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Date Issued: June 2011

Dear Intermediary

## **WITH-PROFITS FUNDS UPDATE**

We will soon be writing to Phoenix Ireland and Scottish Mutual International Limited (SMI) domestic policyholders and trustees with details of this update and how it affects them. Samples of these letters will be available shortly on our website at [www.phoenixireland.ie](http://www.phoenixireland.ie).

### **Final bonuses and market value reductions (MVRs)**

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses. We continue to believe that this is the best and fairest way for all our policyholders to benefit from the returns of the with-profits fund.

We will normally review final bonus rates twice a year, in January and July. Market value reductions will continue to be reviewed more frequently. Final bonuses and market value reductions are not guaranteed and we may change them at any time without notice.

For Phoenix Life Limited SPI With-Profits business (formerly Scottish Provident With-Profits) we are declaring no annual bonus for the year ending 2010 for traditional policies. For unitised policies however, for series where there is no guaranteed annual bonus, we have been able to add an annual bonus 1.00% from 1 April 2011. For series where there is a guaranteed minimum annual bonus we have continued to add this, but we have not been able to add any additional annual bonus. For our Pensions Unitised With-Profits Fund – Series 1 - a guarantee of 4% applies to units purchased before 1 October 1999.

The annual bonus rate for With-Profits Series 3 and With-Profits Series 4 units in the Scottish Mutual International (SMI) With-Profits fund is declared annually in advance. From 1 May 2011 the annual bonus rate is 0.75%. This annual bonus rate increases the value of with-profits units. The annual bonus has been maintained at the same rate as declared last year.

## Fund performance

Over the last year, to 31 December 2010, the return on the investments in the with-profits funds (before tax, expenses and charges) was as follows:

<b>Phoenix Life Limited SPI With-Profits Fund</b>	
Traditional life policies	5%
Traditional pension policies	3%
Unitised pension series I	3%
Unitised pension series II	6%
Unitised pension series III	6%

<b>Scottish Mutual international Limited With-Profits Fund</b>	
Pension with-profits series 3	6%
Life with-profits series 4	6%

Please remember that past performance is not an indication of future performance and the value of investments can go down as well as up.

## Consistency of Approach

We will continue to concentrate on regular reviews of final bonus to reflect investment returns. This allows us to protect the long-term interests of all investors in the funds and to continue to treat all policyholder groups fairly.

## Keeping your clients informed

For more detailed information visit our website [www.phoenixireland.ie](http://www.phoenixireland.ie), where you will find the following documentation: -

- Sample Letters to policyholders
- Principles and Practices of Financial Management (PPFMs)
- Final bonus rates
- MVR Tables

## Change of our Office Address:

Please note that from the end of July 2011, our administration office will be moving from Styne House, Upper Hatch Street, Dublin 2. Our new administration office will be located at:

16 Joyce Way,  
Parkwest Business Park,  
Dublin 12.

Please address any correspondence to us at our new address from the end of July. Our telephone, e-mail and website details are located at the top of this letter and remain unchanged.

If you have any questions please call our contact desk or write to us if preferred. Our contact details and opening hours are shown on the top of this letter.

Yours faithfully



**Lisa O'Neill**  
**Operations Manager**

**This letter is aimed at intermediaries and investment professionals only**