

# Vitality Invest

4 June 2019





SA COMPOSITE MODEL



UK COMPOSITE MODEL



PARTNER COMPOSITE MODEL



WORLD'S LARGEST BEHAVIOURAL PLATFORM LINKED TO FINANCIAL SERVICES





## Impacting an increasing number of lives globally



**19** markets  
**17.8m** lives

Successful launch into Japanese and South Korean markets

## Partnering with leading international insurers



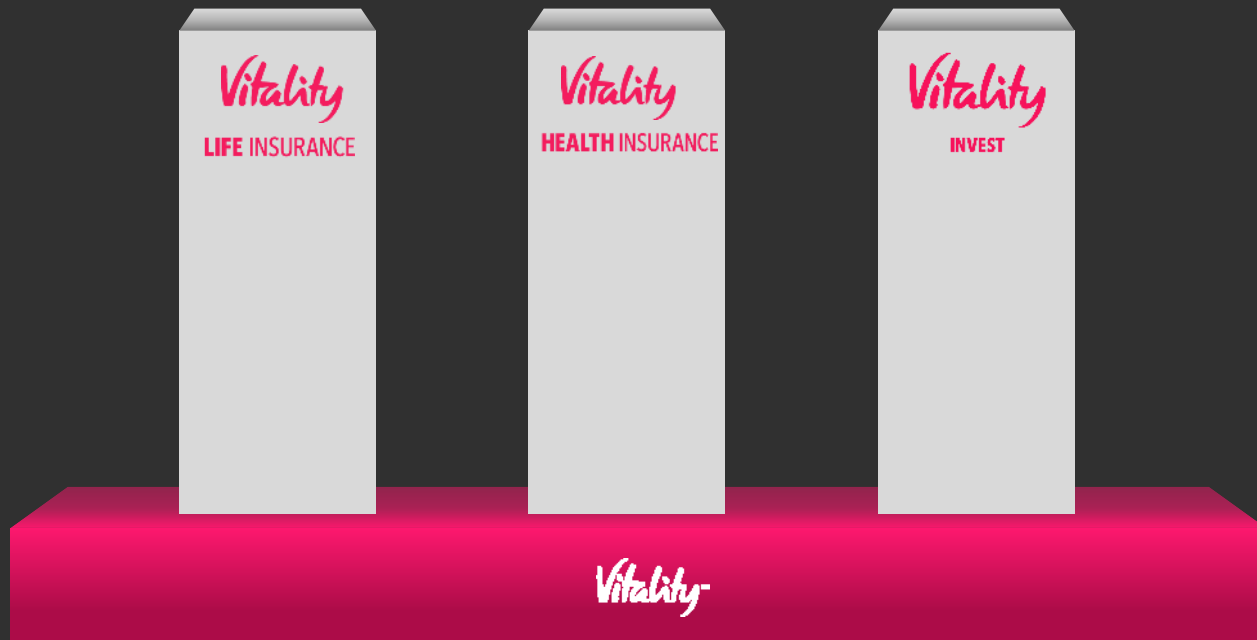
## Paving the way through intellectual leadership



Validity™ Pledge

**100m** people  
**20%** more active by **2025**

# Extending the Vitality platform to investments



1

People are living longer

2

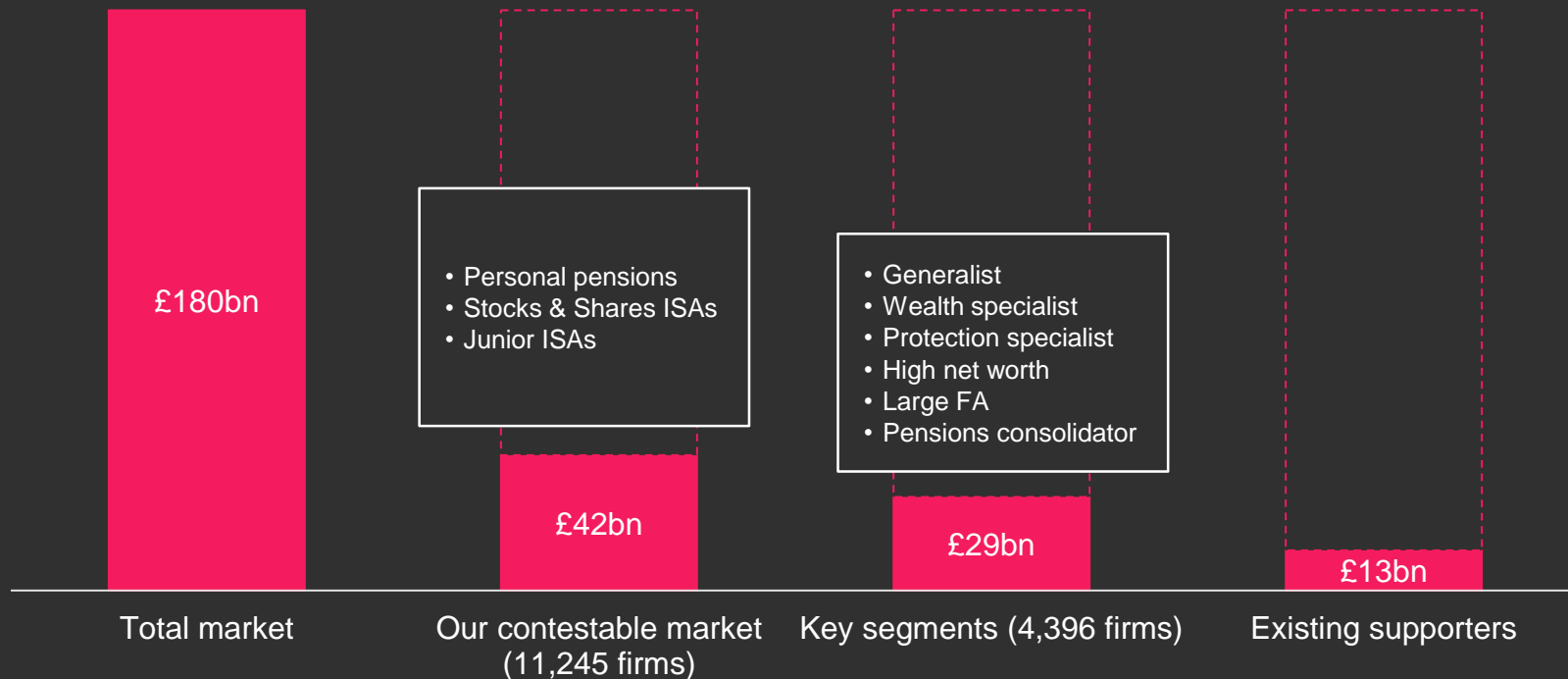
People are not saving enough in today's environment

3

Existing products are not addressing the issues in society today

How do we live healthier and fund a longer retirement?

# Opportunity presented by the UK investment market



# Increased distribution footprint

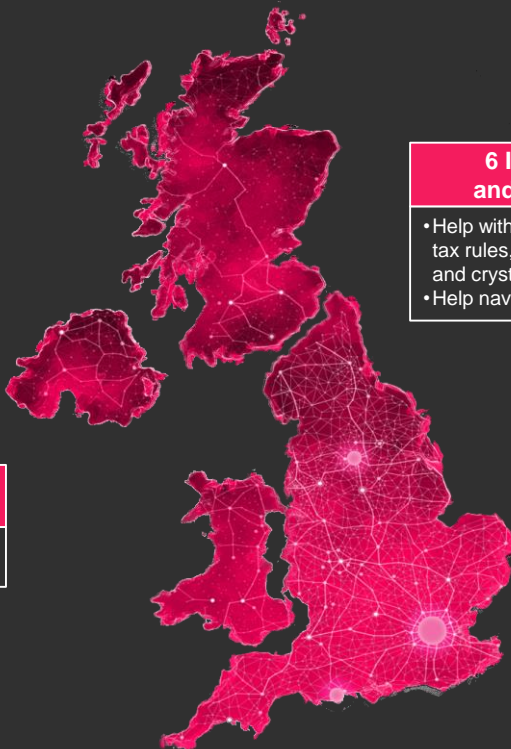
## Expanded distribution support

### Over 200 UK-wide Business Consultants

- Largest distribution footprint in the UK
- Face-to-face, telephonically or online

### 24 Regional Teams

- Wide geographic coverage throughout the UK



## New initiatives to support VitalityInvest

### 6 Invest Specialists and Technical experts

- Help with complexities of legislation, tax rules, trusts, pension transfers and crystallisation events
- Help navigate our products and funds

### 30 Wealth Business Consultants

- Dedicated support focused on Invest products

### Dedicated service consultants

- Provide real-time updates on new business and pension transfers
- Help with servicing issues
- 1<sup>st</sup> point of contact for adviser hub support

# The rationale for VitalityInvest





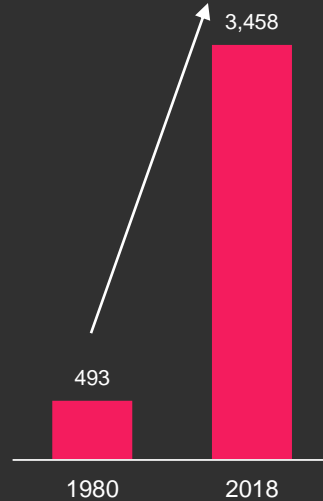
# Key trends shaping the agenda on long term savings and retirement



Increased choice at reducing costs

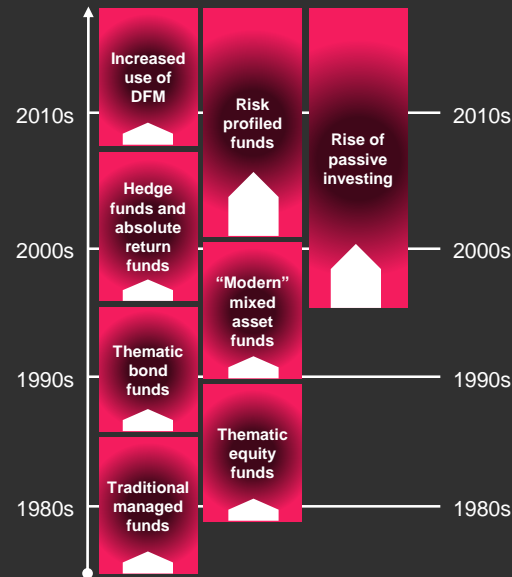
## Increased choice

Authorised funds



## Increased sophistication

Fund innovation



## Reduced costs

Asset weighted expense ratios

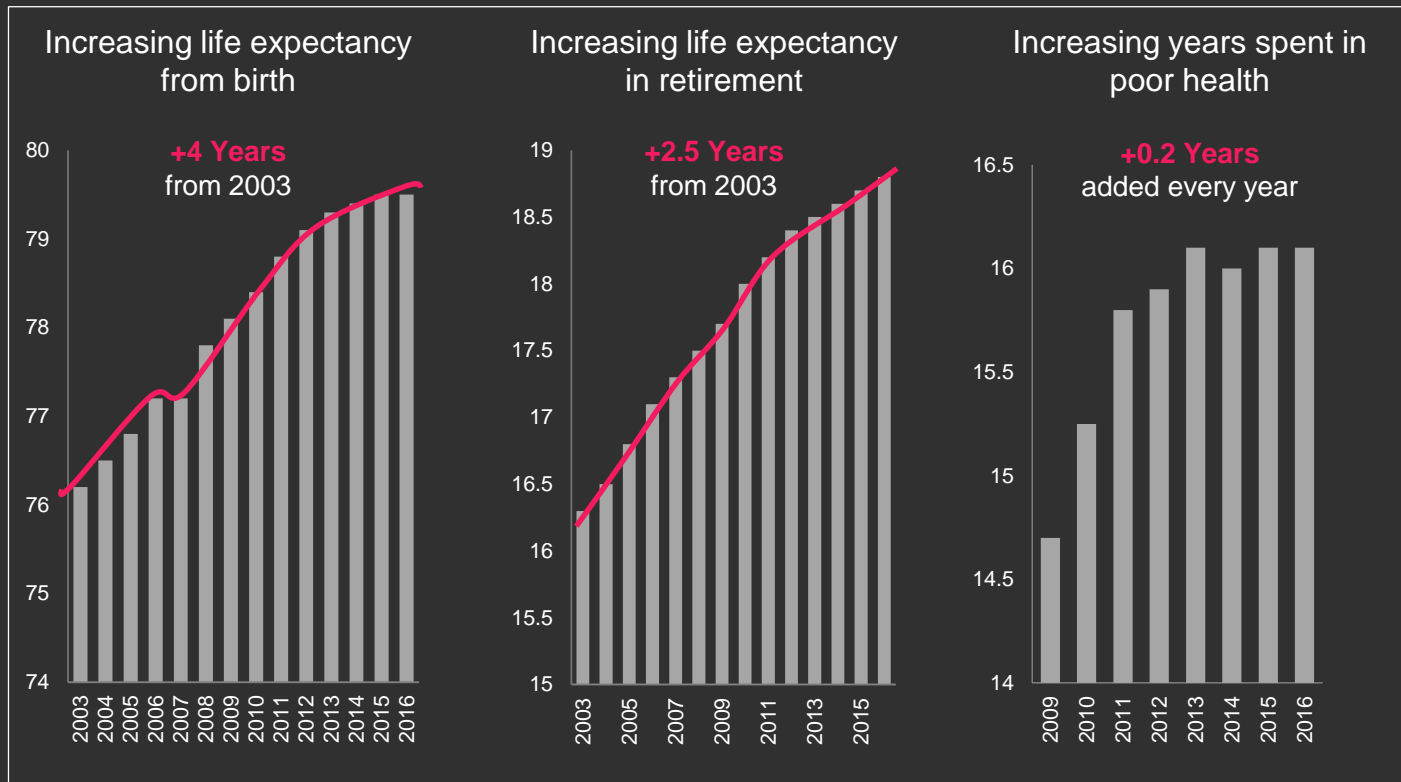


Sources: Investment Association, Morningstar Inc

# Key trends shaping the agenda on long term savings and retirement



People are living longer, but also longer in poor health



Source: Office of National Statistics

# Key trends shaping the agenda on long term savings and retirement

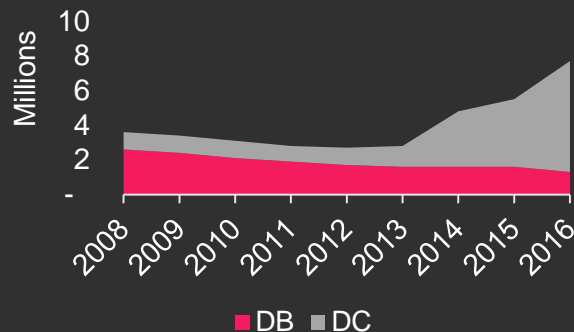
INDIVIDUAL RESPONSIBILITY



DC members are saving less than half of DB contribution rates

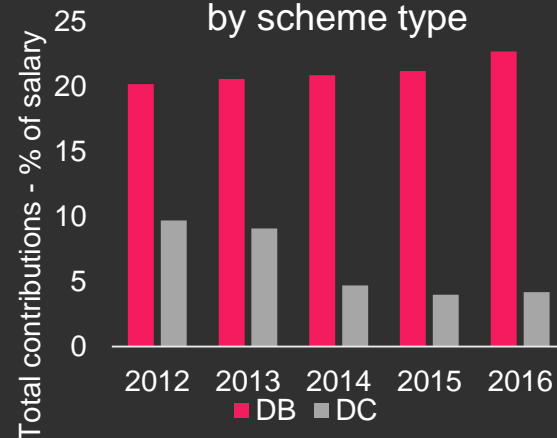
Shifts from DB to DC schemes

Active membership of private sector occupational pension schemes



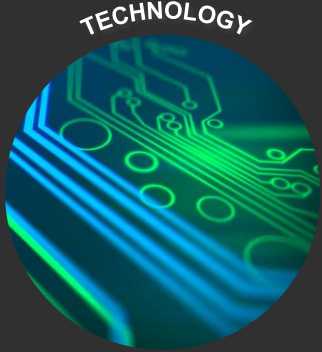
Significantly lower savings into DC schemes

Average contribution rates by scheme type



Sources: Office for National Statistics, PPF Purple Book

# Key trends shaping the agenda on long term savings and retirement



Technology has not been applied to individual life expectancy

Technology is driving increasing personalisation

Recommendation algorithms



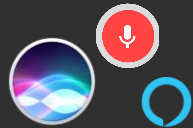
Wearable devices



Real-time navigation



Smart voice assistants

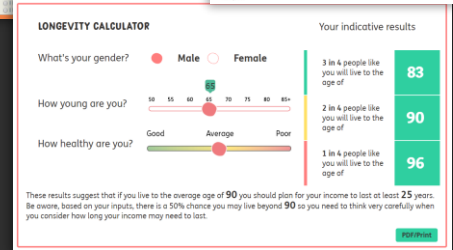


amazon alexa

Targeted advertising



Yet, financial planning tools still take a blunt approach to incorporating life expectancy



A behavioural platform to incentivise positive health and savings behaviours



**BEHAVIOURAL  
WELLNESS  
PLATFORM**

**SAVE SOONER,  
MORE AND FOR  
LONGER**

**STAY  
HEALTHY**

**MANAGE HEALTH  
AND WEALTH IN  
RETIREMENT**

## The Investment Booster – Save sooner, more and for longer

Get a boost of up to 15% to your savings, including growth, at no extra cost

Years	Boost	Cumulative boosts
5	2%	2%
10	2.5%	4.5%
15	3%	7.7%
20	3.5%	11.1%
25	4%	15.9%
30	4%	21%

- Receive a boost to money invested in Vitality funds, every 5 years
- Boosts compound over time
- Future contributions will also receive boosts every 5 years

## The Healthy Living Discount – Stay healthy

Get a product charge of zero if you take care of your health

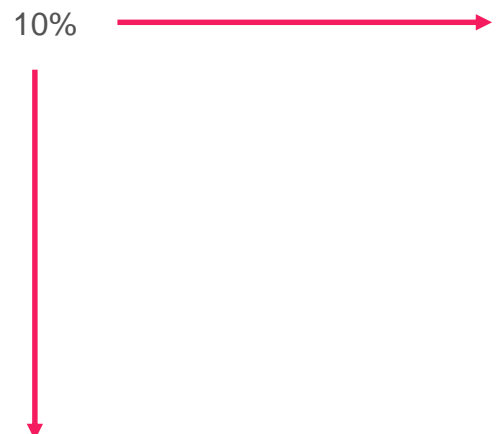
Investment	Charge structure				
	No Vitality	Bronze	Silver	Gold	Platinum
<£30k	0.5%	0.5%	0.4%	0.25%	0%
£30-75k	0.4%	0.4%	0.3%	0.2%	0%
£75-250k	0.3%	0.3%	0.25%	0.15%	0%
£250k-500k	0.2%	0.2%	0.15%	0.1%	0%
£500k+	0.15%	0.15%	0.1%	0.05%	0%

- Pay a discounted product charge, based on Vitality status, for money invested in Vitality funds

## The Retirement Booster – Manage health and wealth in retirement

Get a boost of up to 50% of income drawn, based on Vitality status and level of drawdown

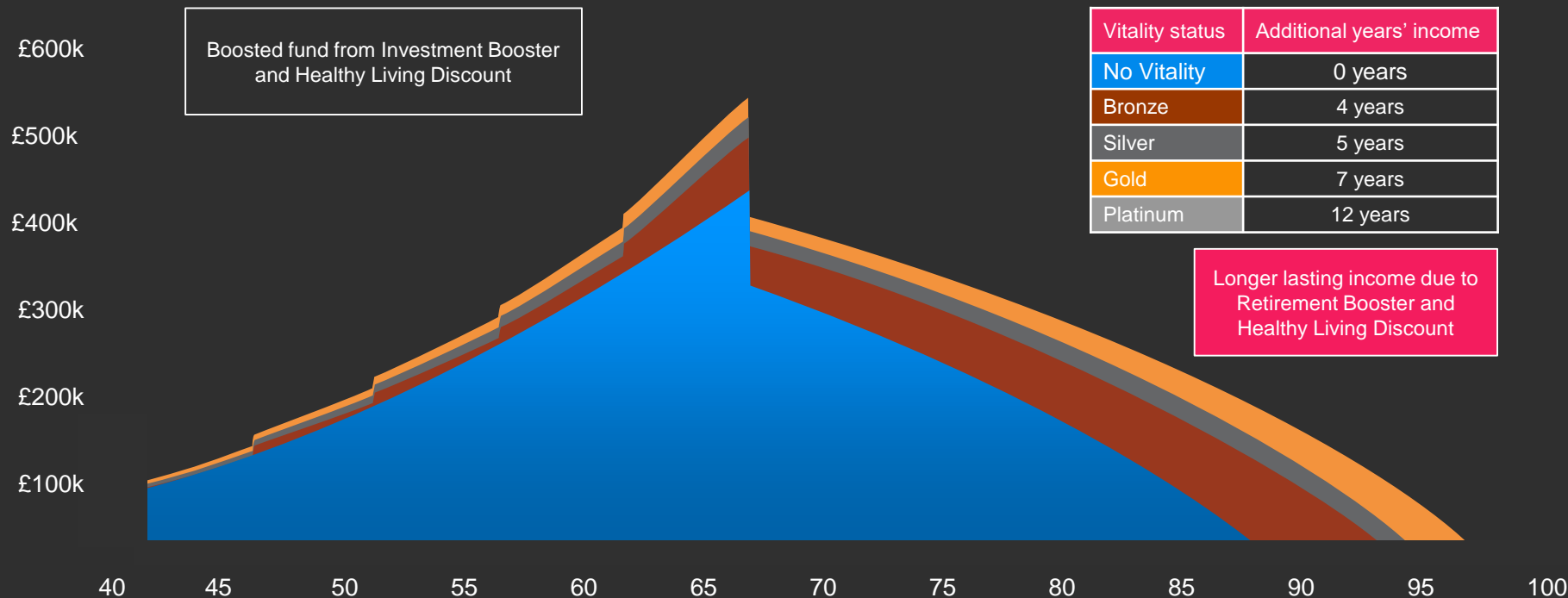
Withdrawal prior year	Boost as proportion of income taken			
	Bronze	Silver	Gold	Platinum
0 - ≤1%	10%			50%
1 - ≤2%				
2 - ≤3%				
3 - ≤4%				
4 - ≤5%				
5 - ≤6%				
6 - ≤7%				
7 - ≤8%				
>8%	0%			



- Annual boost based on amount of income draw down and Vitality status
- The boost is applied to money invested in Vitality funds
- Free-standing Vitality is available in drawdown



# Combined these unique benefits can extend your retirement income by over 10 years



Assumptions:  
 Initial investment at age 40: £100k; Regular contributions: £6k p.a. (incl. tax relief); Retirement age: 65; Takes 25% as a tax-free lump sum; Draws £2k a month until pot runs out; Holds eligible policy and maintains Vitality status throughout; Annual growth = 4%

A sophisticated product construct underpinned by technology and leading asset managers



<b>BEHAVIOURAL WELLNESS PLATFORM</b>	<b>SAVE SOONER, MORE AND FOR LONGER</b>	<b>STAY HEALTHY</b>	<b>MANAGE HEALTH AND WEALTH IN RETIREMENT</b>
<b>PRODUCTS</b>	<b>S&amp;S ISA</b>	<b>JUNIOR ISA</b>	<b>RETIREMENT PLAN</b> Accumulation and drawdown
<b>TECHNOLOGY PLATFORM</b>	<b>PERSONALISED LIFE EXPECTANCY</b>	<b>PERSONALISED SAVINGS ROADMAP</b>	<b>ADVISER HUB</b>
<b>ASSET MANAGEMENT</b>	<b>VITALITY FUNDS</b> <b>THIRD PARTY FUNDS</b>		

# Our Vitality Risk Optimiser funds – An industry leading range of risk-targeted funds

## Dynamic Planner gold standard rated funds

Risk-targeting verified by Dynamic Planner as meeting their requirements for gold standard funds

*Spans risk levels 3 to 7*

## Adviser peace of mind

Constant risk-targeting means no drift in fund risk level as market conditions change

## Multi-asset risk-targeted funds with active portfolio construction

Index-tracking building blocks covering a wide range of asset classes

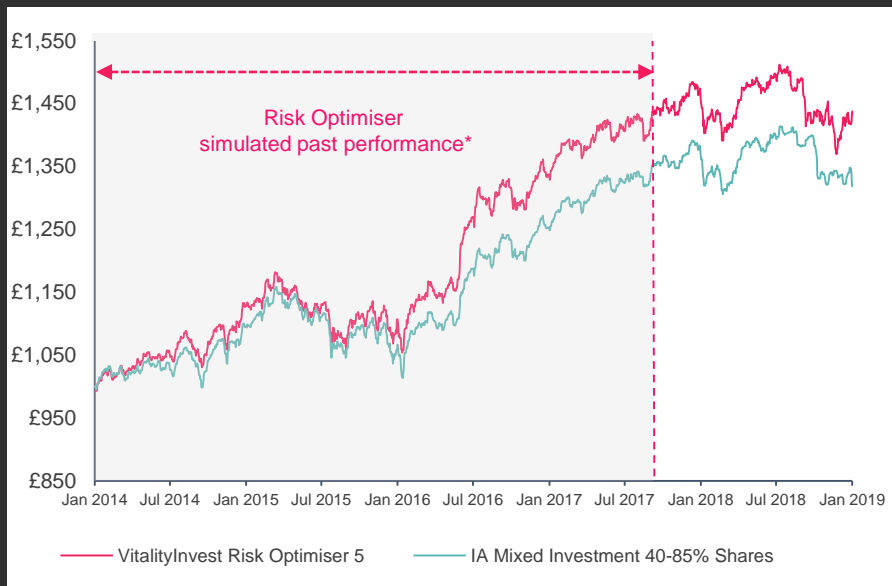
## Liquid asset class exposure

Each fund combines liquid, diversified components to ensure easy investment and access

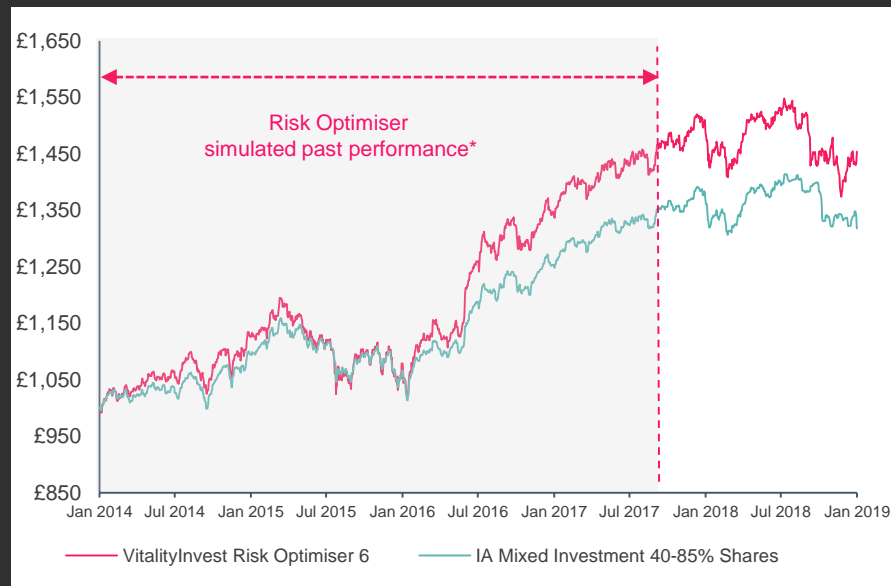


# 5-year performance of VIRO funds against IA peer group

## VIRO5 vs. Mixed Investment 20-60% shares



## VIRO6 vs. Mixed Investment 40-85% shares



\* Simulated past performance has been constructed using historical asset allocations provided by Dynamic Planner with the same asset classes and underlying holdings in which the funds are currently invested. Daily rebalancing to the historical asset allocations has been applied. The simulated past performance is reported net of current fees. Source of data for underlying holdings: Morningstar  
**Ignores the impact of the Investment Boost**

# Our Vitality Performer funds – actively managed by Investec Asset Management

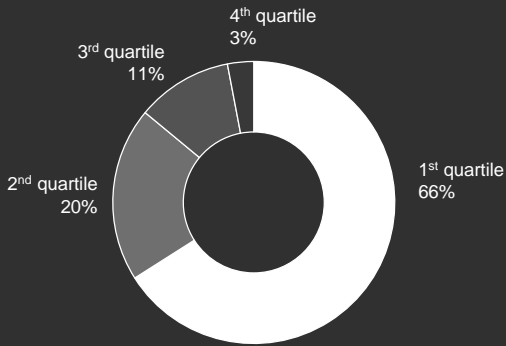
Investec Asset Management: Strong track-record built around core strategies and solutions

Ability to outperform

**94%**  
Over 10 years

**72%**  
Since inception

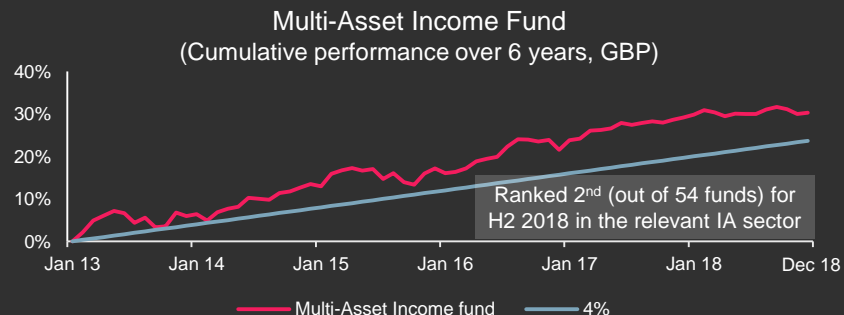
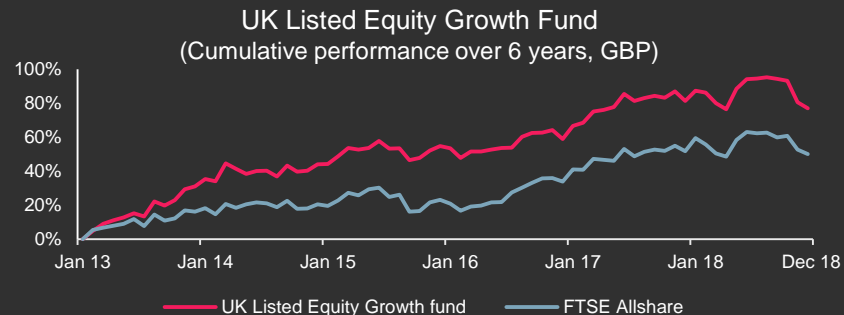
10 year investment performance



Past performance is not a reliable indicator of future results, losses may be made.

Source: Investec Asset Management. Performance to 31 Dec 2018. More information on the basis of the performance calculations is available on request.

## Practical manifestation of this approach



Source: Morningstar, 31 Dec 2018. For the period prior to May 2018, performance is based on the underlying Investec fund strategy

# Third Party Fund Range

A range of third party funds from leading fund managers, including active and passive funds

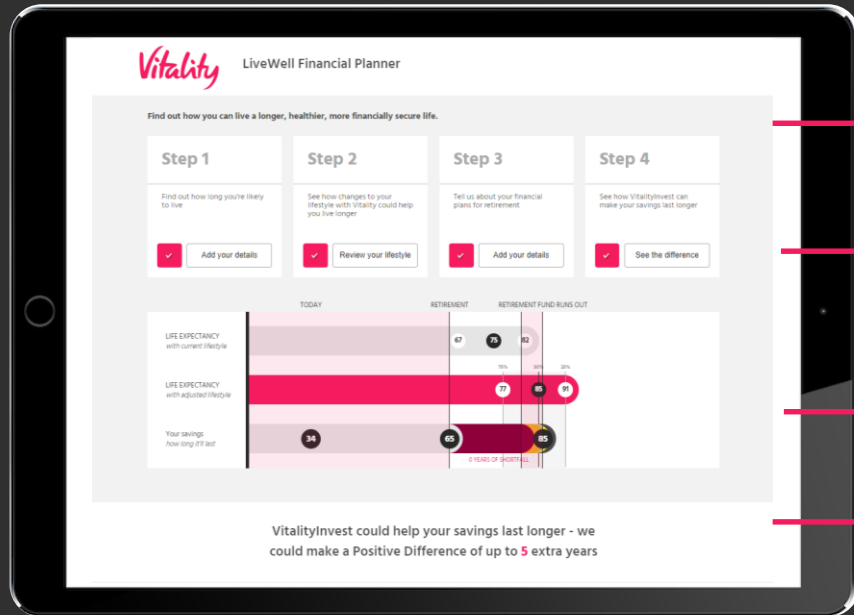


# Market-first financial planning tools that incorporate personalised life expectancy algorithm, developed in collaboration with University of Cambridge and RAND Europe

Case study: 35-year old male



# First-to-market financial planning tools that incorporate individualised life expectancy



**HOW LONG SHOULD YOU PLAN FOR?**

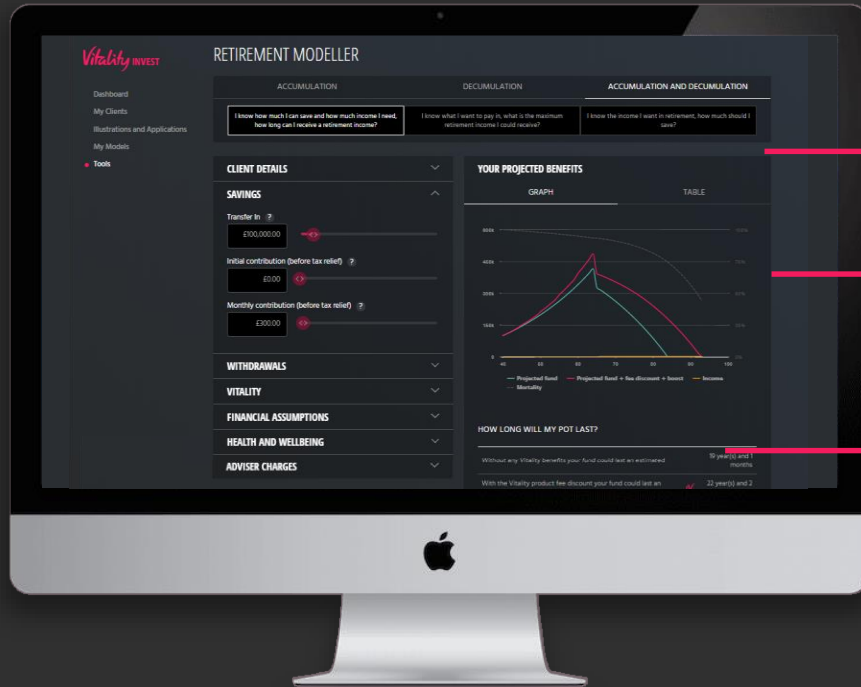
**HOW YOU CAN MAKE A POSITIVE DIFFERENCE TO YOUR LIFE?**

**ARE YOU SAVING ENOUGH?**

**HOW VITALITYINVEST CAN HELP CLOSE THE GAP?**



# First-to-market financial planning tools for advisers that incorporate individualised life expectancy



**DETAILED CASH FLOW ANALYSES**

**'WHAT IF' SCENARIO PLANNING**

**PERSONALISED LIFE EXPECTANCY**

Positively different investments.

**When your clients invest for the long run, we invest up to 15% in them.**

Investing in the long run can be a challenge, but Vitality's new investment strategy is designed to help you stay on top of your clients' investments. We invest up to 15% in them.

For more information, visit [www.vitality.co.uk/longrun](http://www.vitality.co.uk/longrun)

**Positively different investments. Vitality by Royal Bank of Scotland Group**

**When your clients stay in shape, we trim up to 100% off their fees.**

At Vitality, we're committed to helping you stay on top of your clients' investments. We trim up to 100% off their fees.

For more information, visit [www.vitality.co.uk/100off](http://www.vitality.co.uk/100off)

**Positively different investments. Vitality by Royal Bank of Scotland Group**

## FINANCIAL TIMES

**Keep on running: Isa investors with Fitbits to pay lower charges**

Latest product range from Vitality brings new meaning to concept of 'performance fees'

Customers who exercise regularly, as measured with a Fitbit, qualify for discounts on regular charges for Isa and investment plans. © Money

**Clifford Park, Insurance Correspondent 11.00001.400**

## FINANCIAL TIMES

**Vitality's reward scheme looks a good fit for the next generation of savers**

Between the Lines

Counting steps? I just strapped it to my dog.

For more information, visit [www.vitality.co.uk/nextgen](http://www.vitality.co.uk/nextgen)

### New Model Adviser

**Top-up your pension at the gym: Vitality targets IFAs with new funds**

## FT ADVISER

**Vitality launches in-house funds in health investment push**

By Justin Cook | 11 June 2018 1:05 pm

**Get your clients fit for their future and it could last years longer.**

**WALM WEALTH MANAGER**

**Vitality partners with Investec and Vanguard for new funds business**

**FT ADVISER**

**Investec's Aird has 'multi-decade' plans for Vitality deal**

## COVER

**Vitality enters long-term savings market**

**Wellness designed for older people looking to get the most out of their savings**

## Insurance

**Vitality offers lower charges to savers who follow fitness regime**

## FT ADVISER

**Vitality enters investment market**

## INVESTMENT WEEK

**Investec and Vanguard join forces with insurer to launch health-related investments**

Investec Asset Management and Vanguard have joined forces with health and life insurer Vitality to launch two fund ranges for UK advisers, marking Vitality's entrance to the long-term savings market.

## Professional Adviser

**Vitality launches long-term saving range rewarding healthy behaviour**

Up and running 25 June

**By choosing Vitality, you protect economic and health benefits that are good for our members, good for advisers, good for us and good for you.™** [www.vitality.co.uk](http://www.vitality.co.uk) and @vitalityuk on Twitter

**Health and life insurer Vitality has entered the long-term savings market with a proposition that sets out to reward healthy lifestyle choices and long-term investing.**