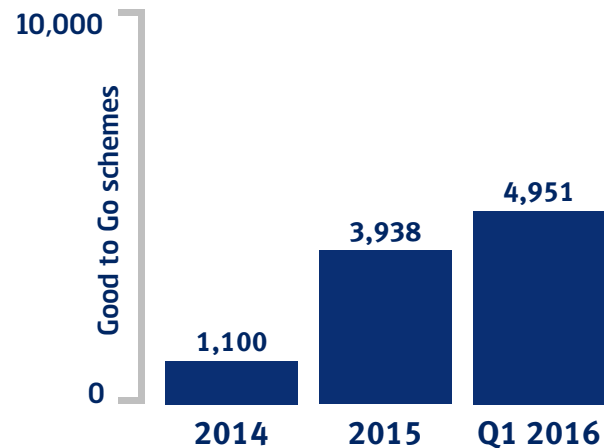
We attract high quality schemes with a high quality scheme membership



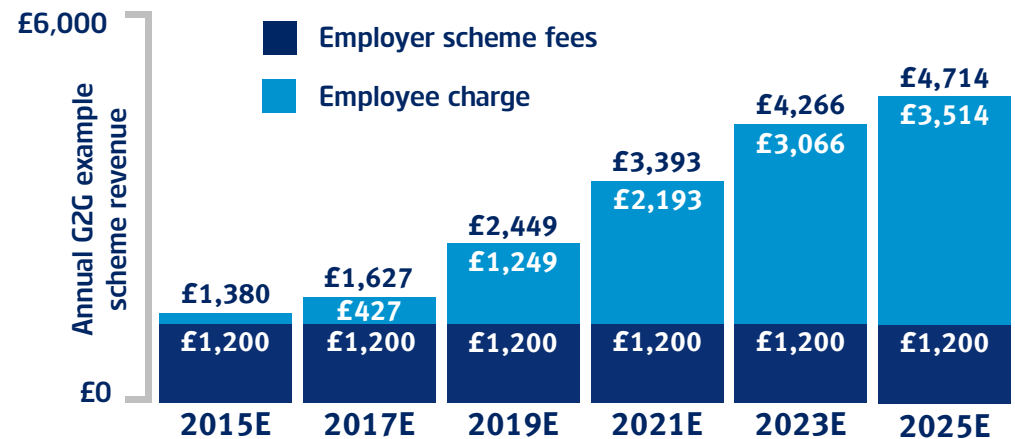
Providing our retail business with high quality customers

The same proposition works for small employers as well

High quality proposition for high quality employers ...



... with attractive economics



- Online self-serve solution with quick and easy 6 minute sign up
- Active Plus as default investment for all smaller schemes:
 - Active investment content from SLI
 - Innovative, future-proofed retirement glide-path
- Employee fee of 75bps including Active Plus default investment
- Employer fee of £100 per month
- Benefits from rise in minimum contributions
- Employee marketing rights as standard

Boosting revenue margins

Building employer advocacy

- Workplace pensions is an attractive market with structural drivers of growth
- We are a market-leader with an efficient operation
- Our highly differentiated proposition for employers will drive asset growth and stabilise revenue margin
- High quality schemes will deliver high quality customers to our Retail business

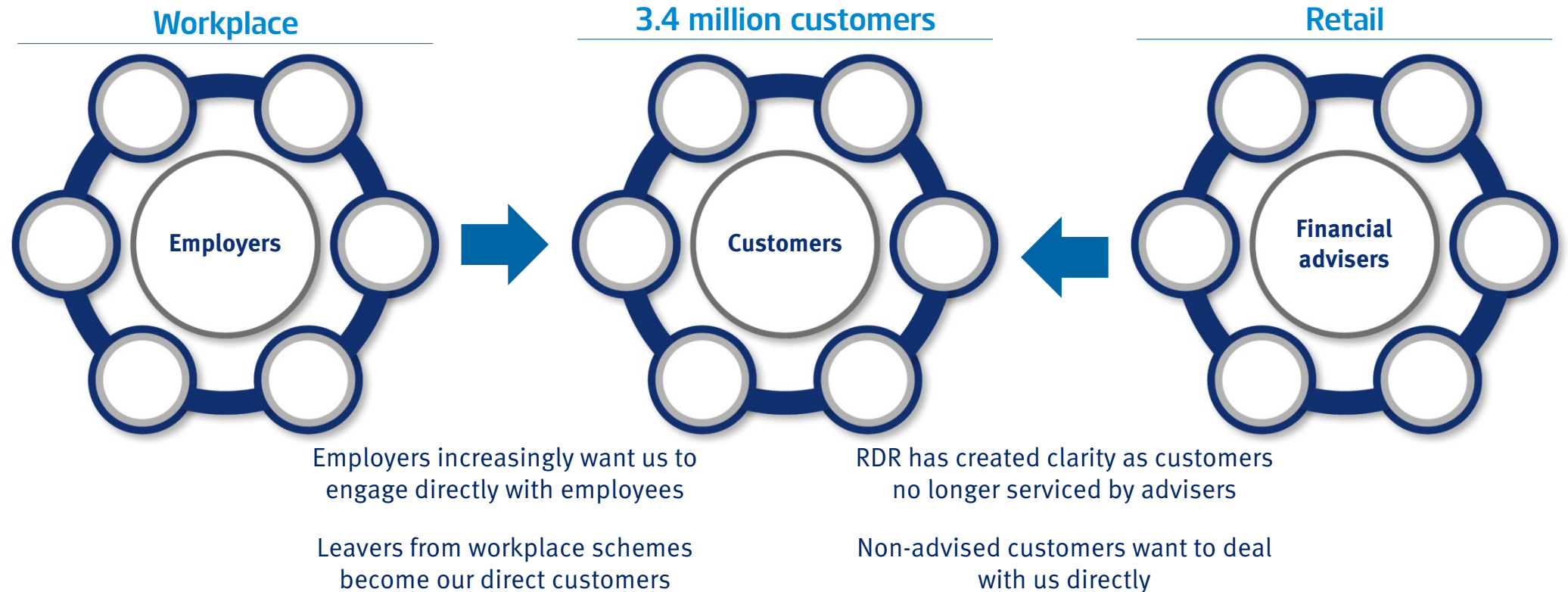
Driving profitable growth and acquiring new customers

Engaging with customers to build lasting relationships

Barry O'Dwyer, Managing Director Corporate, Retail and Wholesale,
UK and Europe Pensions and Savings

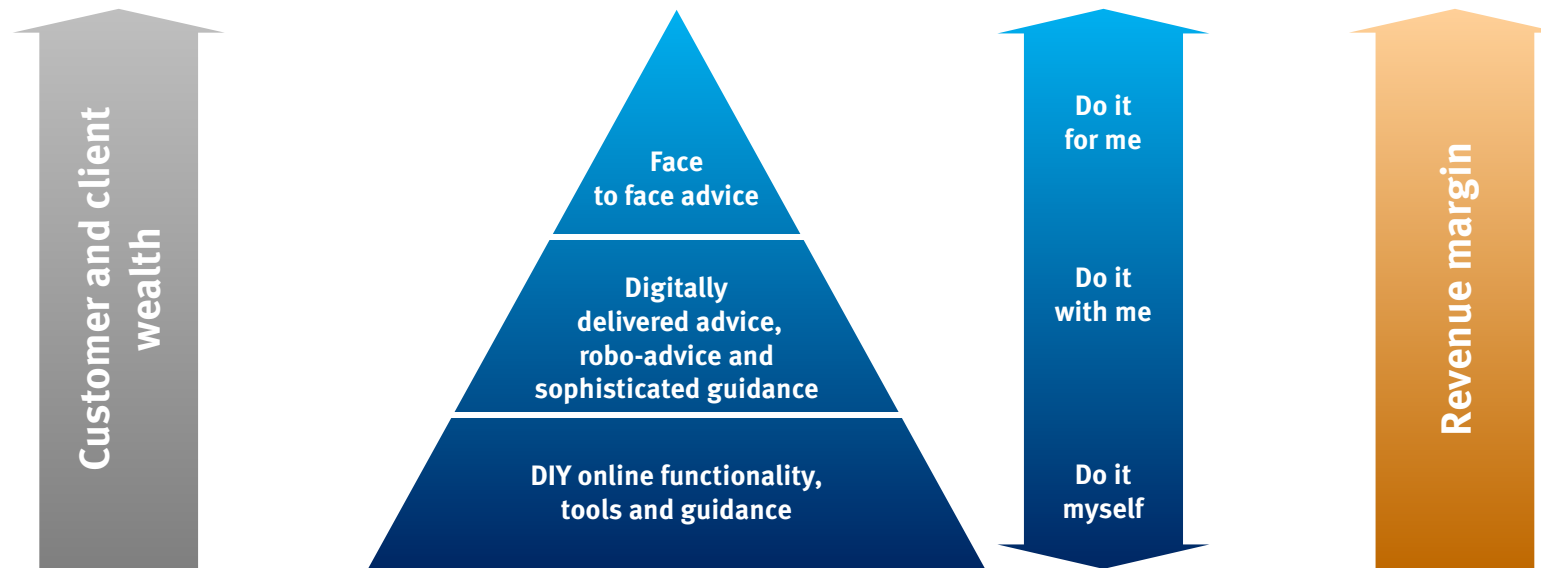
Standard Life 

Market dynamics are changing the nature of customer relationships



New opportunities to engage directly with our customers

Customers have differing needs for guidance and advice



Tailoring our engagement to customer needs to maximise efficiency and revenue margins

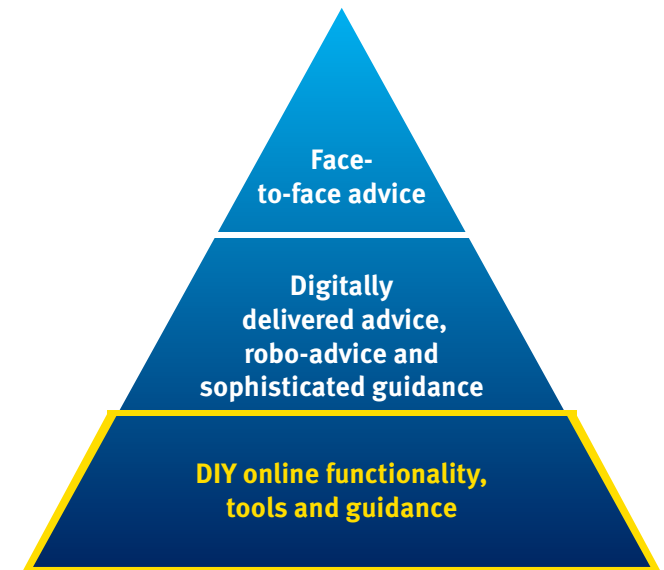
Our strong relationships with employers help us build life-long relationships with customers

Most customers join Standard Life through their workplace

- 870,000 joiners since auto enrolment began
- Very low cost of customer acquisition
- Over £6bn of assets transferred to Retail channel over last four years

Focus on high quality employers

- Employers actively promote our engagement with their employees
- Early access to younger demographic offers opportunity to meet customer needs as their wealth grows
- Building life-long relationships with higher value customers



Early access offers advantage in meeting customer needs

The power of employer advocacy with “Click to Switch”

Traditional digital marketing has limited success

- Communication, even when tailored to specific customers, is often ignored
- Industry average “action rate” is c2%

Employer endorsement can make a big difference

Case study: A world leading mobile technology company “click and switch”

- 72% of employees opened the email
- 53% of employees clicked through to find out more
- 31% of employees switched to Active Plus



Standard Life Limited time to easily switch your investments. [View this email online.](#)

3 clicks to switch 123

Pete, switch to the new default investment option

[Find out more and switch](#)

You're currently invested in an older style investment option that targets an annuity at retirement. As less than 15%* of people now buy an annuity at retirement, this may no longer be suitable if you're not planning to buy an annuity.

On the recommendation of their financial adviser, [your employer] has changed the default investment option for new members to the company pension. However, they can't do this automatically for members who are already in the pension scheme.

You'll need to take action if you want to switch into the new specially designed investment option.

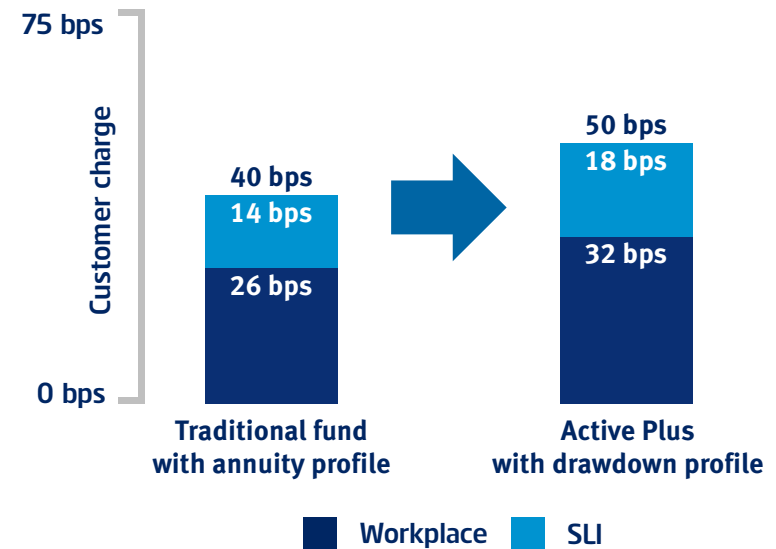
The value of employer endorsed engagement

Enabling customers to make the most of their savings

Active Plus delivering better customer outcomes ...

- Most new clients opt for our risk based investment solutions including Active Plus
- Many existing clients are upgrading to Active Plus
- However for contract based schemes the employer can only make this change for new joiners
- Opportunity to improve customer outcomes and increase margins

... and at higher margins



While improving margins in pensions and savings and SLI

Technology can help to bridge the gap between face to face advice and DIY

What is thought of as robo-advice is fairly limited

- Usually risk-based funds and model portfolios
- We have offered MyFolio risk-based funds and risk profiler for over 5 years

Digitally delivered advice needs to address genuine advice needs of customers to bridge the “advice gap”

- Automate routine aspects of face to face advice and common problems
- Use technology including online video and automated chat to bring advisers closer to customers and clients
- Delivering scalable sophisticated guidance and advice



Enhancing engagement with customers and margin opportunity

Guiding our customers through their retirement journey

Make your retirement action plan in three steps

- Quickly see what your pension can do for you
- Get a free personalised report on your options
- When you're ready access your pension online for free

[Explore my options](#)

Information about email capture

Want to learn the basics first? Try our interactive Retirement Pathfinder.

Retirement pathfinder

Cash options
See what happens if you withdraw cash from your pension pot

Income options
See how long an income from your pension pot could last

Cash & income options
See what happens if you do both

If you withdraw: £15,000

£9,688 Tax-free cash

Your remaining pot: £23,752

Your withdrawal: **£15,000**

Estimated tax: **£1,063**

Amount after tax: **£13,937**

Want a more accurate estimate of the tax you'll be due to pay? [Show me](#)

Smart ways to pay less tax:

- Take tax free cash from other pensions if you have them. Include another pension in the chart to see what difference this makes
- Try splitting your withdrawal over different tax years
- Take your withdrawal later when your income is lower

Bear in mind taking more than your tax-free cash will normally reduce the amount that can be contributed to this or any other pension without attracting a tax charge.

This information is based on our understanding of laws and tax rules applying from March 2016. Remember that your investments can go up and down and you may not get back what you put in.

With a total pension pot of £38,752, you could:

Take a cash sum of: **£9,688** [edit](#)

Then set up flexible income of: **£77 / month** [edit](#)

Which leaves you with:

- This will be taken from your tax-free amount, so you'll have no tax to pay
- Could last until about age 90 based on a low growth rate. This will depend on how your investments perform, based on using £29,064 of your pension.
- What's left will depend on the cash and income you take, and how your investments perform.

[Explore with your real figures](#)

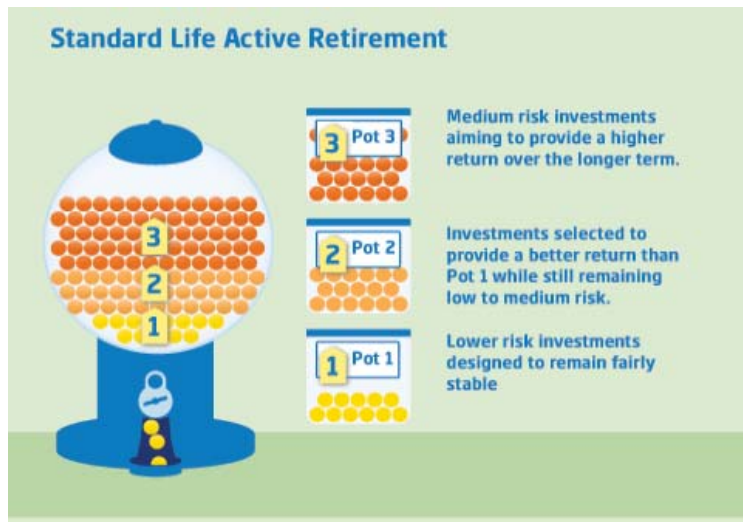
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Our award winning retirement journey meeting the challenge of pension freedoms

- Large pent-up demand on going live in April 2015
- We needed a scalable automated process for customers looking to access their pensions
- Used “gamification” theory to help customers explore options before making their decisions

Providing scalable online solution to a complex problem

Creating an automated investment solution with SLI making investment in retirement easy



- Standard Life Active Retirement is our ready-made investment solution for flexible drawdown
- Designed to help balance the need to withdraw money to live on with the need for it to last
- Funds are automatically split across three pots so customers have a mix of lower risk and growth investments
- While customers spend money from the lower risk pots (pots 1 and 2) pot 3 has more opportunity to grow
- Already attracted over £250m of AUM

Meeting customer needs while increasing assets managed by SLI

A great experience for our customers

“This was by far the easiest access to a pension/pension pot and the process was so simple to follow. Well done.”

“We have several pensions with different companies and Standard Life is by far the best and easiest to use.”

“I completed the whole exercise online at Standard Life while I was on hold to another provider; and still have to do further paperwork with them. Your online approach was fantastic.”

- 39,000 customers have used our digital retirement journey to date
- 8,700 customers transacted with us in the first month of pensions freedoms – c3 times normal demand
- Achieving unprecedented customer satisfaction scores – 92% would recommend to a friend
- While saving an estimated 68,000 man hours

Delivered efficiently and benefiting revenue margins

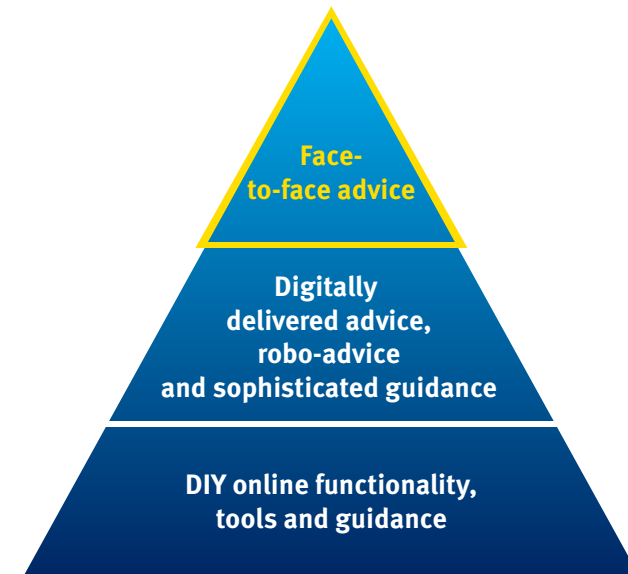


1825 building a UK-wide advice business to meet the growing need for advice

Controlled build out accelerated through acquisitions of leading adviser firms

- 4 acquisitions since February 2015
- Regional offices now in Scotland, North of England, London and East Anglia
- 70 financial planners, 9,400 clients and £3bn of assets
- Academy launched to support future growth

Opportunity to leverage other capabilities



Enhancing engagement with customers and margin opportunity

Leading the UK pensions and savings market

- We have a business with scale and momentum
- Competitively positioned in growing markets
- Exceeding the needs of gatekeepers to grow high value customer numbers and strengthen margins:
 - Advisers: powering successful adviser businesses
 - Employers: building employer advocacy
- New opportunities to increase customer engagement to maximise revenue across the value chain

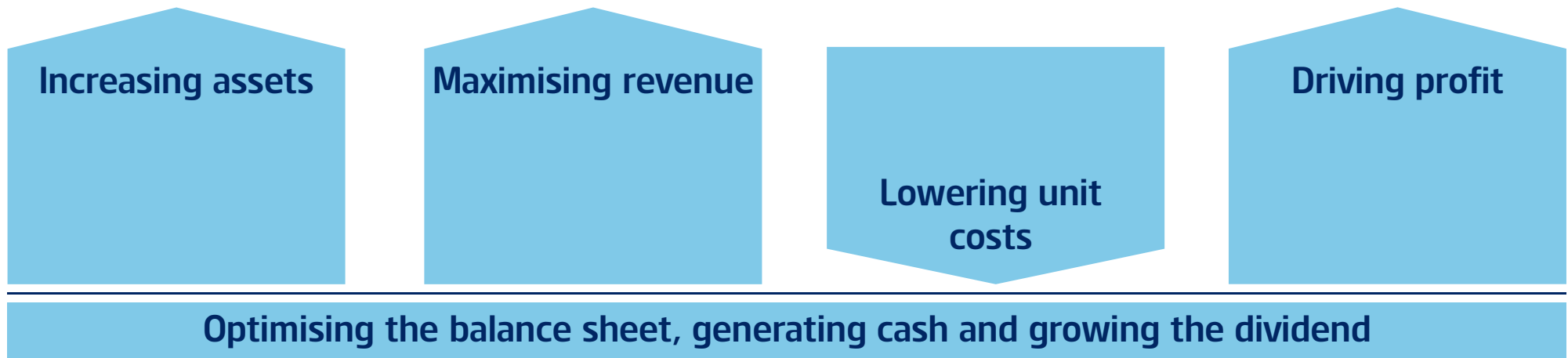
Unlocking the potential of our careful positioning

Ongoing focus on improving efficiency

Luke Savage, Chief Financial Officer

Standard Life 

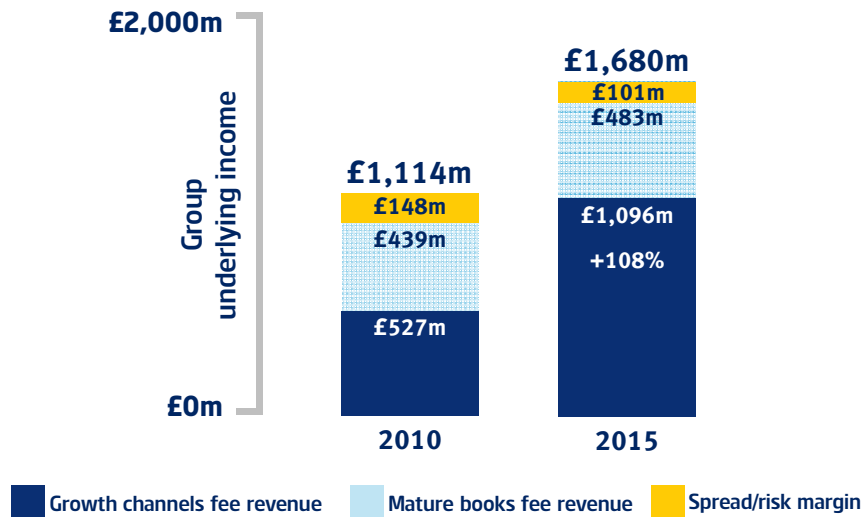
We have a simple and consistent business model ...



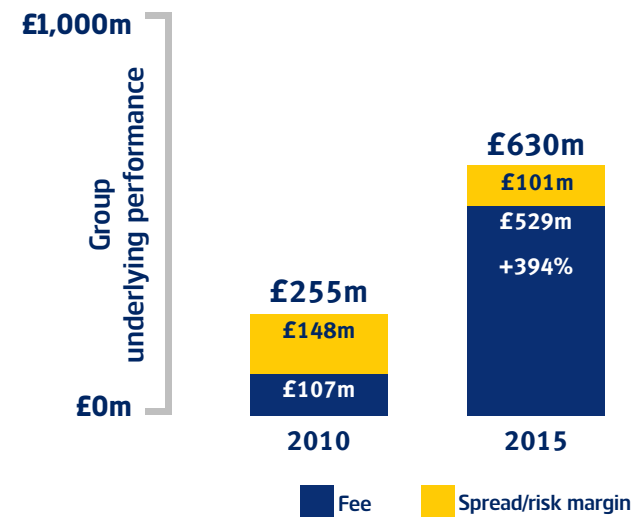
- Highly scalable fee based business
- Expanding our investment capabilities and global reach with cost discipline
- Pensions and savings business with scalability built in
- Focused on driving further efficiencies

... that has delivered strong revenue and profit growth ...

Group underlying income



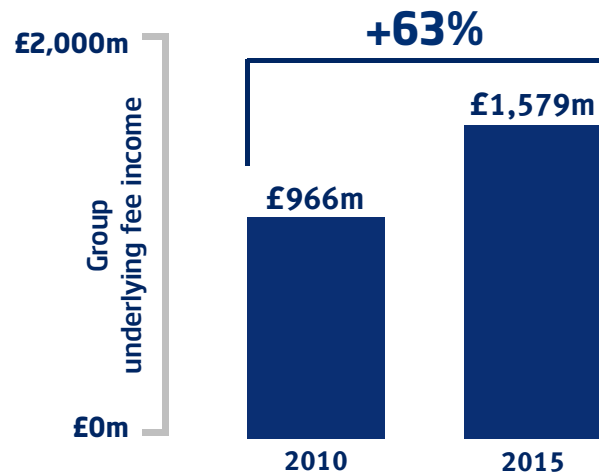
Group underlying performance



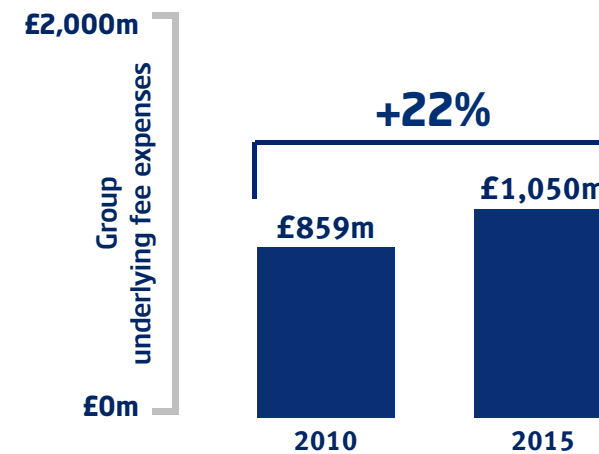
All figures are reported on a continuing operations basis.

... by leveraging the scalability of our fee business ...

Group underlying fee income



Group underlying fee expenses

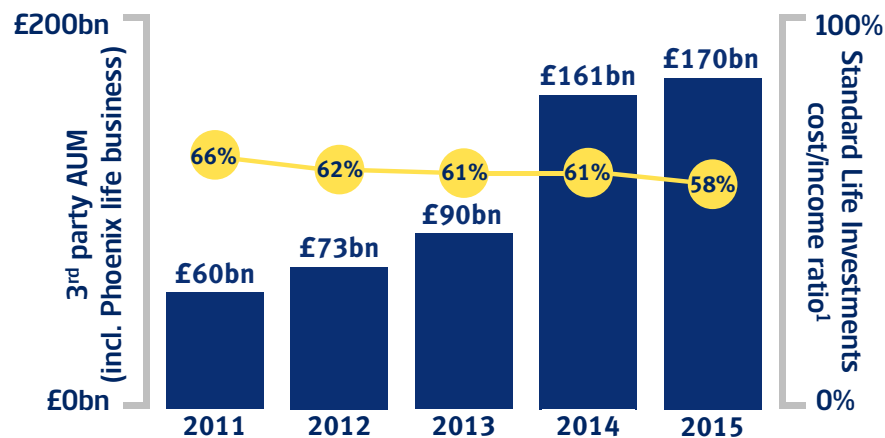


... while continuing to invest for growth

All figures are reported on a continuing operations basis.

SLI: Ongoing investment to support global growth ...

Growing investments business while managing costs



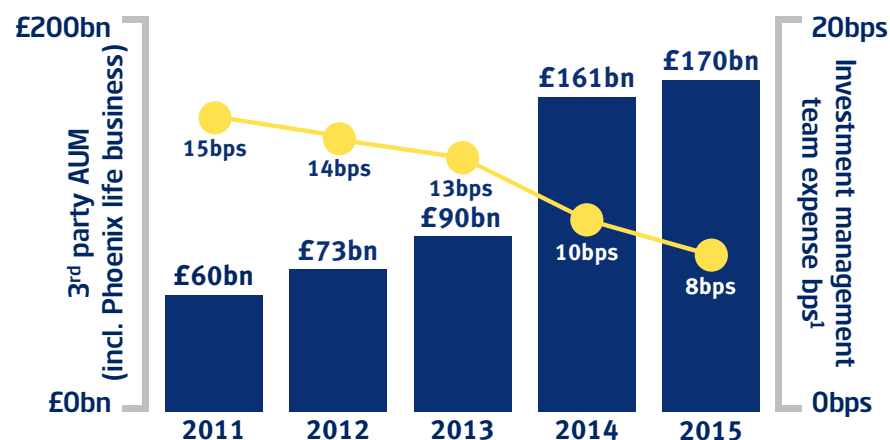
- Broadening and deepening our investment capabilities
- Globalising our distribution capability
- Investing in our operating platform to support ongoing growth
- Ignis integration on track to achieve annualised savings of £50m

... with focus on driving efficiencies

1. 100% less EBITDA margin.

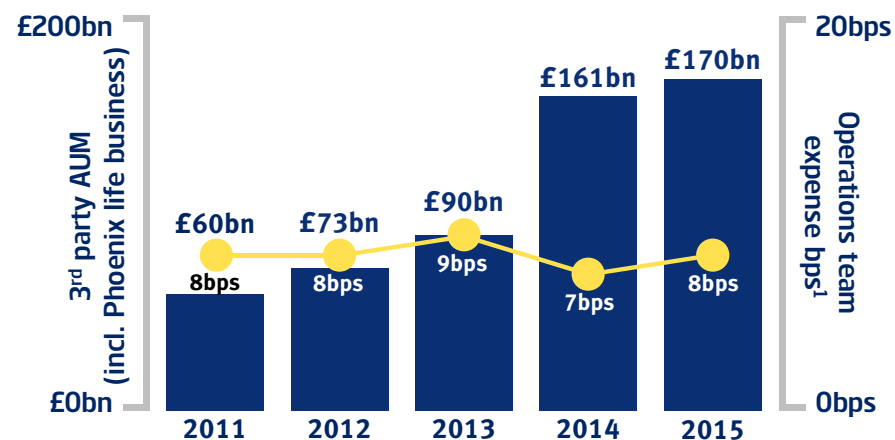
SLI: Our investment manufacturing and our operations are already benefiting from efficiencies ...

Broadening investment capabilities and delivering efficiencies



- Significantly expanded capabilities with >50 new funds launched in last 5 years
- 3rd party AUM has almost trebled to £170bn with FTEs up 55% to 420

Operations benefiting from one global platform

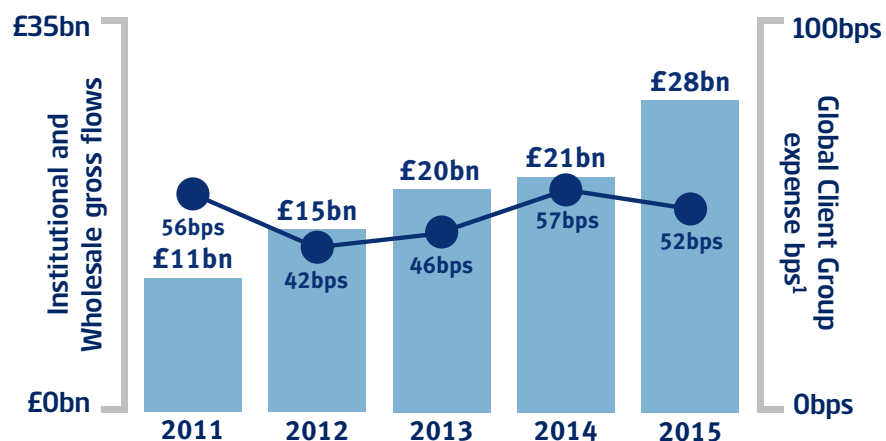


- Operational demand has increased significantly:
 - 3rd party AUM up 183%
 - Number of OTC valuations has almost trebled
 - c300% increase in client and fund reports produced

1. Expressed as a proportion of average 3rd party AUM.

SLI: ... while we continue expanding our global distribution capability ...

Investment in our global distribution is driving growth in flows



- Fast growing and increasingly international client base – 2,500 institutional clients (2011: 2,100)
- Presence in 27 cities worldwide (2011: 14 cities)
- Increased number of FTEs to 390 (2011: 200 FTEs)

... to capitalise on global growth opportunities

1. Total Global Client Group operating expenses expressed as a proportion of Institutional and Wholesale gross flows.

SLI: We have built a flexible operating model to support global growth ambitions

Complex infrastructure at end of life

- Technology dated and inflexible – expensive to maintain
- Few benefits from scale
- Limited client interaction



Scalable global operating platform

- A single core global operating platform
- Simplified platform architecture reducing ongoing maintenance costs
- Flexible technology reduces the cost of change
- Faster speed to market for new products

2010

AUM £138bn

280,000 investment management trades

1,800 institutional clients

5,000 client and fund reports produced

2015

AUM £253bn

490,000 investment management trades

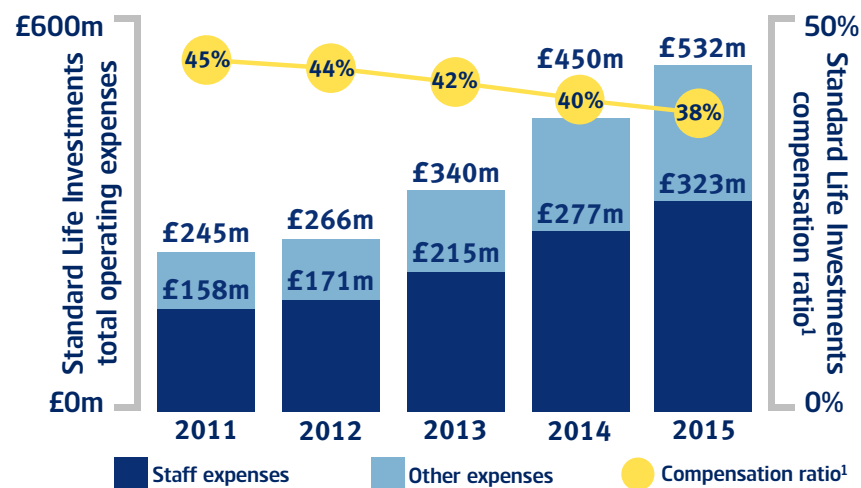
2,500 institutional clients

20,000 client and fund reports produced

**An investments platform that is now modern, adaptable,
flexible, robust and scalable**

SLI: Maintaining flexibility in our cost base ...

Compensation ratio reflects our improved efficiency



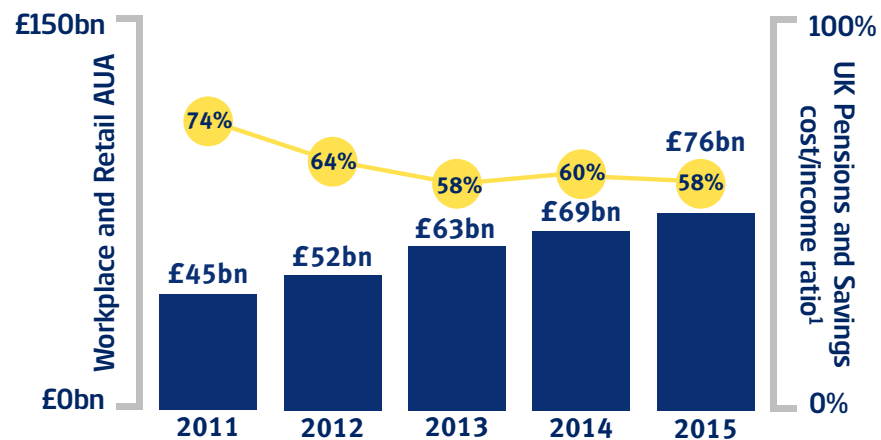
- Growth in total expenses includes acquisitions of Ignis and private client division of Newton
- Reduction in compensation ratio is helped by successful integration of Ignis
- Approximately half of staff expenses are variable
- Ability to flex reinvestment in our business

... to provide resilience in difficult market conditions

1. Total staff compensation and benefits from continuing operations divided by fee revenue from continuing operations.

Pensions and Savings: A track record of operational leverage ...

Highly scalable Workplace and Retail business

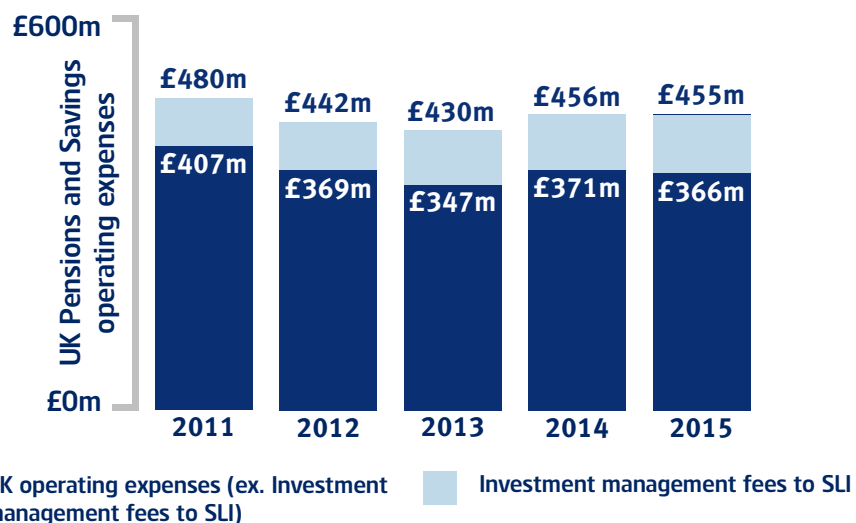


- Benefiting from investment in technology
- Scalable Workplace and Retail platforms
- Focusing on managing absolute costs to drive unit cost efficiencies

¹.Excluding investment fees paid to SLI.

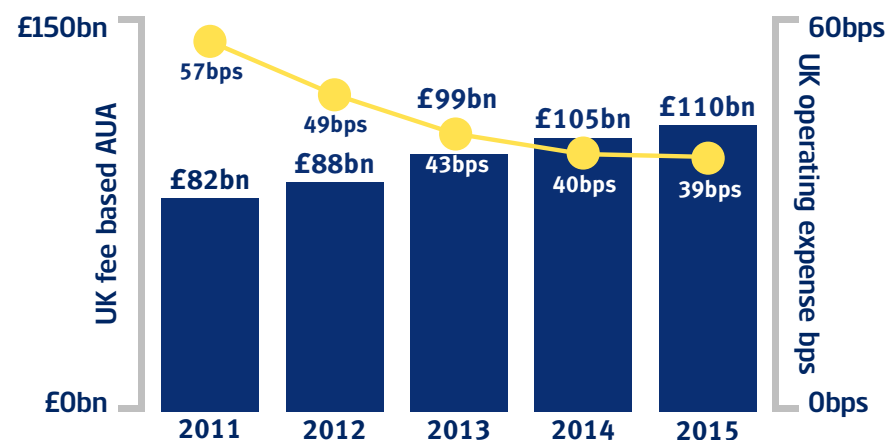
Pensions and Savings: ... benefiting from a predominantly fixed cost base

We have a largely fixed cost base...



Our cost base has remained broadly flat over the last 5 years despite significant change in our industry

...with growth in AUA driving reduction in unit costs



Scope for further reduction in unit costs as our business continues to grow

Scalability built in as standard

Pensions and Savings: Opportunities to drive further efficiencies in Customer Operations ...

Modernising 20 year old workflow and call routing systems

- Reduces cost of maintaining out-of-support systems
- Creates capacity without increasing FTEs

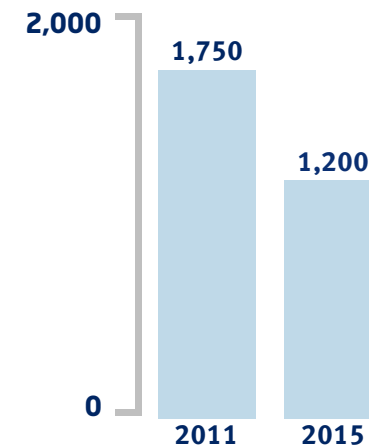
Streamlining existing processes

- Reduces number of core customer processes from 1,222 procedures to c150
- Intelligent call routing reduces number of phone lines required

Increasing automation and straight-through processing to create capacity

- Eliminates manual processes and provides greater access to self-service channels
- Automated transaction tracker for advisers reduces manual resource demand

UK Customer Operations FTEs



... to support future growth

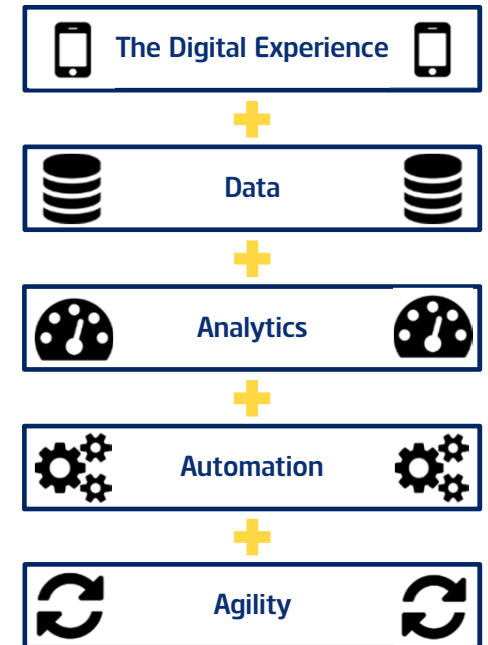
Pensions and Savings: Modernising our IT architecture to deliver further efficiencies ...

Our newer technology is flexible and highly scalable but our legacy systems are inflexible and expensive to maintain

- While we have one set of systems some date back to 1970s
- Specialist support is scarce and expensive (uses assembly language)
- Maintaining this technology is costly

Evolving our IT reduces ongoing costs and increases scalability

- Re-platforming to modern languages that are easy to update and maintain
- Vast majority of costs to upgrade are already included in our expense base
- New technology is highly scalable supporting sustainable growth
- Increases ability to adapt to regulatory change – for example RDR IT implementation would have cost us c1/4 of £25m spent in 2011/12 once re-platforming is complete



... and increase scalability

Ongoing focus on improving efficiency ...

- Highly scalable fee based business
- Ongoing investment to support global growth in SLI
- Flexibility in SLI's cost base provides resilience in difficult market conditions
- Largely fixed cost base in UK Pensions and Savings
- Ongoing initiatives to remove absolute costs and drive further efficiencies

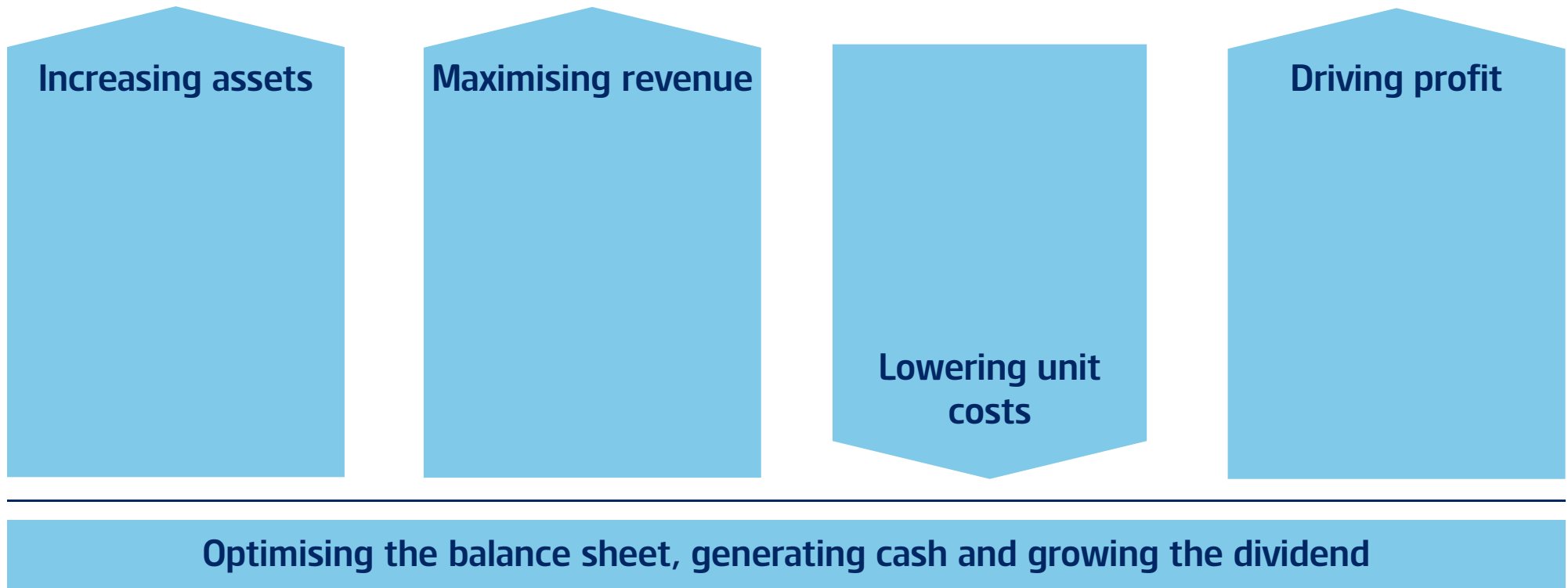
... to support sustainable growth

Building a simplified and well diversified investment company

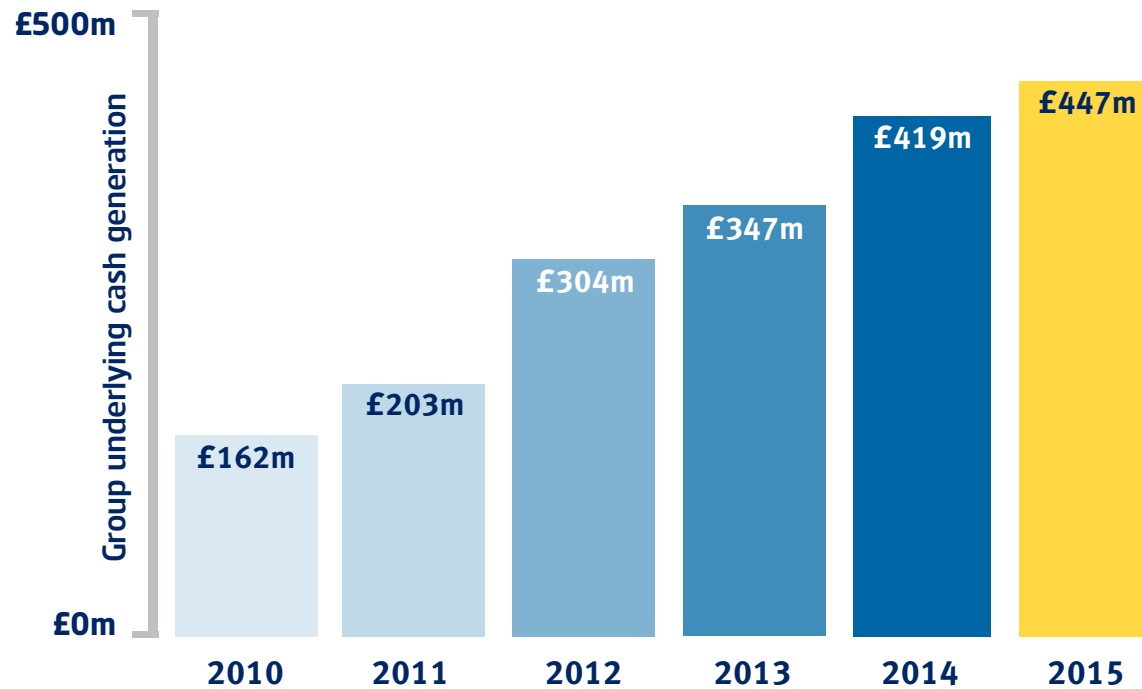
Keith Skeoch, Chief Executive

Standard Life 

Our simple business model continues to serve us well

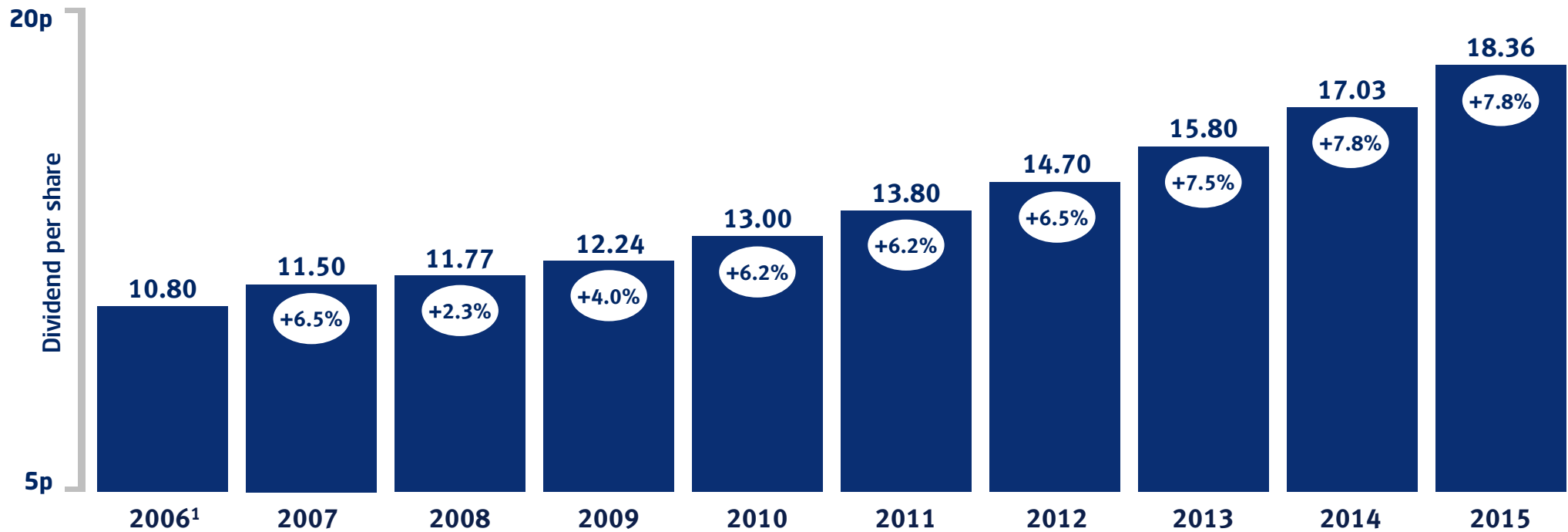


Profits driving underlying cash generation



All figures are reported on a continuing operations basis.

Progressive dividend policy



Growing our dividend

1. Implied final dividend based on 5.40p dividend for period from demutualisation to 31 December 2006.

Building a simplified and well diversified investment company

- We have a range of proven investment solutions to meet the needs of clients in a shifting investment landscape
- Track record of consistently strong long-term investment performance
- Expanding global reach of Standard Life Investments and diversifying by geography, client type, asset class and client need
- Leading the UK pensions and savings market and leveraging the potential of our careful positioning
- Highly scalable fee based business with ongoing focus on improving efficiency
- Growing sustainable business supporting our progressive dividend policy

Bringing together best-in-class investment management with global distribution and leading position in UK pensions and savings

2016 Capital Markets Day

**Building a simplified and well diversified
investment company**

Standard Life 