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Unit Linked & With-Profits Pension Funds Investment Report 2010

Market Commentary – 2010 review:

Perhaps the most significant theme affecting investor's behaviour in the first half of 2010 was the emergence of a sovereign debt crisis in peripheral Europe. Greece, in particular, came under attack as the dramatic scale of its budget deficit became apparent. Fears over European banks' exposure to low quality sovereign debt made investors cautious towards equities during this period. However, although the problem never fully disappeared, investors soon rediscovered their risk appetite, and equities, corporate bonds and commodities made solid gains throughout the year. Intervention in capital markets by central banks remained a prominent theme, with the announcement of a second round of quantitative easing in the US seen as a buy signal by investors. After the Democrats' resounding defeat in the mid-term elections, Obama made concessions to the Republicans by extending a programme of tax cuts. So far, the US has not followed the UK and Europe's example of implementing cuts in government spending programmes with a view to tackle the deficit. Alongside this, corporate performance remained strong, with companies in developed and emerging markets tending to beat analyst forecasts overall. The major story in the corporate world was the spillage at BP's Deepwater Horizon well in the Gulf of Mexico, which triggered a dramatic fall in BP's share price, at that point the largest stock on the London Stock Exchange, and responsible for over 10% of the market's total yield. The shares subsequently recovered, as the environmental damage caused by the event turned out to be towards the lower end of expectations.

UK - 2010 saw the FTSE All Share Index return 18.7% in euro terms.

The first quarter of 2010 saw the market open weakly as concerns about Greece and sovereign risk continued to dominate newsflow. The end of the period was, however, strong, leaving the FTSE All Share up 6.4% over the quarter, led by the mid-cap FTSE 250, which on its own produced a total return of 9.9%. Sector performance was led by a strong pro-cyclical rotation including mining, engineering, autos, travel & leisure and technology sectors. Support was provided by continuing strong growth in emerging markets, stronger than expected metal prices, and signs of continued recovery in the US. Quarter two performance was, however, in complete contrast to the first quarter with the FTSE All Share falling 11.8% as investors shunned equities and risk assets as worries over the European debt crisis and the stalling of the global economy grew. Cyclical sectors, such as mining, oil and gas, and construction were weak; in particular the biggest single story was the disaster at BP's Deepwater Horizon rig.

The third quarter saw a sharp reversal of risk appetite, as macro lead indicators led to increased confidence in the sustainability of the global economic recovery. Sector performance was broadly pro-cyclical, with autos and parts, chemicals and industrials performing well. Merger and acquisition was another supportive theme. This strong performance continued into quarter four, driven by a combination of better-than-expected macro data and the announcement of further quantitative easing in the US.

Year-end momentum was attributed to heightened recovery expectations, with investors less worried about European contagion risk and US recession risk. In addition to better macroeconomic data, further fiscal stimulus in the US as well as continued monetary policy supported risk assets.

Europe – In 2009, the FTSE Europe ex UK Index returned 9.7% in euro terms.

After a strong start to the year, markets sold off aggressively on a combination of three factors; President Obama targeted the banking sector for more regulation, unexpected early attempts by the Chinese government to tighten monetary policy and ballooning sovereign risks, in particular the debt crisis in Greece. However, composure was regained in the second half of the period, focusing on strong corporate earnings indications in the US, and elsewhere, a strong recovery in global trade data. Moving into the second quarter, European markets fell as investors continued to worry about a slowdown in China, a potential US double dip and European sovereign debt fears.

European equity markets recovered well in the third quarter as the quarter two reporting season saw a high percentage of companies beating consensus expectations with better than expected sales and earnings targets. The strong September rally took Europe to a new high for the year, driven by reduced pessimism on global growth. Also, investors refocused on what are, in general, very strong bottom up corporate fundamentals in Europe. Two themes were, however, of increasing concern over the quarter – margin squeeze in non-financials and cash distribution disappointments from banks. Despite the amount of noise regarding Europe in crisis, the final quarter of 2010 saw European equity markets continue to rally, with a wide dispersion of country returns. The sovereign crisis at the European periphery weakened the euro and boosted further the already strong exporters in the North which were already enjoying strong growth as a result of a coordinated global recovery.

US - The FTSE USA Index returned 15.4% in dollar terms in 2010.

US equities built on the significant gains recorded in the fourth quarter 2009. Economic strength was broad-based, allowing the more domestically orientated cyclical areas of the market to lead in performance terms. In a reversal of performance from the previous quarter, the financial sector significantly outperformed, with regional banks and the life insurers particularly strong. US markets fell in line with the UK, with the FTSE World United States Index posting a loss of 11.6% over the second quarter. The market started the quarter confidently, with the S&P500 hitting a new 52 week high on 23 April. However, a sell off was sparked by concerns over European sovereign debt and the prospect of fiscal tightening occurring around the world. In addition, uncertainty over the strength of the US recovery coupled with a comparatively strong US dollar saw markets begin to believe that earnings expectations could be a little stretched. Late cyclical sectors such as technology and industrials were particularly weak.

The S&P500 rallied strongly in September as investors anticipated further quantitative easing by the Federal Reserve. The strength in September wiped out losses at the start of the quarter and risk aversion abated over and quarter with the dollar weakening significantly. This dominated sector returns over the quarter. The US market ended the year on a strong note completing a strong fourth quarter with the S&P500 finishing the year up 18%. The fourth quarter was driven by a culmination of positive factors - the economy accelerated from its summer slowdown, the Federal Reserve commenced a second round of quantitative easing, political and regulatory concern abated with the Republican election win and finally, in December, Congress approved a tax package which not only extended the Bush tax cuts but also added a further tax cut for middle income consumers and incentives for capital investment in 2011.

Phoenix Ireland is the trading name used by Scottish Mutual International Limited and Phoenix Life Limited.

Scottish Mutual International Limited is authorised and regulated by the Central Bank of Ireland and is registered in Ireland (Company No. 242244).

The company's registered office is 25-28 North Wall Quay Dublin 1, Ireland. An up-to-date list of its directors, containing the particulars required by paragraphs (a), (b) and (c) of section 196(1) of the Companies Act 1963, is available upon request from the company's registered office. Phoenix Life Limited is authorised and regulated in the United Kingdom by the Financial Services Authority. Phoenix Life Limited is incorporated in England (Company No. 1016269) and has a registered branch in Ireland (Branch No. 906073). The company's registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG United Kingdom. Its directors are A B Davidson (UK), J P Evans (UK), M J Merrick (UK), A Moss (UK), M D Ross (UK), J C Park (UK), W R Treen (UK), M N Urmston (UK) and J Yates (UK).

Japan - In the year under review, the FTSE Japan Index returned 23.4% in euro terms.

The Japanese market's performance was weak in the early stages of the first quarter of 2010, in-line with global equity markets as risk aversion once again reared its head. However, from February onwards there was significant improvement with the market ending the quarter as the best performing region. Quarter two saw a continuation of quarter one performance wise as Japan was once again the best performing region within the developed market universe, while also managing to achieve the rank fifth in terms of the best performing countries. Currency moves were again a significant driver to the Japanese economy.

Globally, discussions in the third quarter turned to the potential for 'currency wars' as countries attempt to contain their relative currency strength. A strong yen is a significant headwind for many Japanese countries, given the significance of exporters in the Japanese market. In early October, the Japanese equity was buoyed by additional and greater-than-expected monetary easing pressures by the Bank of Japan. The rise was limited, however, because of ongoing pressure from a strong yen. Following the announcement of an additional US monetary easing on 3 November, the markets began to rebound sharply. Towards the end of the year, financial concerns in Europe led the yen to appreciate against the euro and consequently against the US dollar; this exerted downward pressure on the Japanese equity market.

Far East - 2010 saw the FTSE Asia Pacific (ex Japan) return 29.0% in euro terms.

The Asia Pacific market, as with other regions, was held back by concerns over the Greek sovereign debt issue, Chinese monetary policy tightening and waning confidence in the global growth recovery. From early February, however, markets started to recover on improved macro data, stronger commodity prices and the Fed keeping rates on hold the first quarter. During the second quarter, global equity markets fell and the Asia Pacific region were not exempt, with fiscal tightening in China damaging confidence in equities. Within Asia there was a wide divergence of performance with the smaller Asian markets - Indonesia, Philippines and Malaysia, actually providing positive returns. The weakest market by far was Australia which suffered both from a sell-off in its equity market as well as its currency market.

Asian markets witnessed a strong recovery over in the third quarter, with the index reaching ten year highs. Markets rebounded in July helped by a strong corporate earnings season in the US and Europe and a growing confidence that the policy tightening phase in China was ending. August was more muted as the slowdown in global growth raised further concerns over the sustainability of the recovery although this was shorted lived. The markets rallied again in September, driven by better economic data from both the US and China. In addition the Fed stated that it was committed to reflating the US economy, fuelling expectations of further quantitative easing. As a result Asia has been benefiting from substantial capital inflows seeking strong domestic demand stories. Markets had a strong end to the year with the index ending the year at record highs. Markets continued to rally, bolstered by expectations of more US quantitative easing, higher commodity prices, a weaker US dollar and emerging bond market spreads narrowing. Within Asia, economic data continued to be supportive and exports, though slowing, were resilient. In addition earnings momentum indicators have once again turned positive and the region continued to benefit from capital inflows.

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Ireland - The ISEQ Index returned 2.0% in euro terms in 2010.

2010 was truly awful for the Irish economy and stock market after the hopes in the recovery year of 2009. Having entered the year as the model of how to implement austerity measures, the growing problems of the banking sector forced the Irish government to seek support from the EU and the IMF. The banks have effectively been nationalised, the Irish budget deficit is expected to be 10% of 2011 GDP and the recovery has stalled. As a result of the crisis, Irish benchmark bond yields increased from 4.8% to 9% and the spread over German Bunds increased by 470 basis points. The equity market declined by 3%, which compares to a 16% increase in the German DAX. Financials lost most of their value in the year due to the recapitalisation measures, Irish listed resources plays were the only substantial gainers. The two airlines performed well while the large buildings materials sector was mixed with bellwether CRH falling 18% but Grafton and Kingspan posting decent gains. Due to its defensive merits, the food sector also performed relatively well.

Fixed Interest

In the first quarter, bond markets were hypnotised by the Greek debt situation and the possible “domino” effect on other fiscally challenged Eurozone members. This came on the back of the debt crisis in Dubai which admittedly had been insufficient to quell appetite for risk assets although it did cause a setback. Riskier assets again outperformed, with lower rated bonds outperforming higher rated and financials outperforming non-financials. The drivers were a general risk-asset rally, strong technical demand for credit, further improvements in liquidity and further progress on restructuring bank balance sheets including further subordinated debt exchanges and auctions.

The recovery in financial markets faltered in the second quarter of 2010 as investors turned their focus towards unsustainably high levels of government debt in peripheral European economies, particularly Greece. In the UK, the market continued to focus on the election and the public finances. The anticipation of a hung parliament caused the market to fall and it fell even further when the result left the UK with a coalition government. However, a dovish inflation report and the explosion of fears around a Eurozone collapse quickly had UK government bonds soaring as investors clung to the UK as a second tier safe haven when fleeing euro positions. In addition, the austere emergency budget, which was well received by rating agencies, combined to shore up the gilt market.

In credit, subordinated bank bonds underperformed the rest of the market given their higher beta nature rather than anything specific to banks. The well-flagged stress tests being applied to European Banks do not at this stage suggest any untoward balance sheet issues to come. New issuance volumes remained low compared to the previous year.

The third quarter was extremely strong for global fixed income with markets moving to lower yields on the increased likelihood that it would see more asset purchases from central banks around the world. In the US, Ben Bernanke dovish statement caused the markets to price in a higher chance of further quantitative easing and this was duly delivered at the start of November.

The peripheral debt crisis intensified as speculation grew that Spain could eventually seek help, pushing the euro lower. Meanwhile, the dislocation between core and peripheral Europe continued to widen, particularly in December. The combination of QE2 in the US and globally stronger economic data in December boosted riskier assets into the year-end.

Unit Linked Fund Returns for 2010

A. Ignis Asset Management.

Fund / Asset Class	2010
Guaranteed Deposit	0.03%
Fixed Interest	0.60%
Cautious Managed	5.27%
Balanced Managed	8.56%
Adventurous Managed	13.31%
European Stock market	7.78%
North American Stock market	20.87%
World Stock market	15.46%
UK Stock market	18.32%
Far Eastern Stock market *	24.16%
Japan Stock market	22.09%

*Please note that the Far Eastern Stock market had exposure to the Japan Stock market.

www.ignisasset.com

B. KBC Asset Management.

Fund /Asset Class	2010
Irish Equity	-4.23%
Managed	11.41%
Euroland Equity	-2.34%
Dividend Plus Global Equity (Top Picks)	18.67%
Dividend Plus Global Equity (Fallen Angels)	18.07%

www.kbcam.com

C. BlackRock Investment Managers.

Fund /Asset Class	2010
Euro Global Balanced Managed	11.33%
Global Equity	18.02%
Euro Global Bond	2.35%

www.blackrock.co.uk/uksite/index.htm

D. Aberdeen Asset Management.

Fund / Asset Class	2010
Global Champions	17.74%
Technology	27.41%

www.aberdeen-asset.com

Source – Financial Express Analytics

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January 2011

**Important Information for
Phoenix Life Limited SPI
With-Profits Fund Customers**

Former Scottish Provident Limited Irish traditional with-profits pension policies are invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

Policies have guaranteed annuities / pensions or cash sums at the selected retirement age that have been purchased with the premiums that have been and will be paid, and from previous bonuses we have added.

We may add annual bonuses if the investment return and experience of the with-profits fund has been sufficient to support the payment of these bonuses and the benefits already guaranteed, and is expected to continue to do so, even if future investment returns or other factors become unfavourable.

We have not been able to add any annual bonus for 2010.

The investment return and experience of the with-profits fund over the last few years has meant that we have not been able to add annual bonuses since 2001. The value of the benefits already guaranteed means that an annual bonus is not currently supported. The addition of any future annual bonuses will depend on the future investment performance and experience of the with-profits fund, after allowing for the historic performance and the value of the guaranteed benefits.

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

We may add a final bonus on retirement at the selected retirement date. We do not guarantee final bonuses. We normally review final bonus rates twice a year from 1 January and 1 July. However we may change final bonus rates at any time.

The with-profits fund consists of a wide range of assets with the aim of providing good growth potential over the medium to long term. On 31 December 2010, the split of assets for Irish traditional with-profits pension policies was approximately:

Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish traditional with-profits pension policies	
Investment Type	
Company Shares (equities)	30%
Fixed interest stocks - issued by euro governments	37%
Fixed interest stocks - other (including corporate bonds)	30%
Property	0%
Cash	1%
Other	2%

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In last year's important information leaflet we told you about the changes we expected to make to the investments underlying policies in the with-profits fund. These changes are mostly complete. These changes included having different mixes of investments for different groups of policies and introducing property and alternative assets (such as hedge funds). In due course, we expect to invest in some property with a corresponding reduction in the amount we invest in equities.

The investment return on the with-profits fund for these policies over the last number of years is shown in the table below.

Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies	
Investment Returns (before tax, expenses and charges)	
Year	Investment Return
2010	3%
2009	16%
2008	-19%
2007	4%
2006	6%

Our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') is available on our website www.phoenixlifegroup.co.uk or you can ask us for a copy.

In the guide we mention that we work out bonuses by considering the underlying value of policies. We also mention that we expect to include a fair share of any distribution of the estate in the underlying value of with-profits policies once the estate is large enough to cover the risks in the with-profits fund.

We are currently (as at 1 January 2011) including a distribution of the estate when we set final bonuses. Based on the estate at the end of June 2010, we added a small estate distribution of 1.3% to the underlying policy values for 2010. We also included an additional estate distribution of 6.3% of underlying policy values when we set the January 2011 final bonuses. This means that final bonuses are currently higher than they would otherwise be.

We do not guarantee that we will be able to continue this level of estate distribution in future and we normally review the level twice a year. In particular poor investment conditions are likely to mean that we will reduce or remove the current estate distribution.

This information is correct at 1 January 2011.

If you have any questions or would like more information about your policy, please contact us using the details shown at the top of this information sheet.

**Important Information for
Phoenix Life Limited SPI
With-Profits Fund Customers**

Former Scottish Provident Limited, Irish unitised with-profits pension policies are invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

Some policies may be split between unit-linked funds and the with-profits fund. This information sheet refers only to the with-profits element.

Your policy has with-profits units that have been purchased with the premiums you have paid.

We may add annual bonuses if the investment return and experience of the with-profits fund has been sufficient to support the payment of these bonuses and the benefits already guaranteed, and is expected to continue to do so, even if future investment returns or other factors become unfavourable. For all units purchased prior to 1 October 1999 (Irish pension series I) there is a guaranteed minimum annual bonus rate of 4% each year. If added, annual bonus increases the value of the with-profits units.

Annual bonuses 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 series where there is no guaranteed annual bonus we have been able to add an annual bonus 1.00%.

The investment return and experience of the with-profits fund over the last few years has generally meant that we have not been able to add non-guaranteed annual bonuses since March 2003. The value of the benefits already guaranteed means that no annual bonus or only a low rate of annual bonus is currently supported. The addition of any future annual bonuses will depend on the future investment performance and experience of the with-profits fund, after allowing for the historic performance and the value of the guaranteed benefits. Where series of units have a guaranteed amount of annual bonus, these will be added as usual. If added, annual bonuses increase the value of the with-profits units.

Annual bonus rates from 1 April 2011 and previous rates from 1 April 2010 are shown in the table below.

Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies		
Annual bonus % applied as increase in unit price	From 1 April 2011	From 1 April 2010
Irish pension series I (4% guarantee)	4.00%	4.00%
Irish pension series II	1.00%	0.00%
Irish pension series III	1.00%	0.00%
Series I applies to units purchased before 1 October 1999		
Series II applies to units purchased from 1 October 1999		
Series III applies to units purchased from 1 April 2000		

The annual bonuses are a rate per year and are applied as daily increases in the with-profits unit price.

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses and continue to believe that this is the fairest way for all policyholders to benefit from the returns of the with-profits fund. However, we have been able to reintroduce some annual bonus for series where there is no guaranteed annual bonus from 1 April 2011.

We may add a final bonus on retirement at the selected retirement date. We do not guarantee final bonuses. We normally review final bonus rates twice a year from 1 January and 1 July. However we may change final bonus rates at any time. On surrender, transfer or retirement at any other date, we may apply a market value reduction. The market value reduction firstly reduces any final bonus and then reduces the value of the units. We review the market value reductions regularly.

The with-profits fund consists of a wide range of assets with the aim of providing good growth potential over the medium to long term. On 31 December 2010, the split of assets for Irish unitised with-profits pension policies was approximately:

Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies			
Investment Type	Series I	Series II	Series III
Company Shares (equities)	30%	58%	58%
Fixed interest stocks - issued by euro governments	37%	20%	20%
Fixed interest stocks - other (including corporate bonds)	30%	17%	17%
Property	0%	0%	0%
Cash	1%	2%	2%
Other	2%	3%	3%

In last year's important information leaflet we told you about the changes we expected to make to the investments underlying policies in the with-profits fund. These changes are mostly complete. These changes included having different mixes of investments for different groups of policies and introducing property and alternative assets (such as hedge funds). In due course, we expect to invest in some property with a corresponding reduction in the amount we invest in equities.

The investment return on the with-profits fund for these with-profits units over the last number of years is shown in the table below.

Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies			
Investment Returns (before tax, expenses and charges)			
Year	Series I	Series II	Series III
2010	3%	6%	6%
2009	16%	16%	16%
2008	-19%	-19%	-19%
2007	4%	4%	4%
2006	6%	6%	6%
2005	13%	13%	13%

Our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') is available on our website www.phoenixlifegroup.co.uk or you can ask us for a copy.

In the guide we mention that we work out bonuses by considering the underlying value of policies. We also mention that we expect to include a fair share of any distribution of the estate in the underlying value of with-profits policies once the estate is large enough to cover the risks in the with-profits fund.

We are currently (as at 1 January 2011) including a distribution of the estate when we set final bonuses. Based on the estate at the end of June 2010, we added a small estate distribution of 1.3% to the underlying policy values for 2010. We also included an additional estate distribution of 6.3% of underlying policy values when we set the January 2011 final bonuses. This means that final bonuses are currently higher than they would otherwise be.

We do not guarantee that we will be able to continue this level of estate distribution in future and we normally review the level twice a year. In particular poor investment conditions are likely to mean that we will reduce or remove the current estate distribution.

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**Important Information for
Scottish Mutual International Limited
With-Profits Fund Customers**

Irish unitised with-profits, SMI Pension With-Profits Series 3, (policy taken out after August 2001)

Irish unitised with-profits pension policies (taken out after the 1 August 2001) are invested in the Scottish Mutual International Limited with-profits fund ('the with-profits fund').

Some policies may be split between unit-linked funds and the with-profits fund. This information sheet refers only to the with-profits element.

Policies have guaranteed cash sums at the selected retirement date as we guarantee not to apply a market value reduction (MVR) to the with-profits units which have been purchased with premiums.

We may add annual bonuses if the investment return and experience of the with-profits fund has been sufficient to support the payment of these bonuses and the benefits already guaranteed, and is expected to continue to do so, even if future investment returns or other factors become unfavourable. If added, annual bonus increases the value of the with-profits units.

We added an annual bonus of 0.75% per annum from 1 May 2010. This rate is the same as the previous annual bonus rate from 1 May 2009. Although investment returns for 2009 were much improved, they only represented some recovery of the negative investment returns in 2008 rather than any actual growth. Also, the investment returns in early 2010 were poor. As a result we have only been able to maintain the annual bonus rate, rather than increase it. The investment returns and experience of the with-profits fund over last few years mean that we were already adding low levels of annual bonus. The annual bonus rate will normally be reviewed from 1 May 2011 and will allow for the most recent experience of the with-profits fund. Although investment returns improved towards the end of 2010, the 2009 and 2010 investment returns only represent a small element of growth after allowing for the negative investment returns in 2008. The annual bonus rate is not guaranteed and we may change it at any time.

Scottish Mutual International Limited With-Profits fund Irish unitised with-profits SMI Pension With-Profits Series 3 (policies taken out after 1 August 2001)	
Annual bonus rates	
Period	Annual Bonus Rate
From May 2010	0.75%
1 May 2009 to 30 April 2010	0.75%
1 March 2004 to 30 April 2009	2.25%

We may add a final bonus on death or on retirement at the selected retirement date. We do not guarantee final bonuses. We normally review final bonus rates twice a year from 1 January and 1 July. However we may change final bonus rates at any time. On surrender, transfer or retirement at any other date, we may pay reduced final bonuses and we may apply a market value reduction. We review the final bonus reductions and market value reductions regularly.

The investment mix for these with-profits units has changed over time. In last year's important information leaflet we told you about the changes we expected to make to the investments underlying policies in the with-profits fund. The changes included moving some of the fixed interest assets from government bonds into corporate bonds and reducing the proportion of European equities and investing more in other equity markets.

The recent history of the asset mix is shown in the table below.

Scottish Mutual International Limited					
With-Profits fund					
Irish unitised with-profits					
SMI Life With-Profits Series 3					
(policies taken out after 1 August 2001)					
Asset mix at end of year					
Year	Company Shares (equities)	Fixed Interest Stocks		Property	Other
		issued by euro governments	other		
2010	52%	28%	8%	0%	12%
2009	51%	27%	0%	0%	22%
2008	44%	45%	0%	0%	11%
2007	50%	38%	0%	0%	12%
2006	47%	39%	0%	0%	14%

The investment return on the with-profits fund over the last number of years is shown in the table below.

Scottish Mutual International Limited	
With-Profits fund	
Irish unitised with-profits	
SMI Pension With-Profits Series 3	
(policies taken out after 1 August 2001)	
Investment Return (before charges)	
Year	Investment Return
2010	6
2009	15%
2008	-17%
2007	4%
2006	7%

This information is correct at 1 January 2011.

If you have any questions or would like more information about your policy, please contact us using the details shown in the letter we sent with this information.