



# The Platform Opportunity

31 May 2007  
Edinburgh



# Sandy Crombie

Group Chief Executive

Please turn off your mobile phone  
and Blackberry

# Disclaimer



**This presentation may contain certain “forward-looking statements” with respect to certain of Standard Life's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Standard Life's control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Standard Life and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Standard Life's actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Standard Life's forward-looking statements. Standard Life undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.**

# 2006 Financial summary



PVNB Sales	↑	47%	to £14.3bn
PVNB Margin	↑	1.0% pts	to 1.4%
EEV operating profit	↑	55%	to £614m
IFRS profit	↑	272%	to £540m
EEV cash generation	↑	£279m	to £262m

**Strong improvement in our financial performance**

## **Building valuable customer relationships with leading service and compelling propositions**

- Creating capital efficient innovative products
- Opening new routes to markets
- Leveraging investment management expertise and performance
- Driving for operational excellence

## **Delivering shareholder value**

# Driving shareholder value is our objective



**Delivery**



**Efficiency**



**Opportunity**



**Driving  
Shareholder  
value**

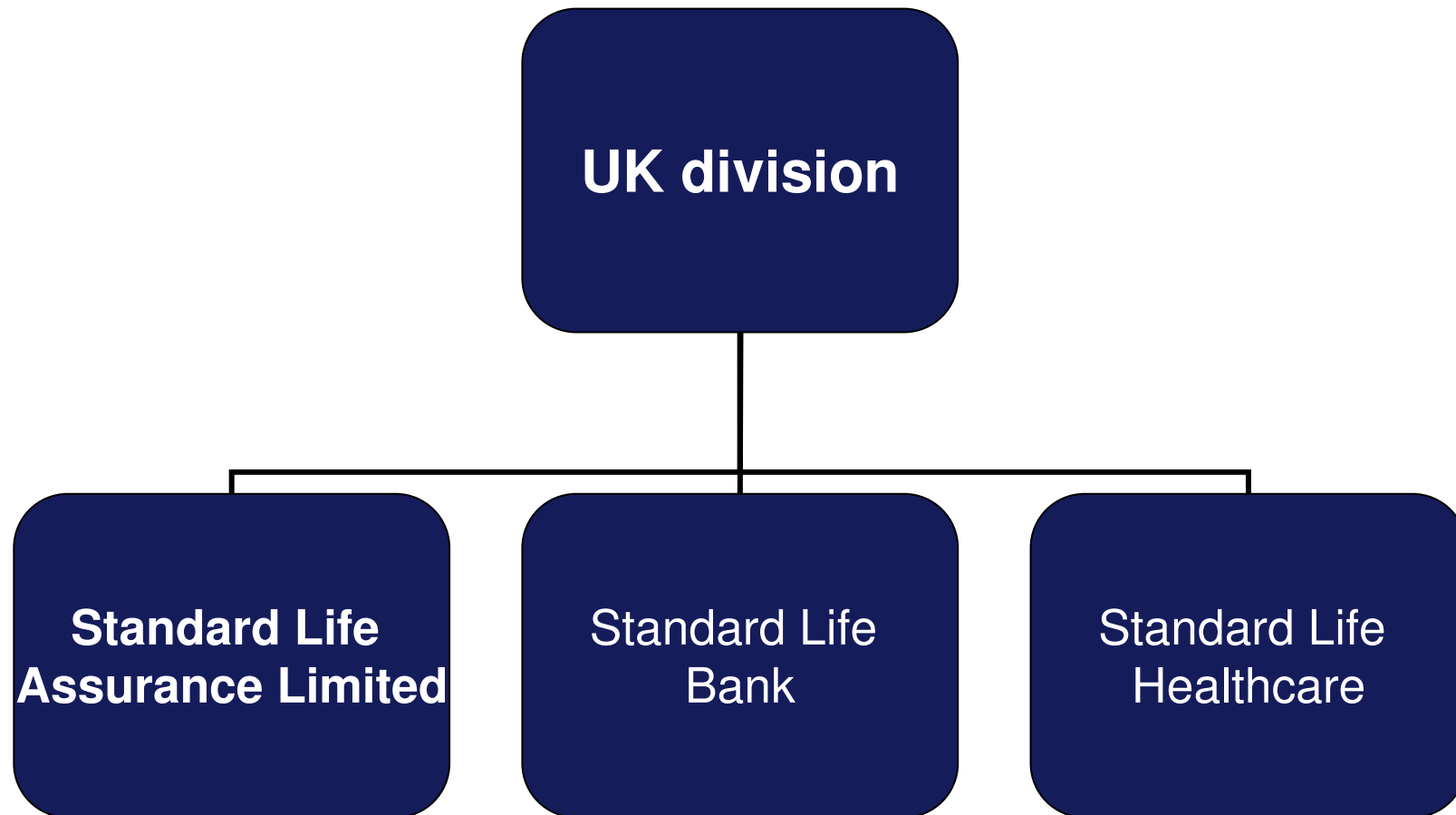
**On track to achieve our return on embedded value target for  
2007 of 9-10% - increasing thereafter**



# Trevor Matthews

Chief Executive, Standard Life Assurance Limited





# Agenda

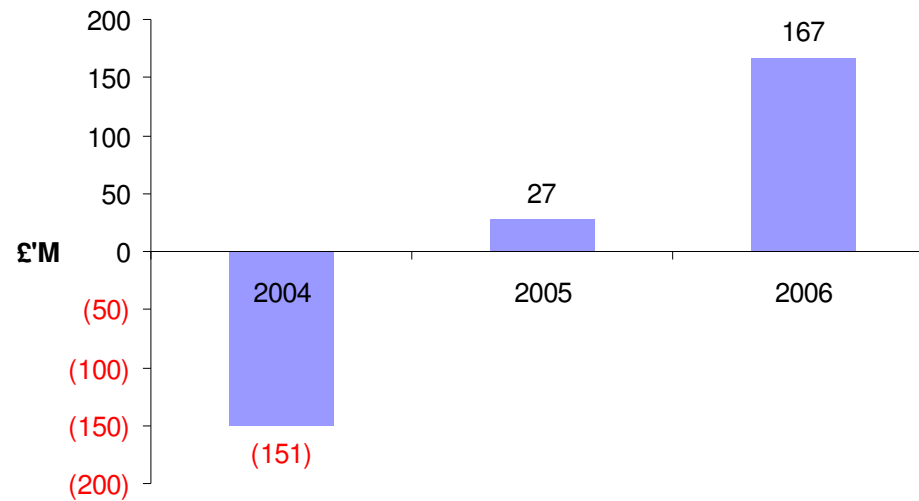


- **The Standard Life UK Story** Trevor Matthews, Chief Executive, Standard Life Assurance Limited
- **SIPP** Barry O'Dwyer, Managing Director, Marketing
- **Group SIPP** Barry O'Dwyer, Managing Director, Marketing  
Garry Morrison, Customer Service Director, Group Pensions  
Gordon Thomson, Account Relationship Manager, Group Pensions
- **Wrap** Geoff Towers, Chief Executive, Standard Life Savings Limited  
Nick Blake, National Sales Manager, Wrap
- **Closing Comments** Trevor Matthews, Chief Executive, Standard Life Assurance Limited

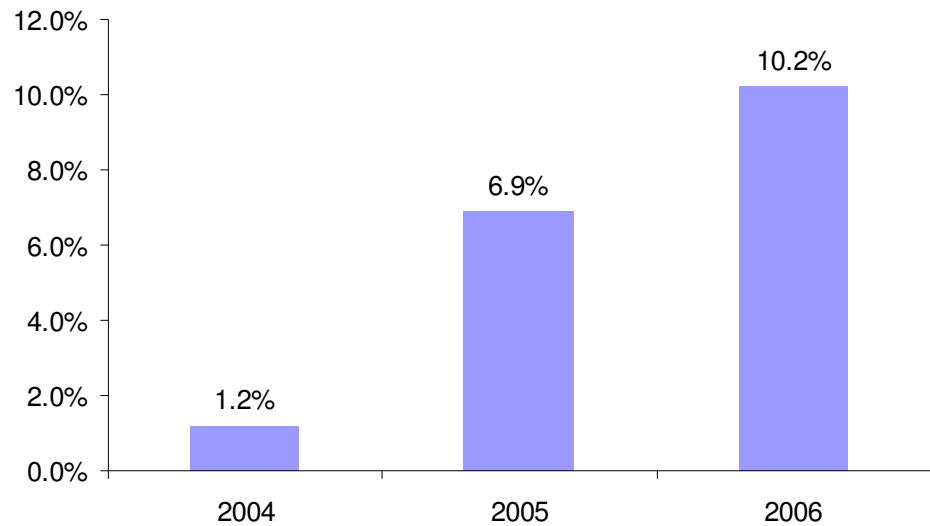
# The Standard Life UK story



**Improved New Business Contribution from a loss of £151m in 2004 to a profit of £167m in 2006**



**Improved Return on Embedded Value on a pro-forma basis from 1.2% in 2004 to 10.2% in 2006**

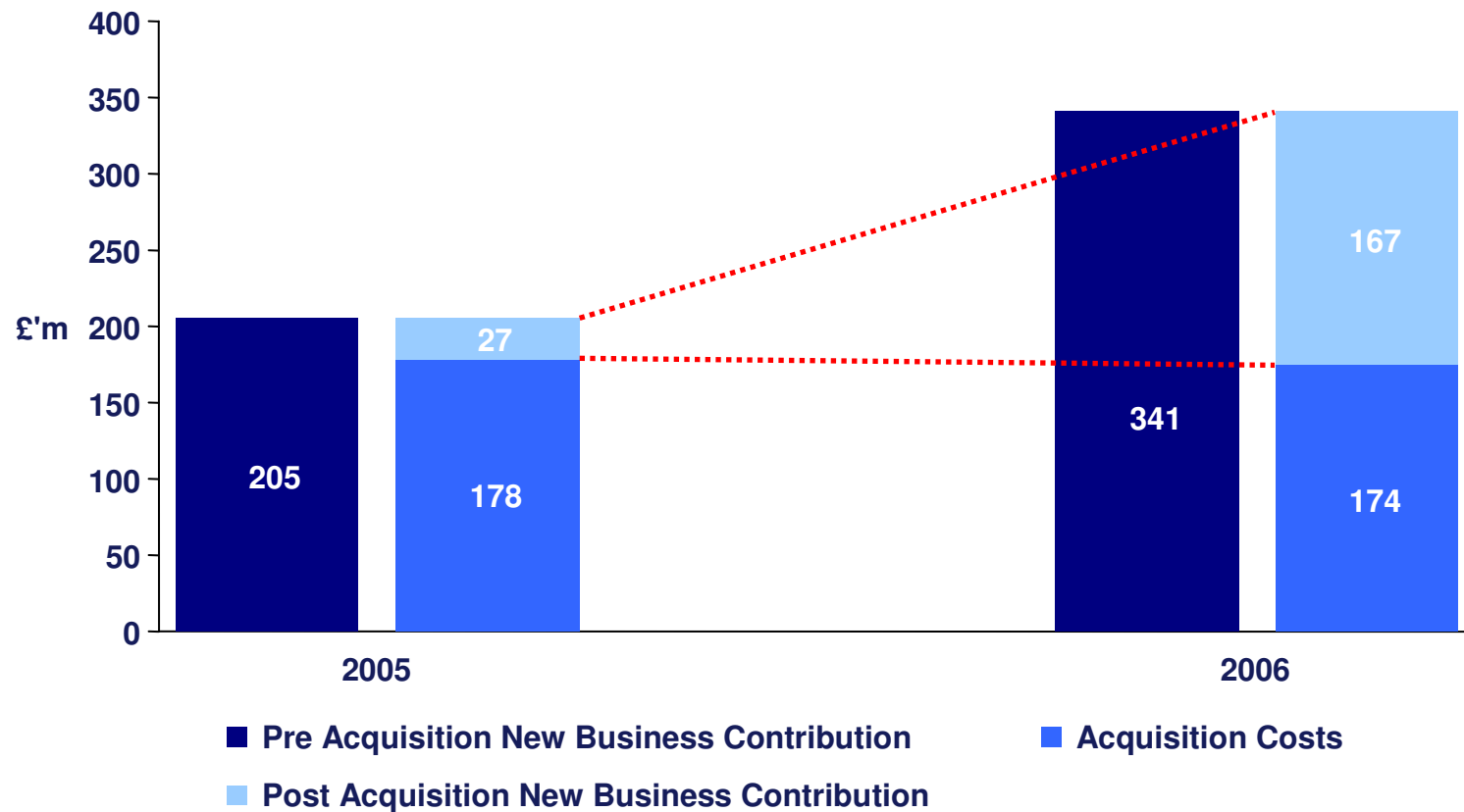


*Figures above are for Standard Life UK and based on a pro-forma position, 2004 represents a 13.5 month period*

# The Standard Life UK story



## New Business Contribution pre and post acquisition costs



# The Standard Life smile



## Annual Premium Equivalent Progression in the UK Life and Pensions Market



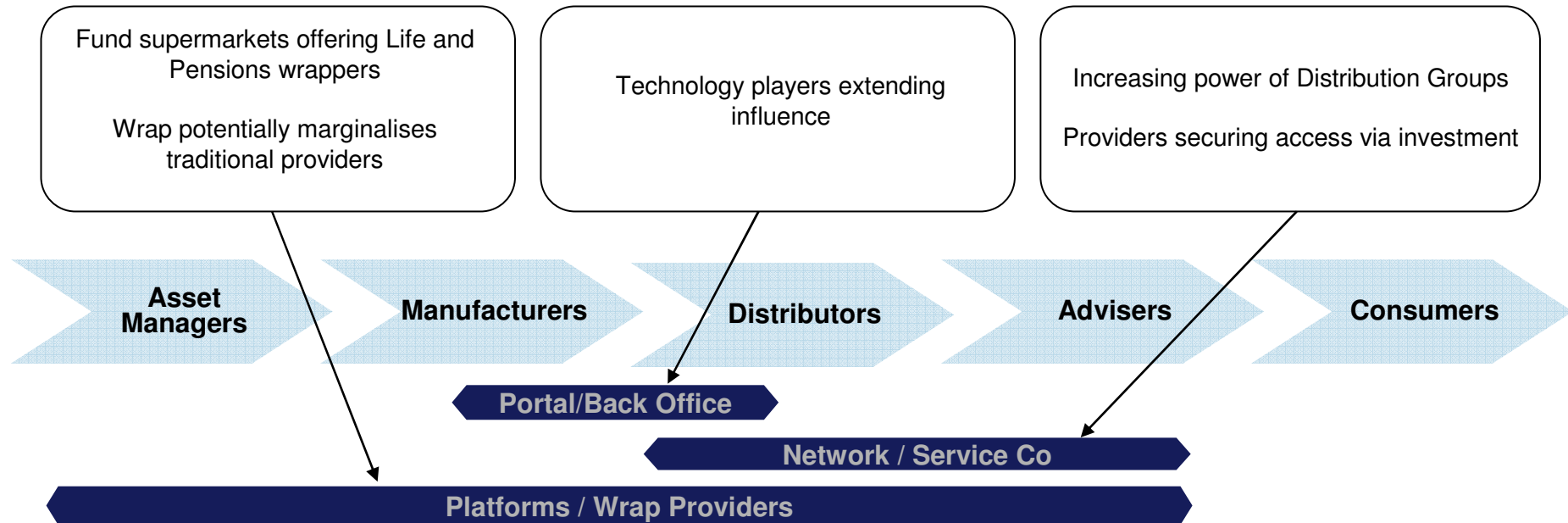
Source: Company new business and preliminary results announcements

# The transformation of our business



- Dramatic action in 2004 to transform our business
  - cut costs significantly
  - announced phasing out of benefits of mutuality
  - suspended obligations under the mortgage promise
  - introduced time barring for mortgage endowment claims, and
  - effectively withdrew from initial commission market for Individual and Group Pensions
- Introduced SIPP, a pensions wrap
- Developed vision for move to platforms

# The value chain is changing



The traditional value chain is being broken down and rebuilt with new players emerging and existing players changing their roles

# A new platform market



5% CAGR (2002 – 2006)  
Protection £1.2bn APE  
Annuity £1.0bn APE (2006)



**Risk Based Products\***

8% CAGR (2002 – 2006)  
£10.8bn APE (2006)

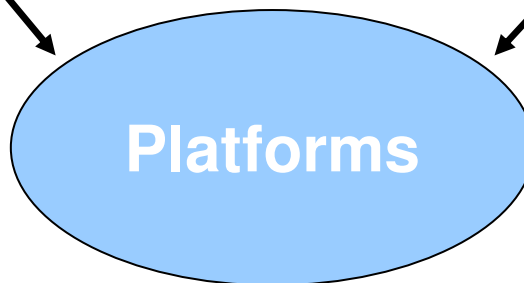


**Packaged Investments**

Flow of existing funds to platforms

Some inclusion of risk based products on platforms

Flow of new business to platforms



**Platforms**

Current size of platform market = £54bn FUA (Nov 2006 – Mintel)

Estimated c£1.5bn APE (£15bn FUA) 2006

Traditional market

Emerging market

**In addition to the traditional risk-based and packaged investment markets, a new platform market is developing**

\* Risk Based Products exclude mortgage and healthcare market figures  
Sources: ABI/ Whichplatform.com/individual company announcements/ Mintel



# How platforms benefit customers



- Platforms offer real benefits to customers
  - access to wide range of investment alternatives
  - up to date total portfolio view via the internet
  - convenience
  - efficiency
  - richer involvement and experience
  - opportunity to focus on longer term aims, structures and asset allocations

# How platforms benefit advisers



- Platforms offer real benefits to advisers
  - increased efficiency
  - deeper client adviser relationships
  - ongoing revenue based on funds under advice
  - increased enterprise value
  - alignment of interests with their clients

# Platforms deepen relationships

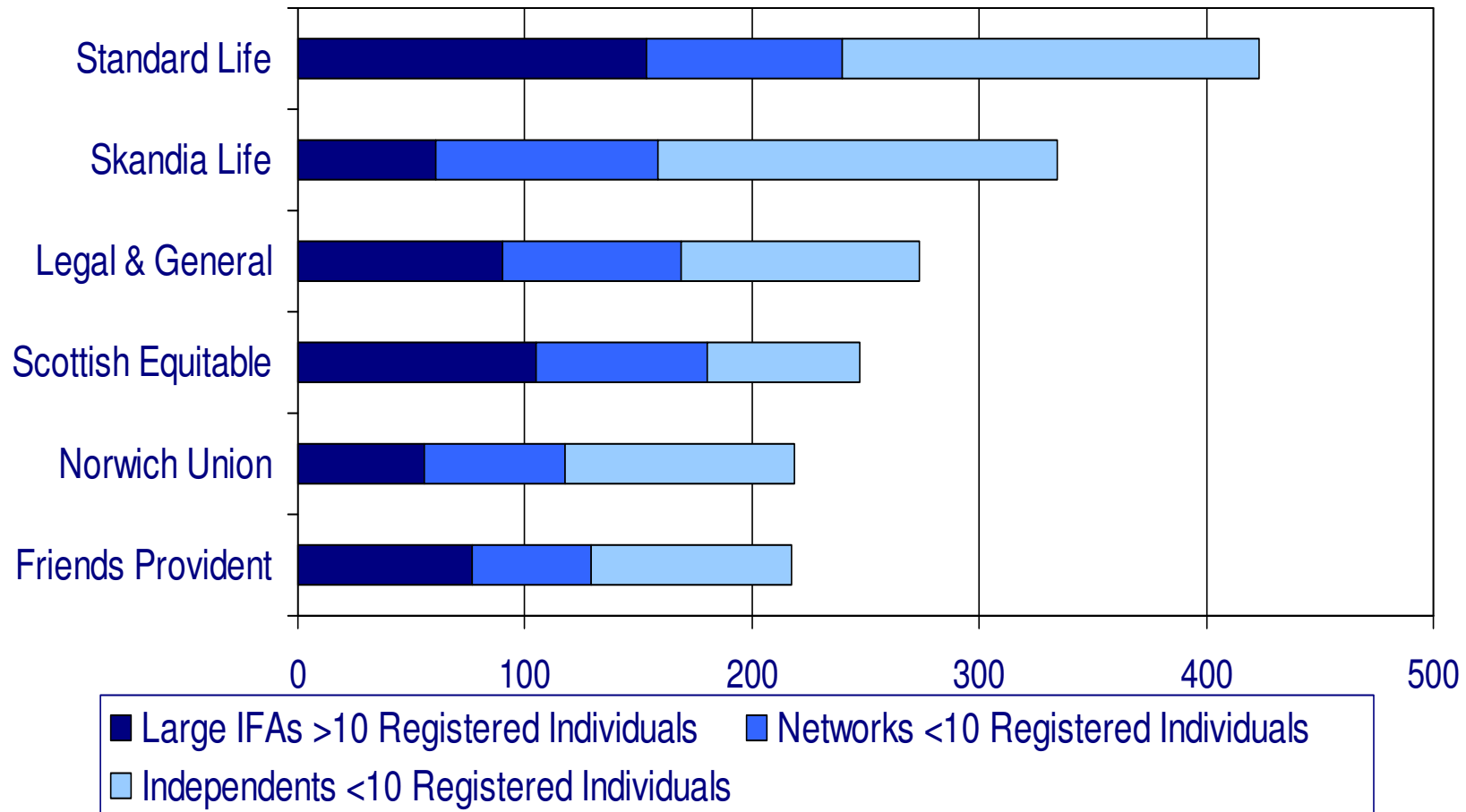


- Platforms will be key to accessing distribution
- Platforms should help increase dependency of advisers, with tools and services
- Platforms should result in better persistency of advisers and customers

# Our leading product quality creates platform opportunity



## Best for product quality and innovation



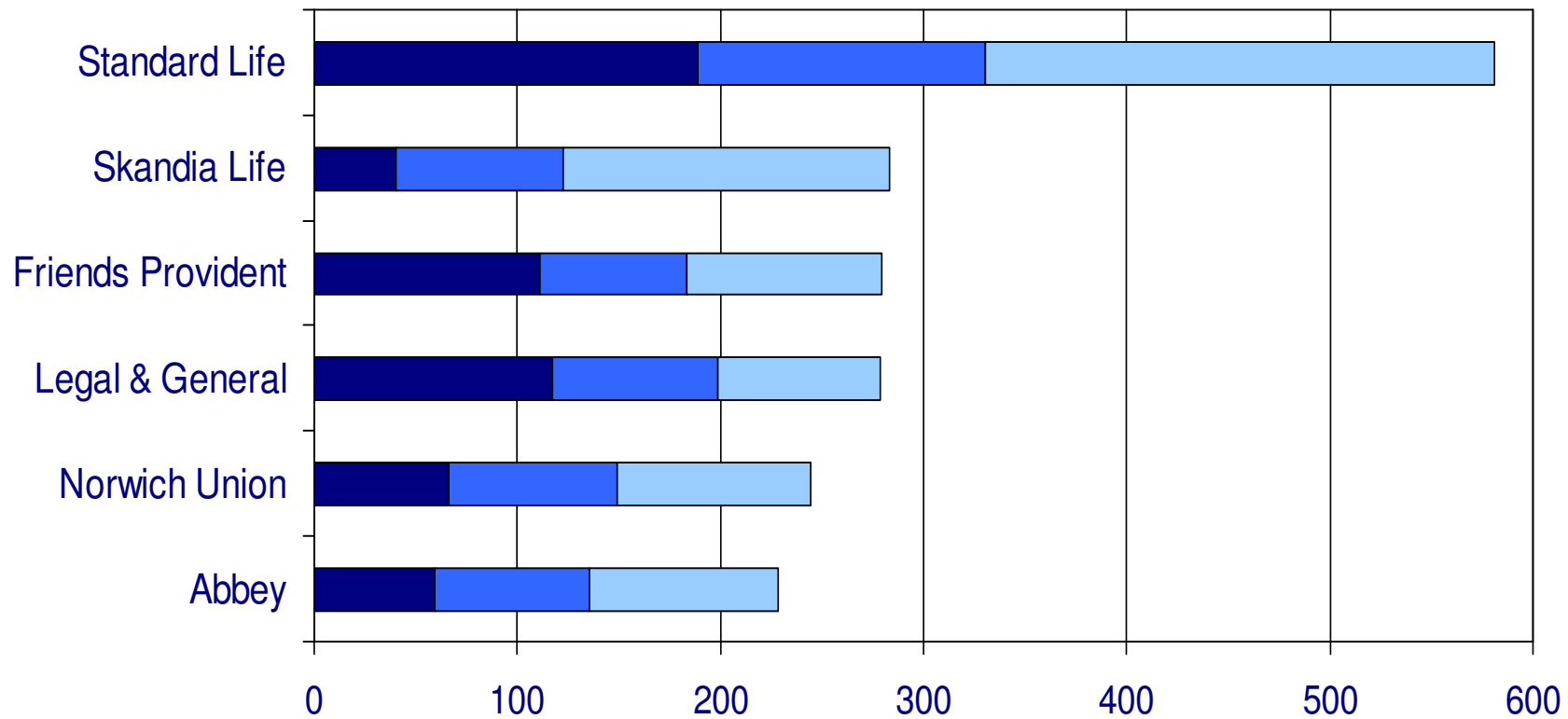
- ◆ 125 companies nominated
- ◆ 1000 brokers voted in this category

Source: Money Marketing Provider Awards 2007  
Weighted Result – Top six

# Our leading customer service creates platform opportunity



## Best for Customer Service



Large IFAs >10 Registered Individuals
  Networks <10 Registered Individuals  
 Independents <10 Registered Individuals

- ◆ 109 companies nominated
- ◆ 1000 brokers voted in this category

Source: Money Marketing Provider Awards 2007  
Weighted Result – Top six

# The changing business model



## From

- Volume
- Selling products
- Product provider
- Product focussed

## To

- Profit
- Nurturing and developing relationships
- Service provider
- Customer focussed

# The SIPP opportunity



- SIPP – first mover advantage
- Created a new market space
- High market growth potential
- Confident we can grow with market
- Confident we can maintain SIPP margins

# Further opportunities



- Group SIPP marries innovation of SIPP with our proven solid market leading Group Pensions infrastructure
- Group SIPP high market growth potential
- Wrap, third wave, emerging steadily



# The Standard Life UK Story



Standard Life well placed

- To lead and shape emerging platform market
- For ongoing profitable growth



# The SIPP opportunity



# Barry O'Dwyer

Managing Director, Marketing

# The SIPP opportunity



- Standard Life's success in the SIPP market is difficult to replicate
- High levels of growth are sustainable
- Higher profit margins are sustainable
- We are leveraging this success in other markets

# What is a SIPP?

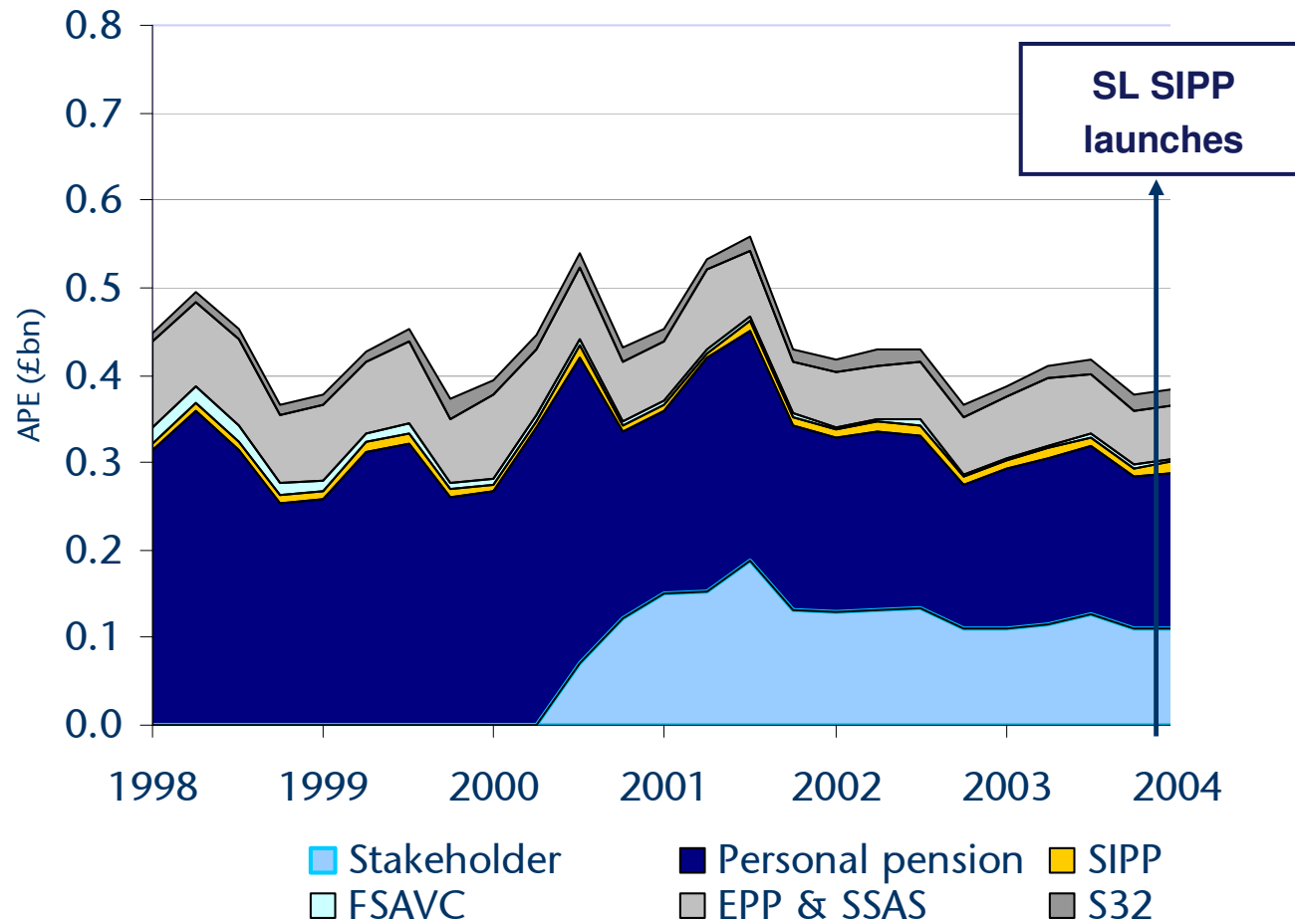


- A platform to access all the services you need to accumulate funds and then to draw income and tax free cash in retirement
- Introduced into the UK market in 1989
- A Personal Pension with a wide range of investments
  - Insured funds
  - Mutual funds
  - Stocks and shares
  - Hedge funds, futures and options
  - Cash accounts
  - Commercial property
- Commonly used as a post-retirement vehicle to take tax free cash and income drawdown from age 50, or to defer retirement to age 75
- Post A-Day, it is used as an accumulation vehicle to consolidate pensions investments in the years running up to retirement

# Some history....



## UK Pension Market Volumes 1998 – 2004 (APE)

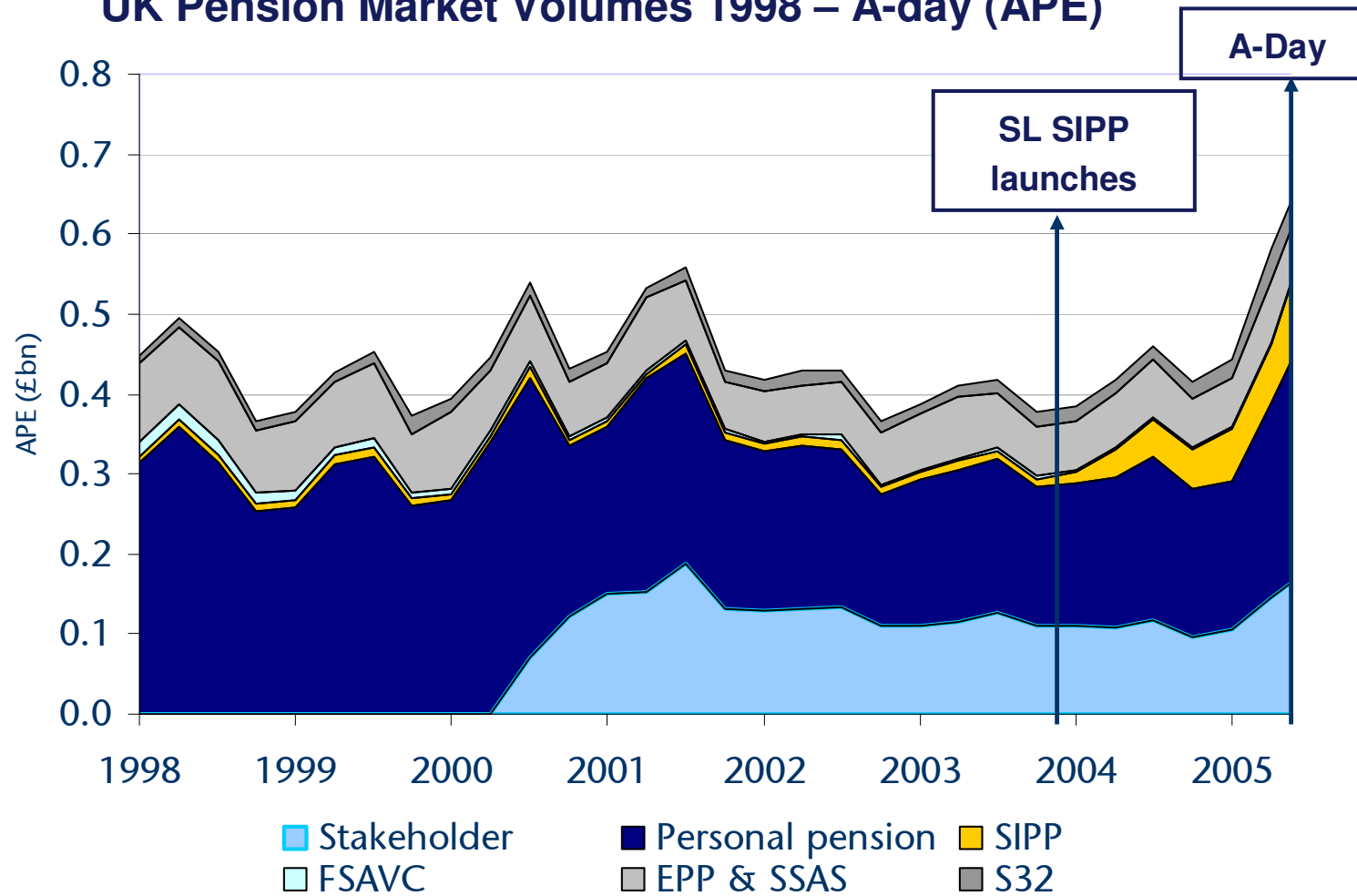


Source: ABI

# Some history....



## UK Pension Market Volumes 1998 – A-day (APE)

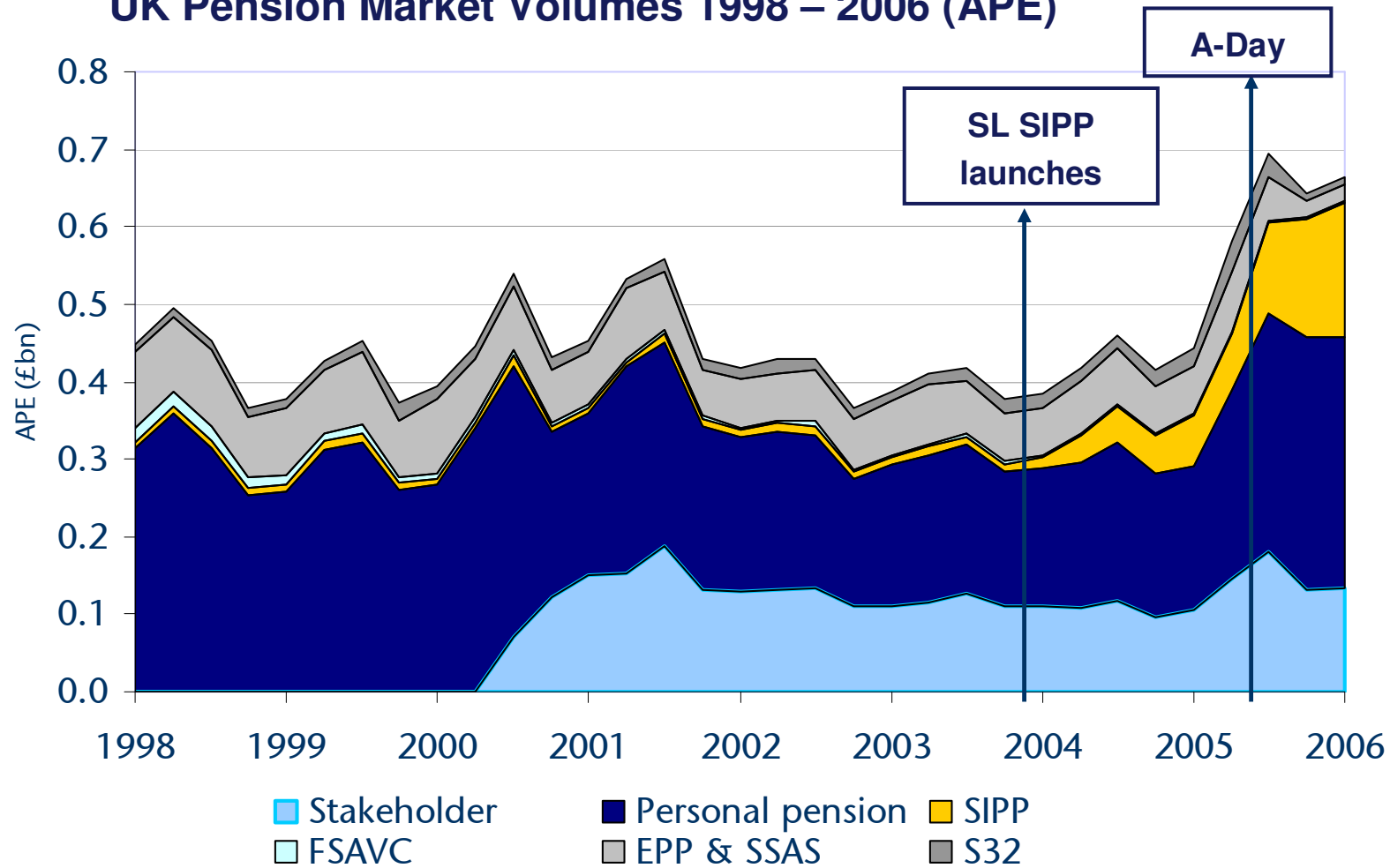


Source: ABI

# Some history....



## UK Pension Market Volumes 1998 – 2006 (APE)



Source: ABI



# Some history.....



- We identified the opportunities and carried out extensive customer and adviser research on the SIPP market in 2001 and 2002.

We learnt:

- Significant demand existed for this product
- To succeed we needed:
  - Excellent customer service
  - Flexible drawdown options and investment flexibility
  - Competitive and fair charges
  - Superior sales support
  - Robust and integrated technology

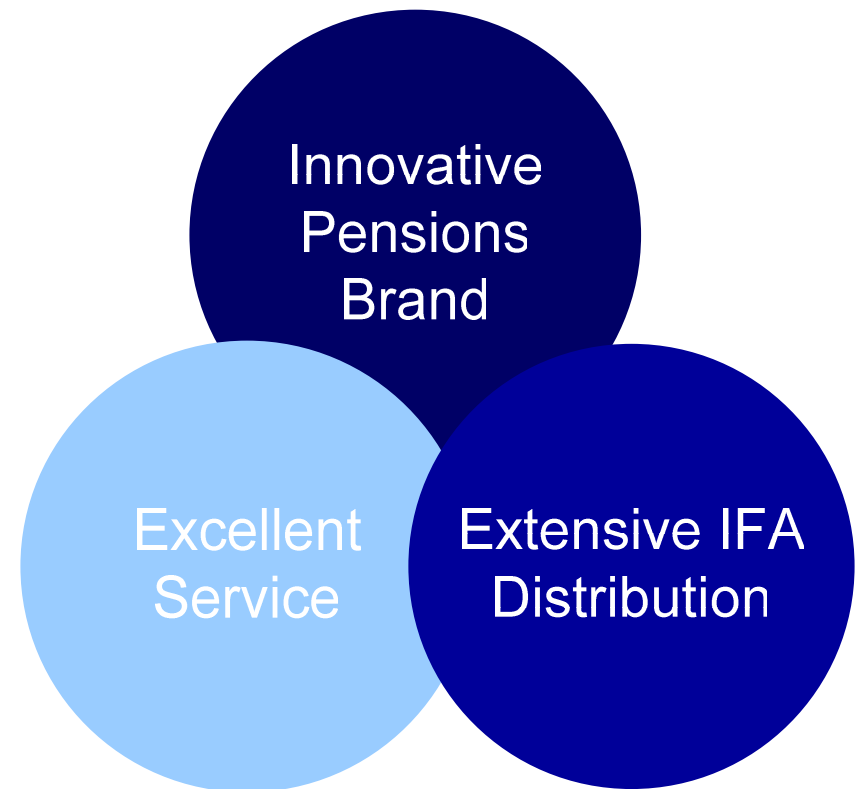
**You have the whole market at your feet and you can choose what you want.**

*You need a seamless vehicle and a fairly clear transparency ....what an insurance company should be trying to do is capture a client and not losing him when it comes to doing drawdown.*

# Strategic rationale



- Significant customer demand existed
- Market underdeveloped and lacked innovation
- Strategic fit
- Opportunity to improve margins in pensions arena
- Launched a major project to build SIPP in 2002
  - Innovative design
  - In-house capability
  - Substantial capital spend



# Leading the market in growth and service



## Competition – providers



	<b>Growth 30 Sept 2005 – 31 Dec 2006</b>	<b>Funds Under Management – Year end 2006</b>	<b>Defaqto Product Rating</b>
Standard Life	£3,200m	£4,300m	*****
James Hay	£1,800m	£11,800m	*****
AEGON	£1,590m	£5,400m	***
Suffolk Life	£900m	£2,000m	*
Winterthur	-£600m	£1,400m	***
Hargreaves Lansdown	not disclosed	£820m	****

Standard Life SIPP funds under management at 31 March 2007 - £5.3bn

# A trusted brand

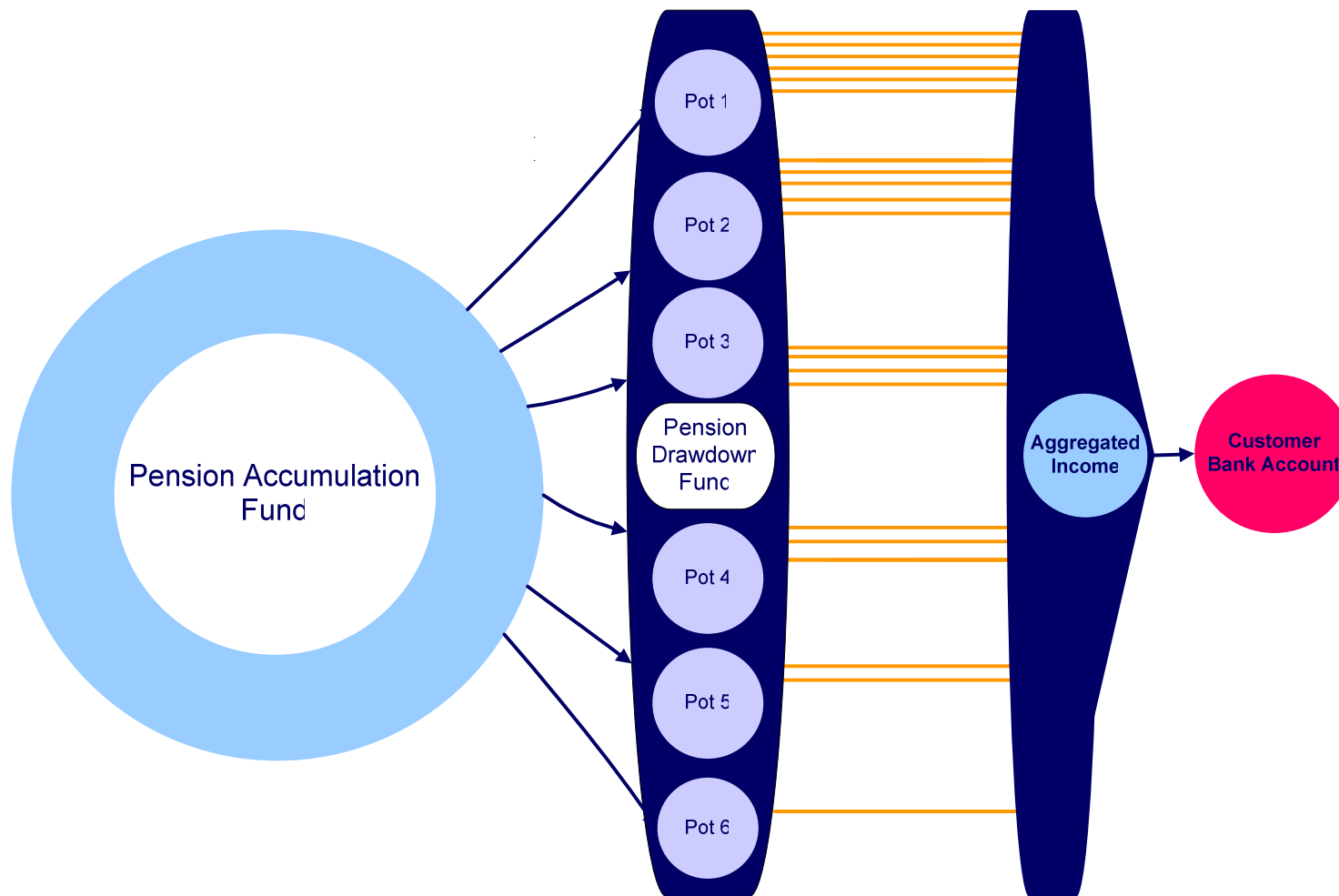


## Competition – administrators



Our SIPP offering  
is difficult to replicate...

# Complexity automated



# Video of John Gill, Managing Director, CSD



**John Gill**

*Managing Director, Customer Service*

# Award winning



2005
<b>Financial Adviser Life &amp; Pensions Awards</b> <ul style="list-style-type: none"><li>• Best SIPP Provider</li></ul>

2006
<b>Financial Adviser Life &amp; Pensions Awards</b> <ul style="list-style-type: none"><li>• Best SIPP Provider</li></ul>
<b>Moneyfacts Investment Life &amp; Pensions Award</b> <ul style="list-style-type: none"><li>• Best SIPP Provider</li></ul>

2007
<b>Financial Adviser Life &amp; Pensions Awards:</b> <ul style="list-style-type: none"><li>• Best SIPP Provider</li><li>• Best Drawdown Provider</li><li>• Best ASP Provider</li></ul>





# IFA feedback



**"I am impressed with you lot."**

***"Thank you for your prompt attention, I have found the SIPP department exemplary."***

**"It makes a change to speak to someone who listened and saw it through to completion"**

**"... I would like to take this opportunity to express my complete satisfaction with the standard of service."**

***"John must be congratulated on the way he handled a number of complex enquiries... he is a completer-finisher, which is very hard to find in today's demanding working environment"***

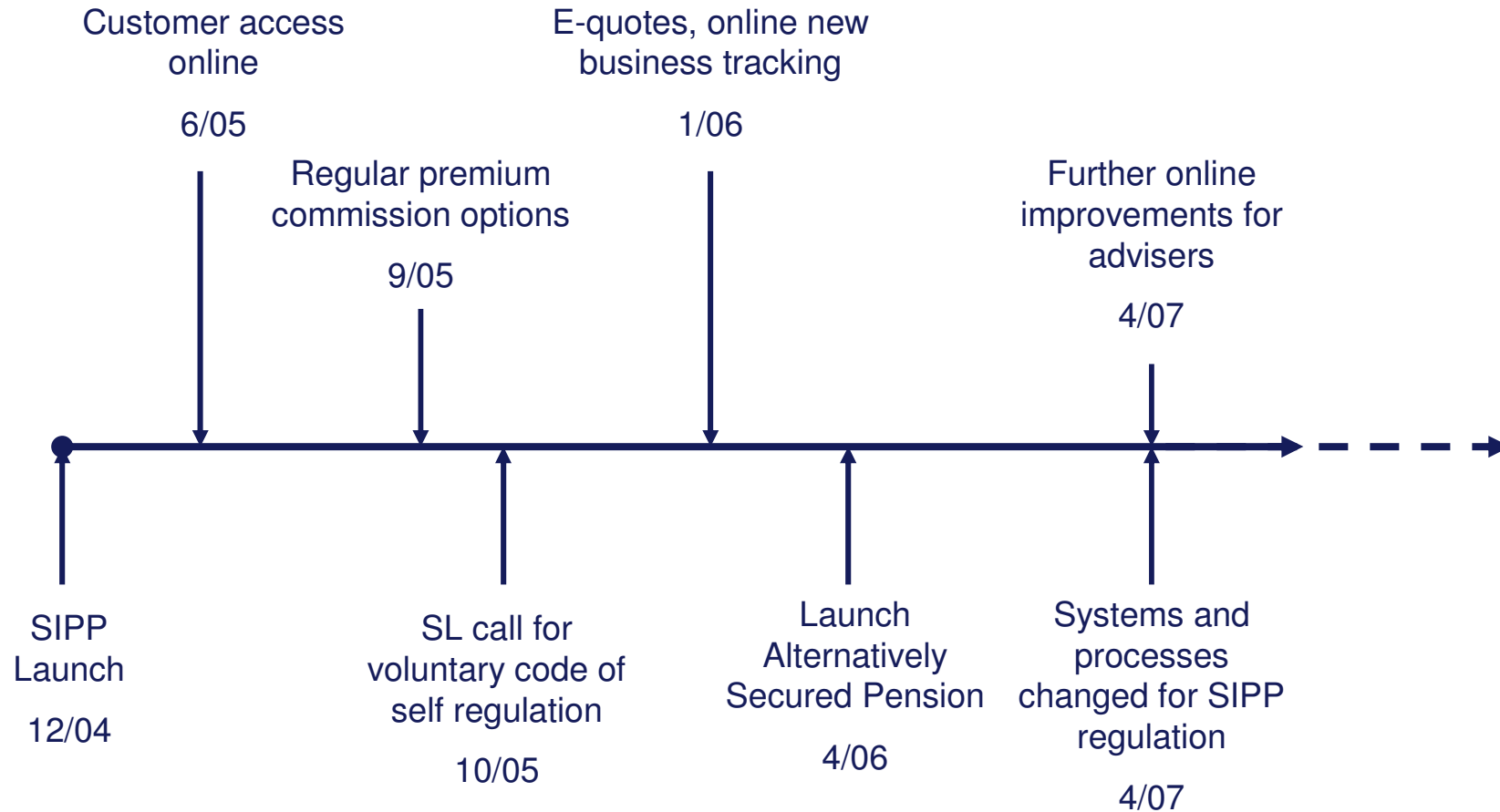
# Interview with Clive Rose, Savills Private Finance Ltd



**Clive Rose**

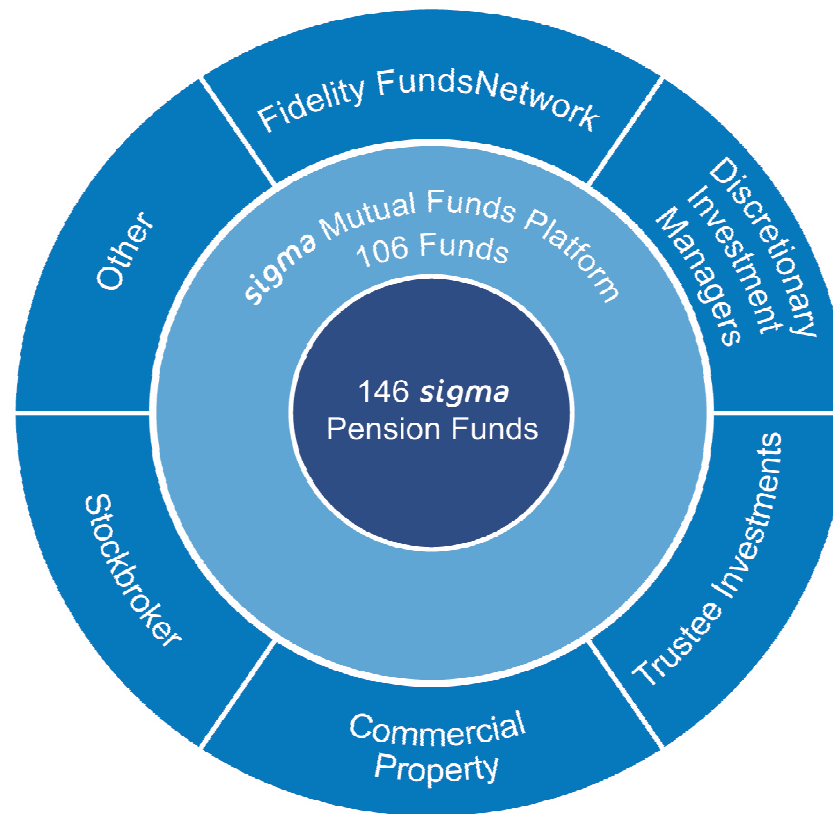
Savills Private Finance Ltd

# Continuous enhancement since launch



# Sustainable growth

# Overview of our SIPP



# Inner ring



# Inner ring



146 *sigma*  
Pension Funds

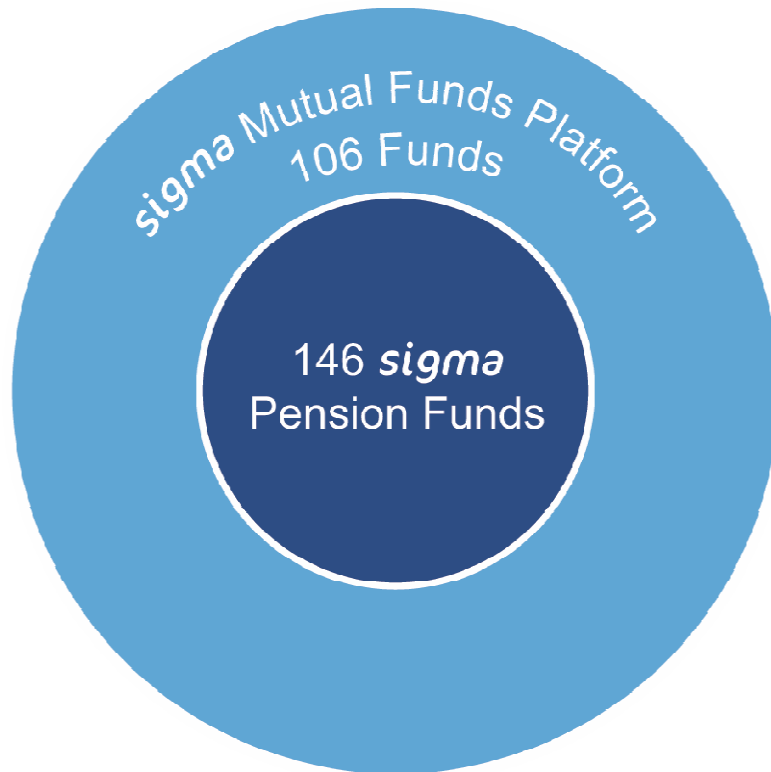
Top Funds	% of Insured	Annual Charge
Standard Life Select Property	12%	1.5%
Standard Life Sterling	10%	1%
Standard Life Property	9%	1.5%
Standard Life Managed	7%	1%
Invesco Perpetual High Income	5%	1.72%
Standard Life UK Equity	4%	1%
Standard Life Cautious Managed	3%	1%

Insured Funds	Annual Large Fund Discount
Less than £50,000	Nil
£50,000 - £250,000	0.3%
£250,000 - £ 500,000	0.4%
More than £500,000	0.5%

Total Funds Under Management at 31 March 2007- £3.7bn<sup>1</sup>

Note 1: Includes cash in SIPP bank account of £0.3bn

# Middle ring



## Top Funds

Fidelity European  
Invesco Perpetual Monthly Income Plus  
Invesco Perpetual High Income Fund  
Standard Life Higher Income Fund

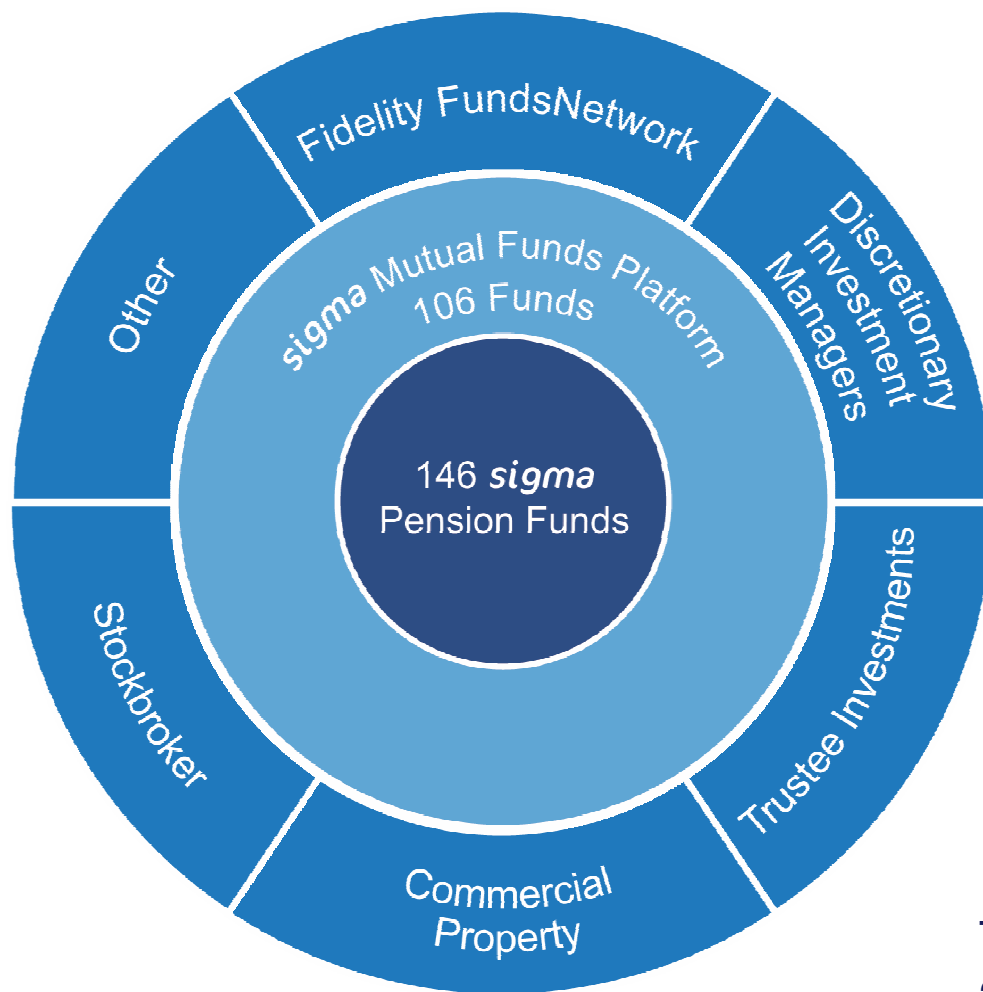
We receive a share of the annual management charge, plus

Charges	£
Set up	Nil
Administration	£200 pa
Drawdown	Nil
Transaction	Pro rata

Total Funds Under Management at 31 March 2007- £0.5bn



# Outer ring



Outer Ring	Value
Fidelity FundsNetwork	£355m
Discretionary Investment Managers	£301m
Trustee Investments	£174m
Commercial Property	£ 74m
Stockbroker	£0.4m
Other	£178m

Profit share agreements with business partners, plus

Charges	
Set up	£290
Administration	£400 pa
Drawdown	£120 pa
Transaction	Pro rata

Total Funds Under Management at 31 March 2007- £1.1bn

# Adviser remuneration menu

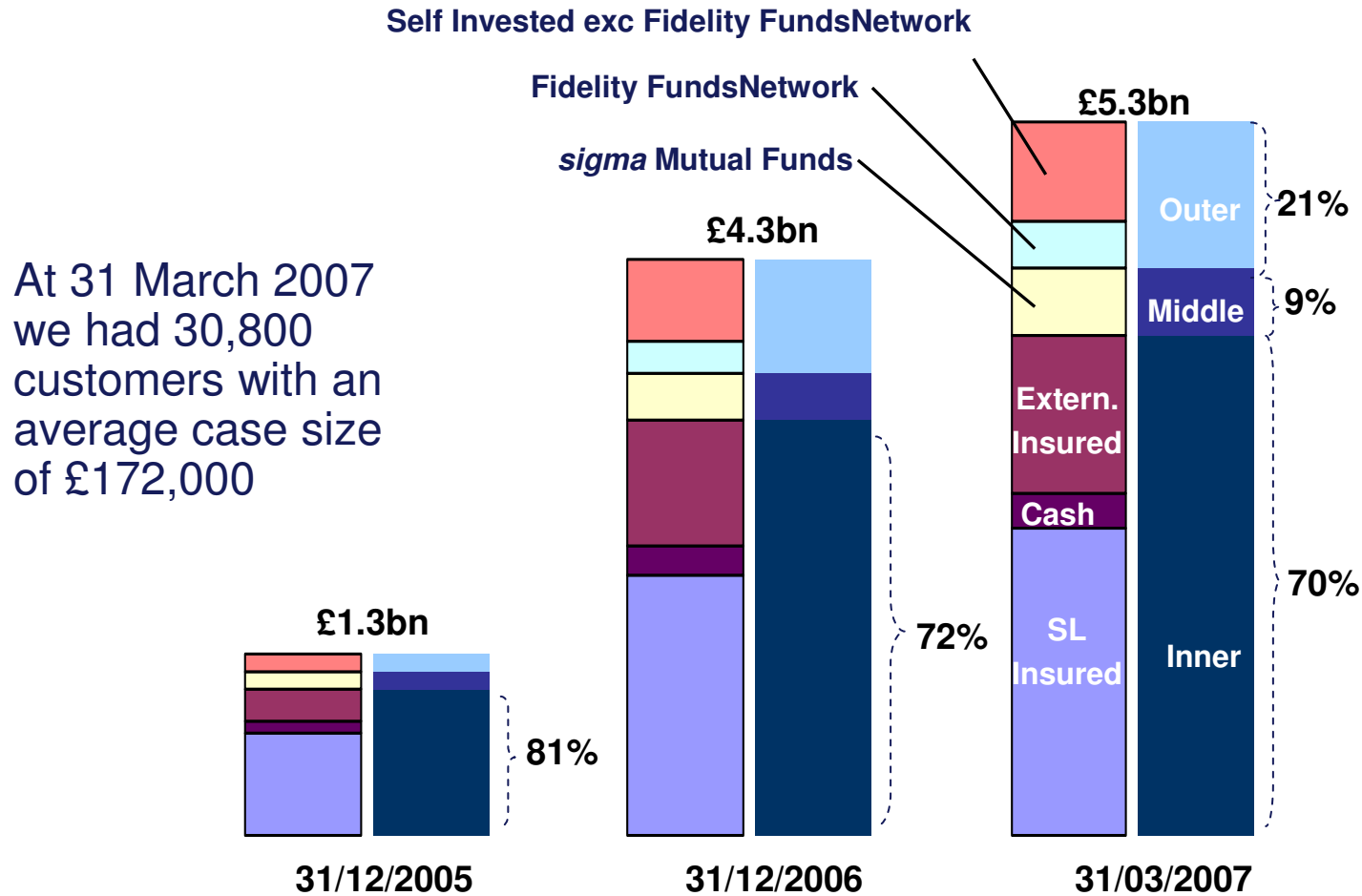


## Capital Efficient Remuneration Design

- Initial commission
  - Recouped by equal charge from customer funds
- Funded initial commission
  - Each 1% of commission to IFA recouped by customer charge of 0.2% p.a. of fund for 6 yrs, with uncollected charges recouped if contract terminates
- Fees
- Ongoing fund based commission
  - Per cent of assets per annum
  - Recouped by equal charge from customer funds

**We do not pay unfunded commission**

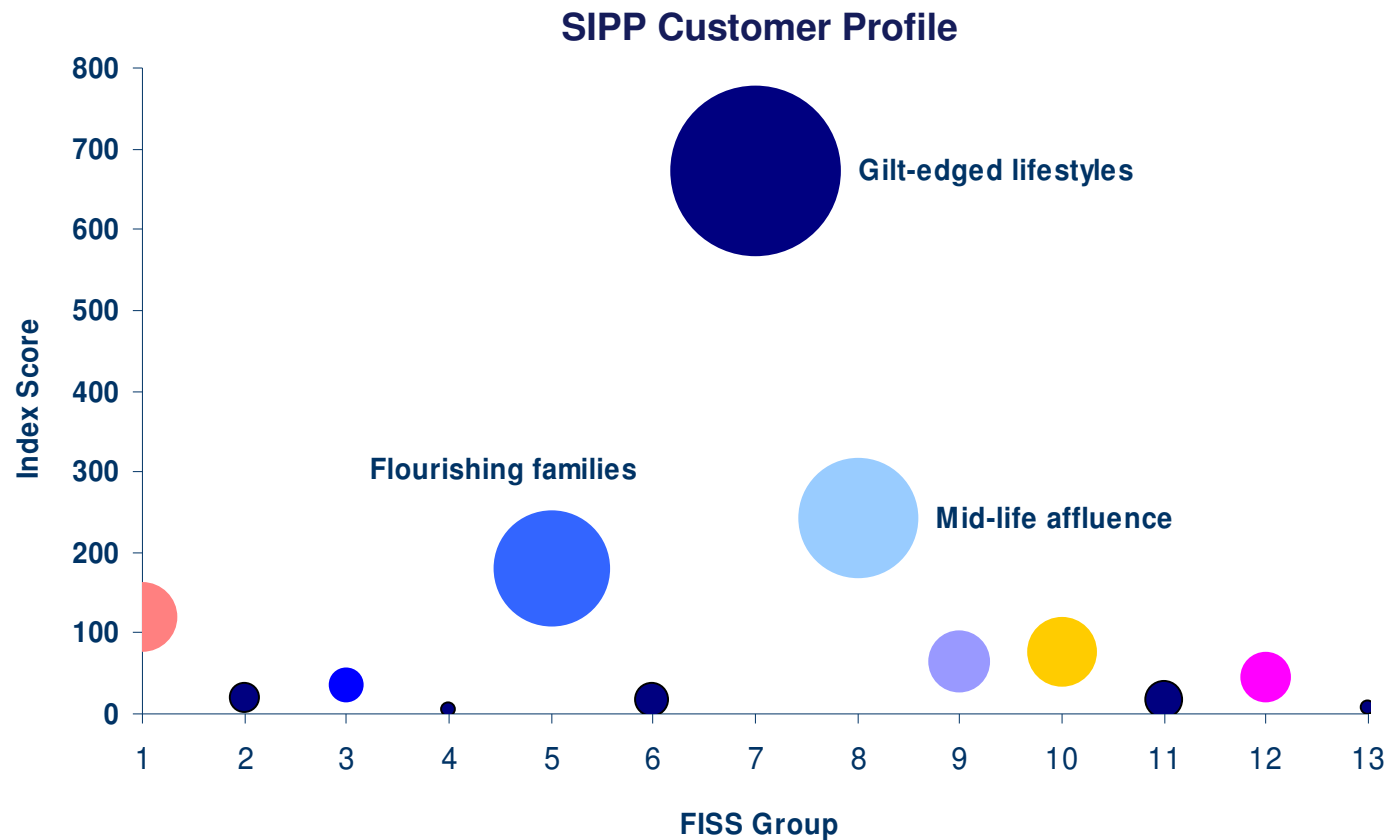
# Significant SIPP growth



# Our SIPP – a better opportunity



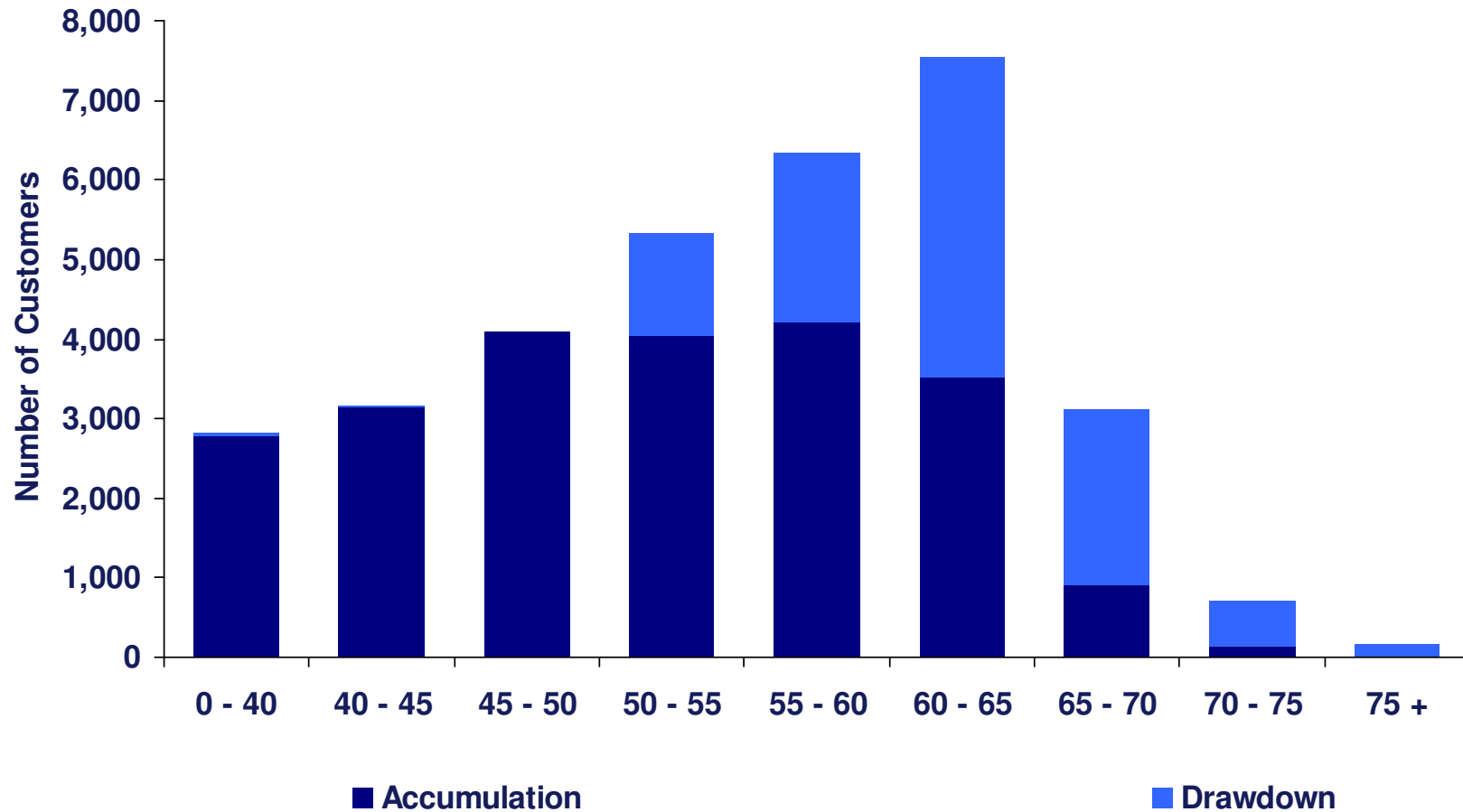
71% of our SIPP customers are in our target market (Gilt-edged Lifestyle, Mid-life Affluence and Flourishing Families)



Source: Standard Life

Index Score shows the extent to which our customer base differs from the UK population. For example, gilt edged lifestyles are 7 times more prevalent in our customer base than in the general market

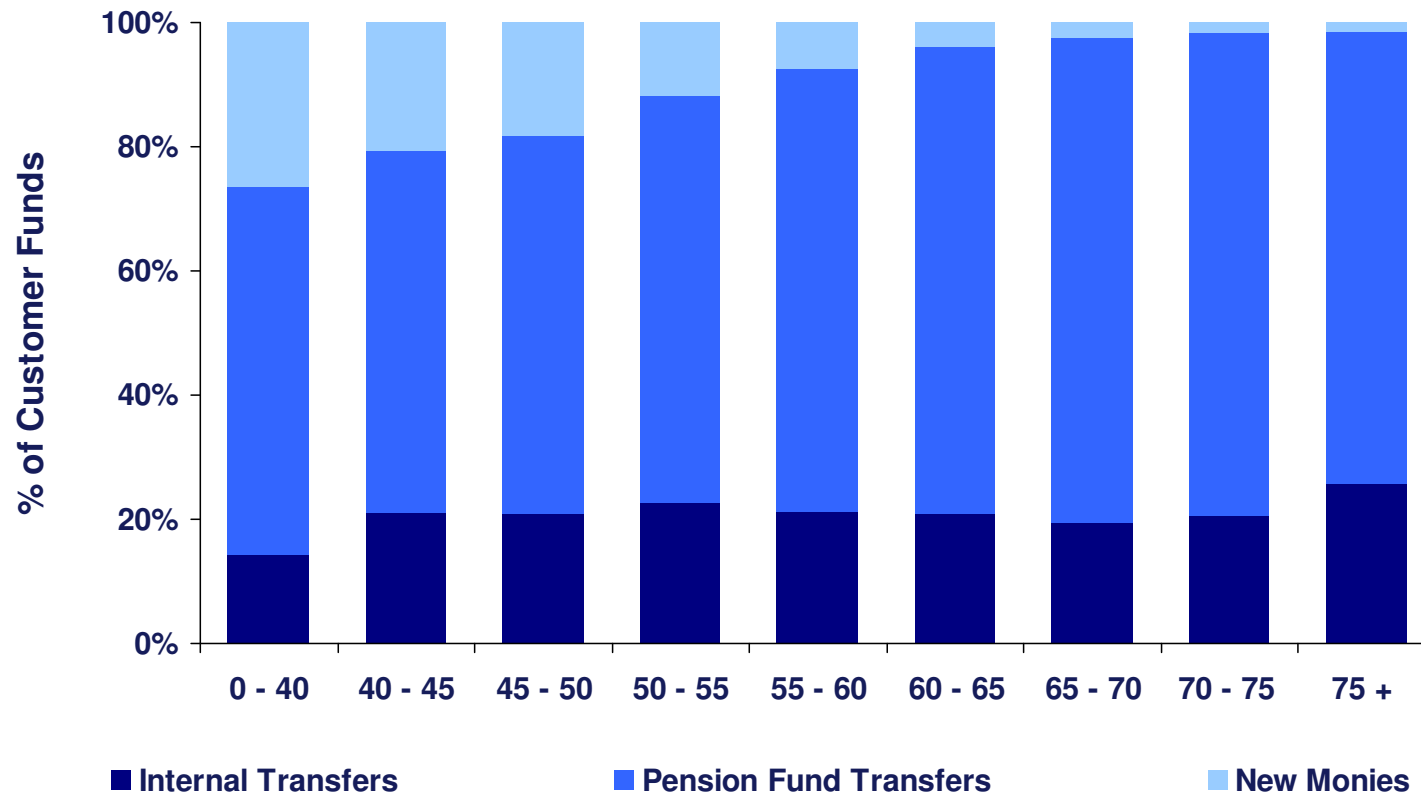
# SIPP – customers by age



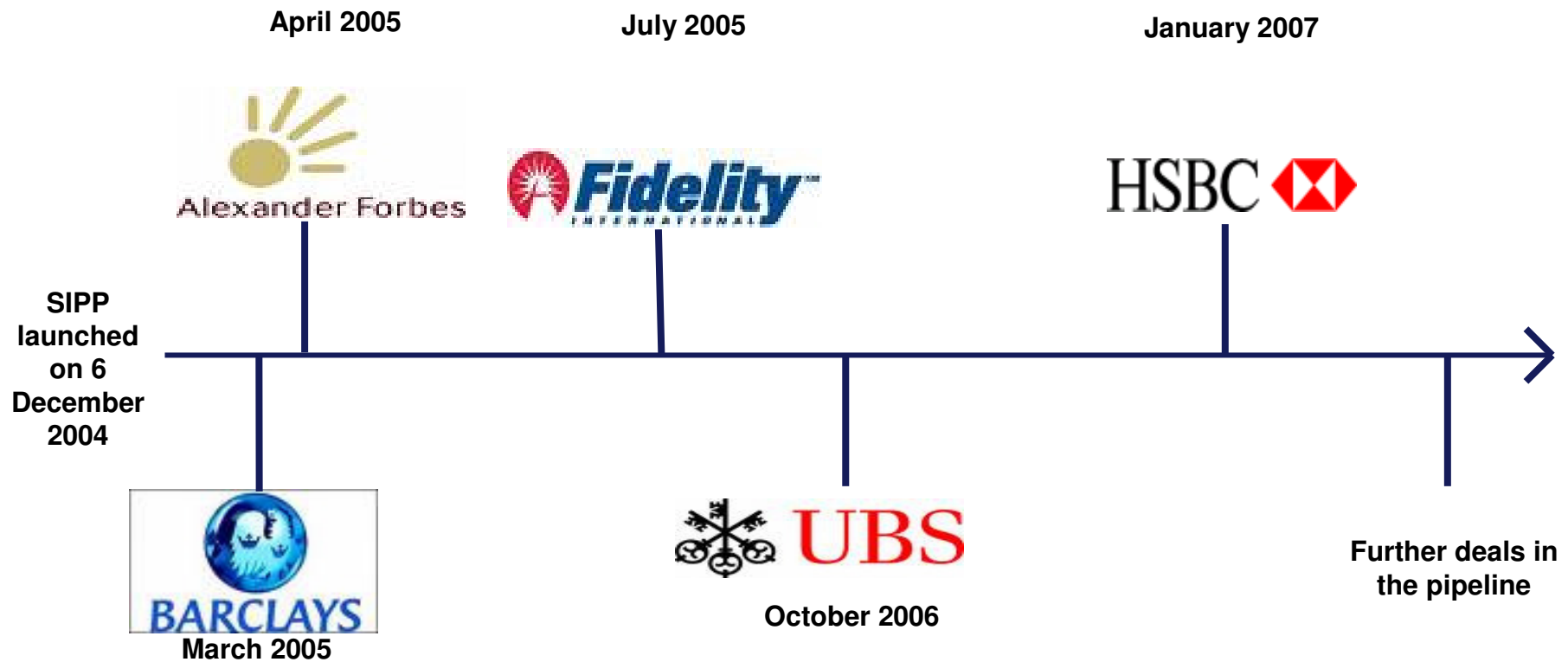
# SIPP – customers by source



## Source of SIPP funds by age



# Diversifying distribution



# Sustainable Margin

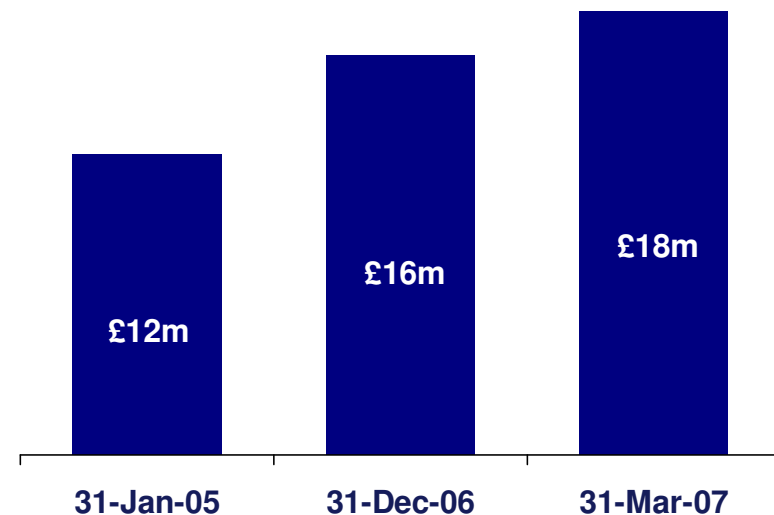


# Margin outlook



- All EEV expense assumptions are based on the actual costs
- Highest margins currently earned on insured funds
- We expect margins on non-insured business to increase as costs fall due to:
  - operational leverage
  - self investment gaining critical mass
  - enhancements to on-line servicing and automation

FUM for each SIPP Administrator

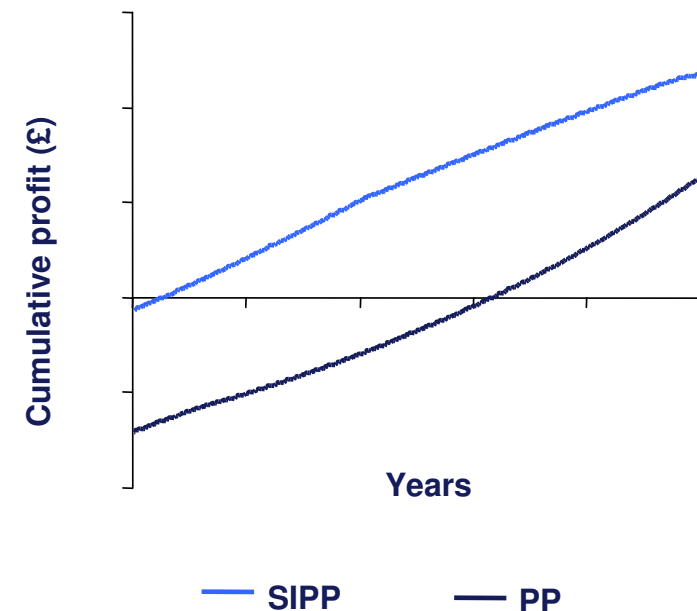


# Margin outlook



- Margins are sensitive to:
  - average age
  - expenses
  - persistency
  - case size
- Mitigated by:
  - commission & charge design
  - product flexibility
  - difficulty in transferring once in drawdown
- The risk of competitors capturing our leading position remains low. Currently there is no pressure on charges.
- New investment options and guarantees will enable higher margins to be generated.

**SIPP vs Personal Pension**  
Comparison of cumulative undiscounted profit



# Future opportunities

# Leveraging SIPP across the Group



- Post Retirement Market
- Corporate Market
- International
  - Ireland
  - Other markets

**SIPP is scalable and adaptable to other markets**

# Market outlook – high growth potential



- At end 2006, 145,000 customers have a SIPP, with £35bn assets under management<sup>1</sup>
- Based on population segmentation, we estimate a potential target market of **3m to 7m customers**
- For this population we expect **15% to 20% penetration** over the next 5 years. This is based on current penetration rates:
  - Pensions Approx 40%<sup>2</sup>
  - Investments Approx 75%<sup>2</sup>
- Therefore we expect **over 500,000 SIPPs in the UK market with in excess of £100bn assets under management by 2011**
- Future premium income from new premiums & transfers
  - 2.9m people have liquid assets above £100,000 <sup>3</sup>
  - Funds of £460bn in personal pensions, and £880bn in employer managed funds <sup>4</sup>

Notes: 1 Money Management Survey April 2007. Not all providers disclosed.

2 Standard Life & Experian

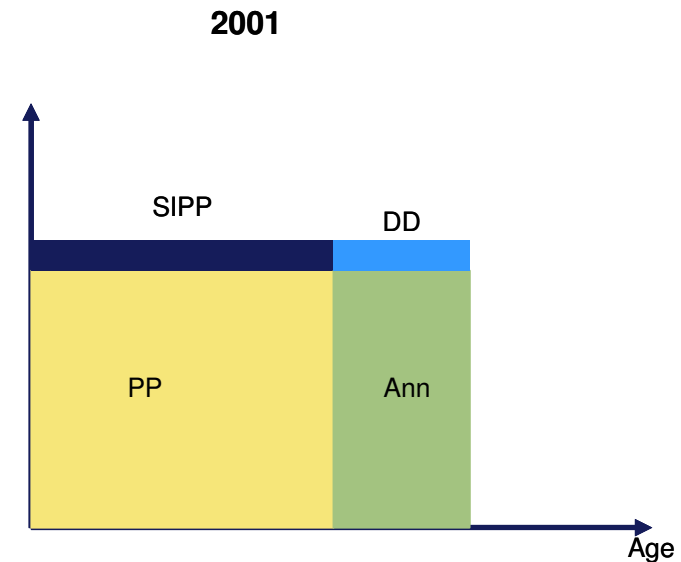
3 Citigroup

4 ABI

# The post retirement market



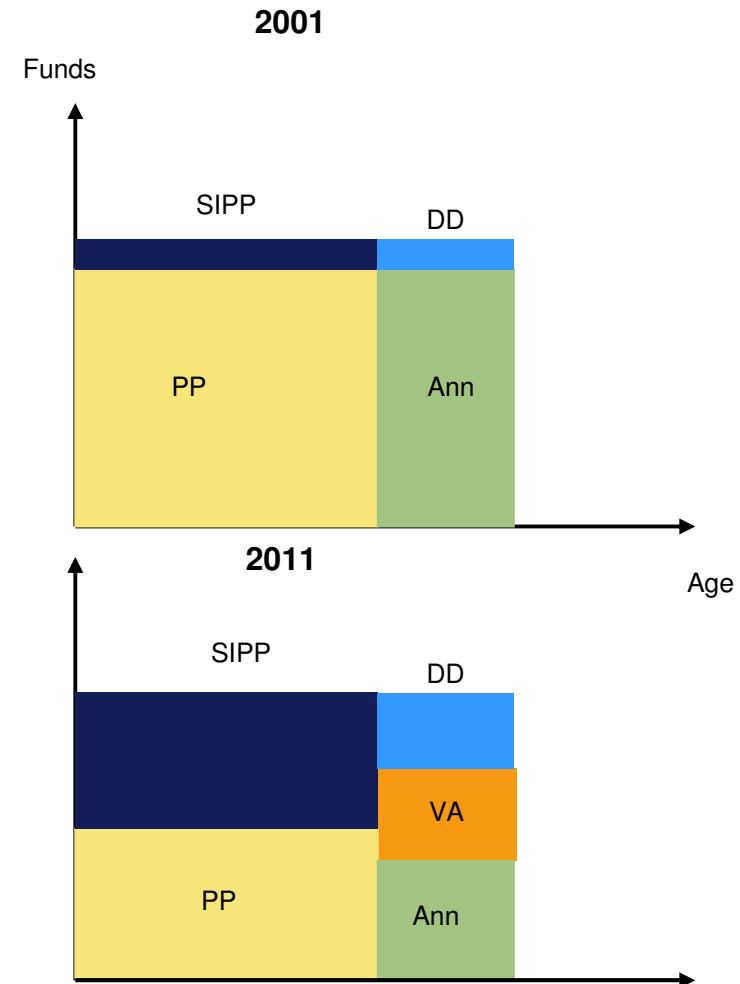
- This market is large. In 2006:
  - £9.1bn funds moved into annuities
  - £2.6bn funds moved into drawdown
- Legislation restricts this market to either annuity purchase or drawdown. Both these options have weaknesses:
  - Annuities have no investment upside, or benefit on early death
  - Drawdown passes all longevity risk to the customer



# The post retirement market opportunity



- There is a market need for a 3<sup>rd</sup> way
- Research has been undertaken and we are actively lobbying HMT to enable innovation in this space
- SIPP is the natural vehicle to deliver new innovative post retirement solutions
- Retirement planning advice will be required



# The SIPP opportunity



- Standard Life's success in the SIPP market is difficult to replicate
- High levels of growth are sustainable
- Higher profit margins are sustainable
- We are leveraging this success in other markets



# Your questions



# The Group SIPP opportunity



**Barry O'Dwyer**  
Managing Director, Marketing

**Garry Morrison**  
Customer Service Director, Group Pensions

# The Group Pensions opportunity



- We believe we offer the best defined contribution (DC) proposition in the UK
- We have strong pricing discipline and normally command a premium price
- Group SIPP offers us the potential for sustained profitable growth

# Our DC proposition



## Operational Vision

We will retain and grow our existing business and attract new clients through the provision of market-leading service at low cost.

## How do we know we're achieving it ?

Top of Peer Group in Corporate Monitor & Greenwich annual Benchmarking of DC Plans.

McKinsey's Cost Benchmarking Exercise – low cost provider.

## How do we achieve it ?

Process – Relentless focus on process improvement.

Platform – Efficiencies of a single platform.

People – UK based Pensions Specialists, average of 10 years experience.

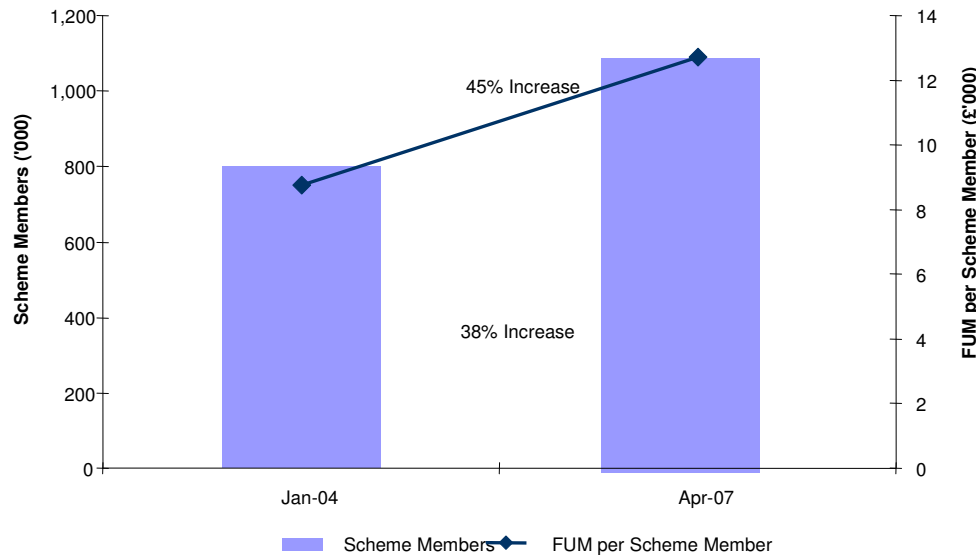
**Good service is cost efficient service**

# Operational Scale

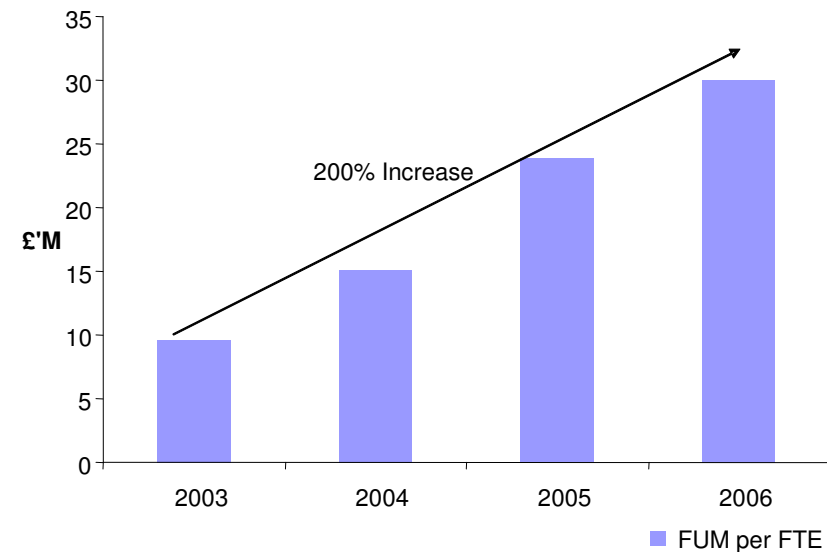


- 37,000 DC Schemes
- 1.1m Scheme Members - 38% **increase** since Jan '04 (800k)
- £14bn Funds under management - 100% **increase** since Jan '04 (£7bn)
- 450 Staff - 35% **decrease** since Jan '04 (720)

Group Pension Scheme Members and FUM



FUM per Customer Service Staff Member



# Great service - a key differentiator



- Wide ranging client base:
  - 43 of FTSE 100 companies, 35% of FTSE 250
  - Global Corporations
  - Major Professional Partnerships
- Leveraging existing client relationships - Defined Benefit (DB) closures
  - “From toehold to foothold”

# Technology at the core



## Single platform

- Everyone uses same underlying applications/data
  - employer
  - employee
  - adviser
  - Standard Life staff
- Existing clients use today's technology.

## Agile software development

- Single, integrated team of IT & pensions professionals, co-located.
- Iterative development approach leads to much shorter delivery times.



# eCommerce Demo



[GroupPensionzone](#)

[employeezone](#)

[Retirement Planner](#)

# eCommerce & service awards



**Effective IT Financial Services and Overall Project Winners 2006**

**FTRC eee-excellence rating - 1st place 2 years running**



**Financial Adviser 5 Star Service Awards - 11 years running**

**Professional Pensions DC Provider of the Year 2007**

# Customer testimonial



“Standard Life have clearly invested a significant amount of money in the development of your systems to ensure that they are as simple and easy to use as possible.”

“The submission of our payments schedule was straightforward and we had constant access to support if required (which it wasn’t).”

“The switch to Standard Life has allowed us to increase our employer pension contributions at no cost to Hasbro. Prior to the switch to the new scheme we employed an administrator spending half their time on pension administration. Now, one person spends no more than three hours a month on pension administration.”

Grant Foden,  
European Compensation Director,  
Hasbro Europe



# Interview with Grant Foden, Hasbro Europe



# Reference clients



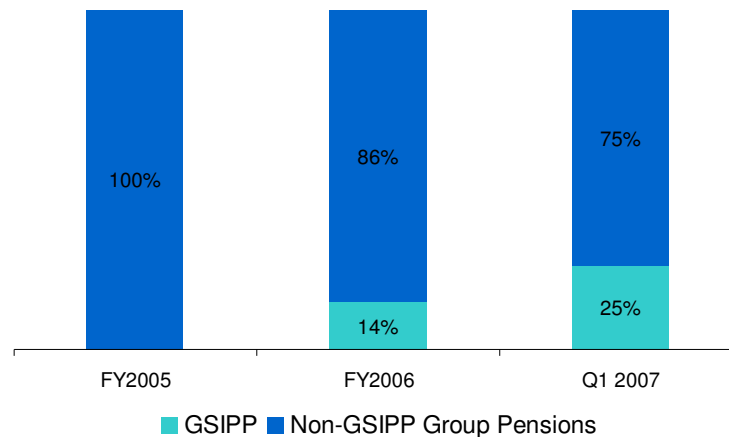
Fifty reference clients from a wide range of industries and sectors

# Strong pricing discipline



- We have introduced a sustainable commission model with GSIPP
- We do not pay unfunded commission on any new business
- We have a rigorous client underwriting process
- Our clients are prepared to pay a premium price
- We have a streamlined process for upgrading existing schemes

**Increasing weighting of GSIPP new business sales (PVNBP basis)**



# Why the market is ready for GSIPP



- Move from DB to DC now impacting higher earners
- Demand for drawdown
- Full concurrency post A-day
- Excitement for SIPP amongst high net worth (HNW) members
- Disillusionment with pension choices offered by employers

# Group SIPP – Potential for Growth



- First major player to market in January 2006
- Combines SIPP capability with our industrial strength DC platform
- Wide range of applications:
  - One plan for all employees
  - Replacement AVC
  - “Top Hat” scheme
  - Bonus Waiver Plan
  - Share Save roll-over
- Drawdown Revolution
- Future proofed against Personal Accounts



# Interview with Simon Hemmings, ICAP



**Simon Hemmings**  
Pension and Benefit Manager  
ICAP

# The Group Pensions opportunity



- We believe we offer the best DC proposition in the UK
- We have strong pricing discipline and normally command a premium price
- Group SIPP offers us the potential for sustained growth

# Your questions



# The Wrap opportunity



**Geoff Towers**

CEO Standard Life Savings Limited

**Nick Blake**

National Sales Manager - Wrap

# The Wrap opportunity



## Standard Life

### **is forward thinking:**

- today's market is multi segmented, requiring multiple offerings from multiple data sources: (i.e. baby boomers & their advisers are demanding new services to meet the retirement challenge)

### **understands:**

- their customers & their advisers & the demands being made by evolving market segments
- the need to continually prove & refine our customer offerings

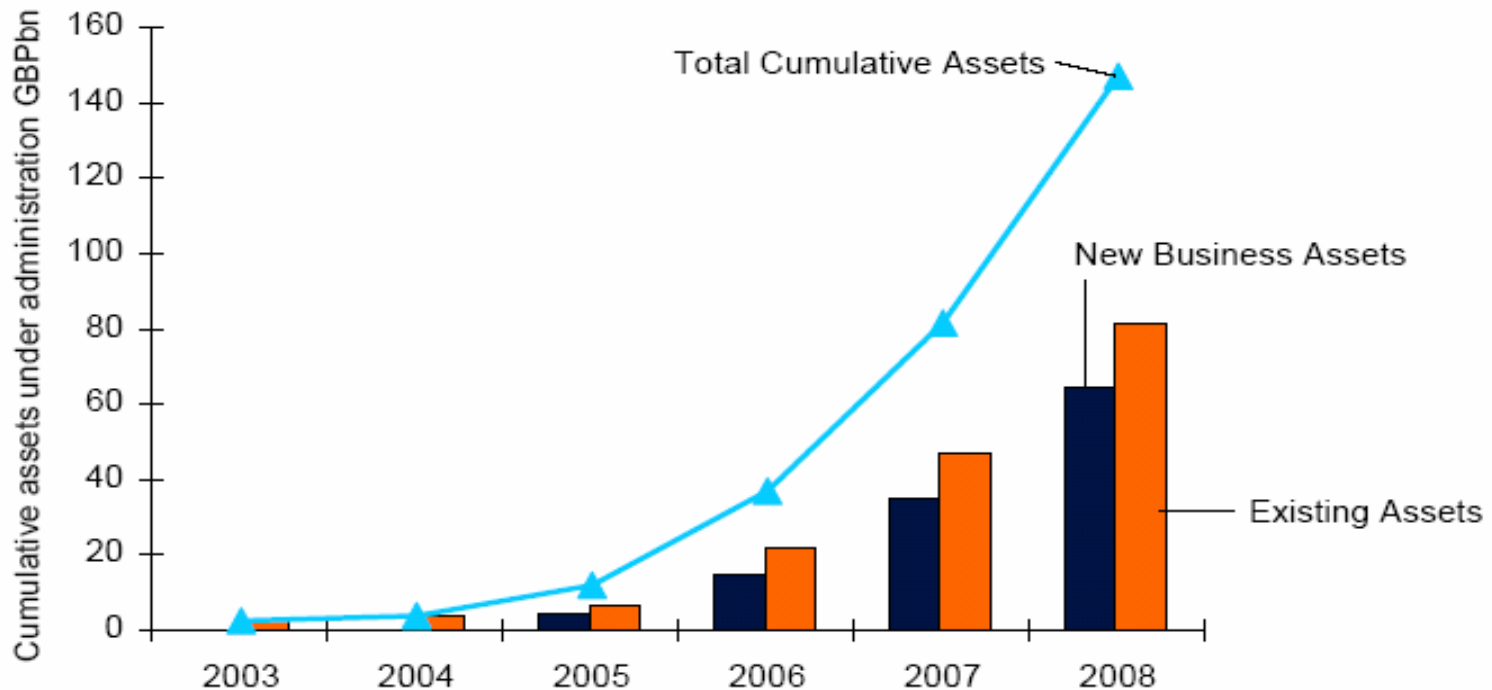
### **is experiencing strong revenue growth:**

- in its offering to the evolving asset servicing market segment without cannibalising its more traditional markets

# Projected growth in Wrap assets in the UK



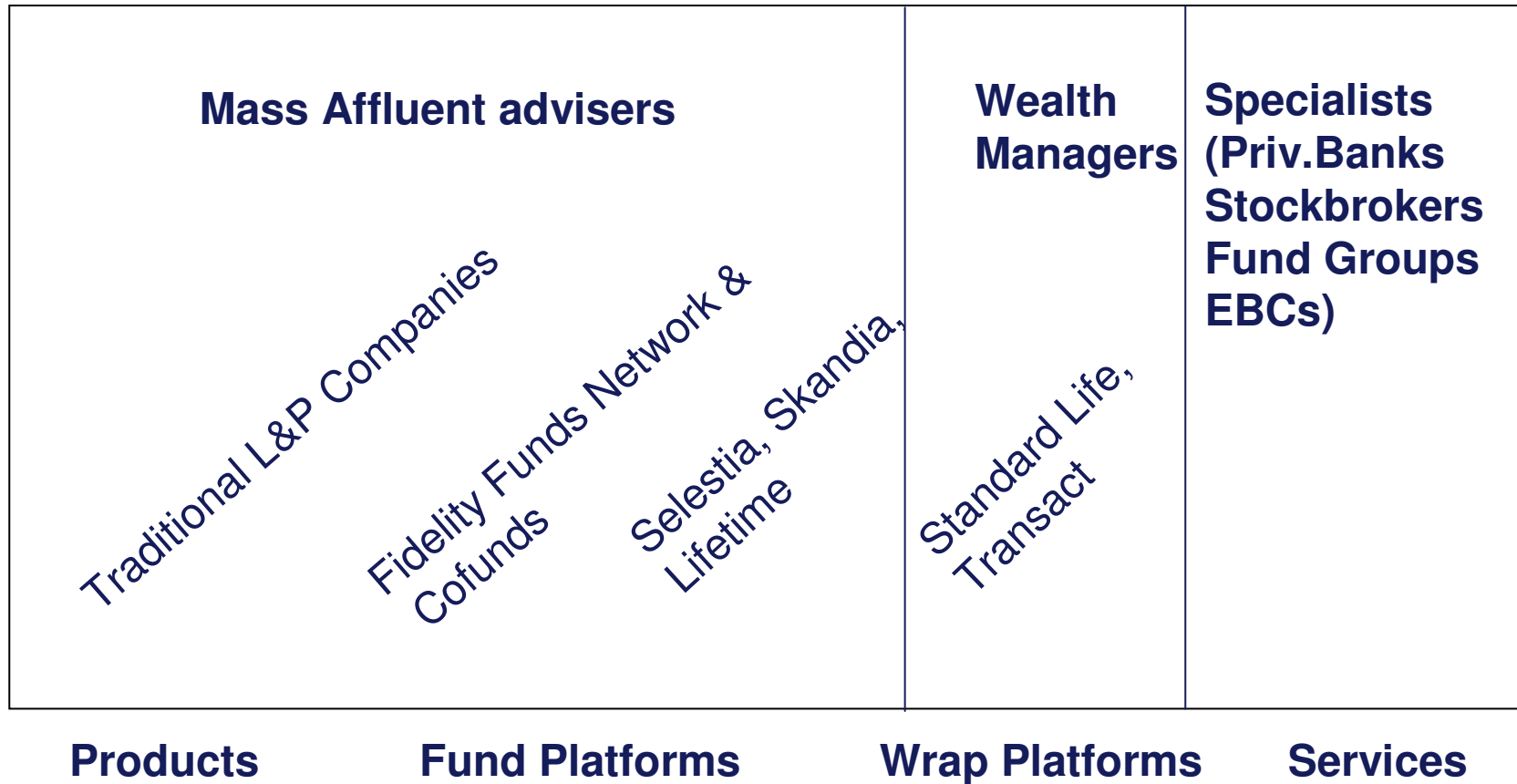
By 2008, assets held within 'wrap like' services will grow to around £150bn



Source: Datamonitor estimates

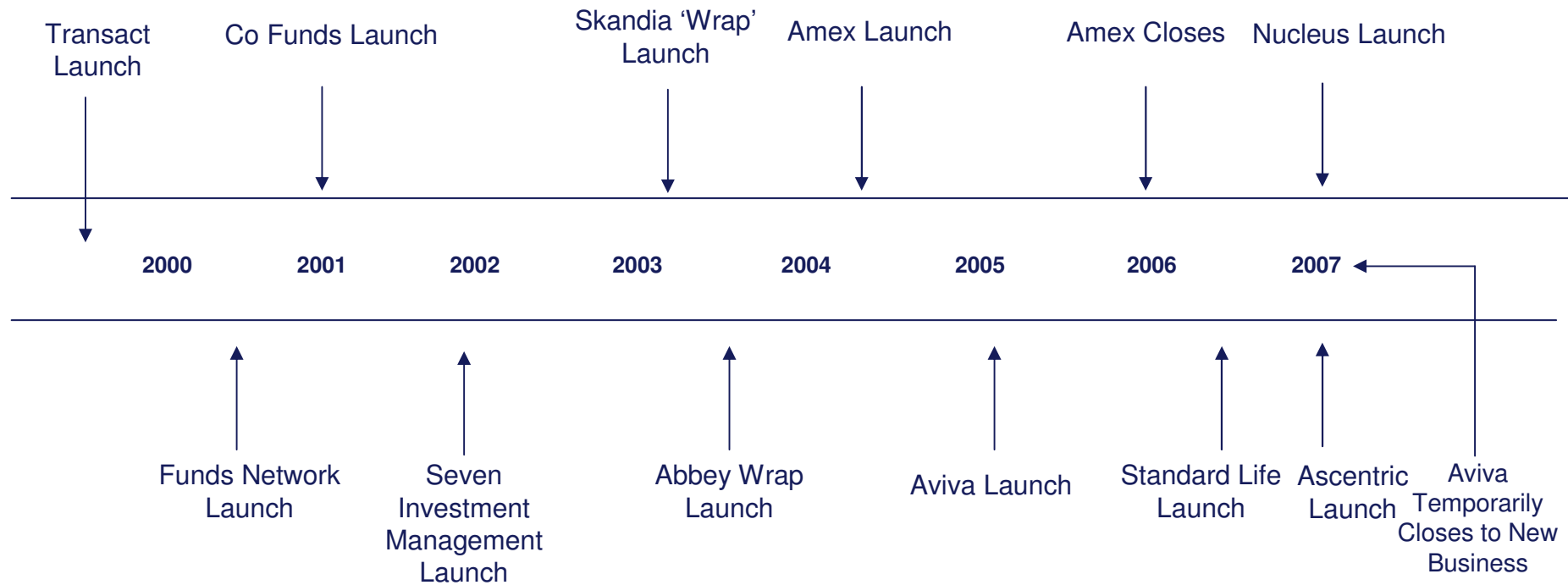
DATAMONITOR

# Market Map – The move to Wealth Services





# History of 'Wrap' platforms



# What is a Wrap?



## Different things to different men

Some focus on features

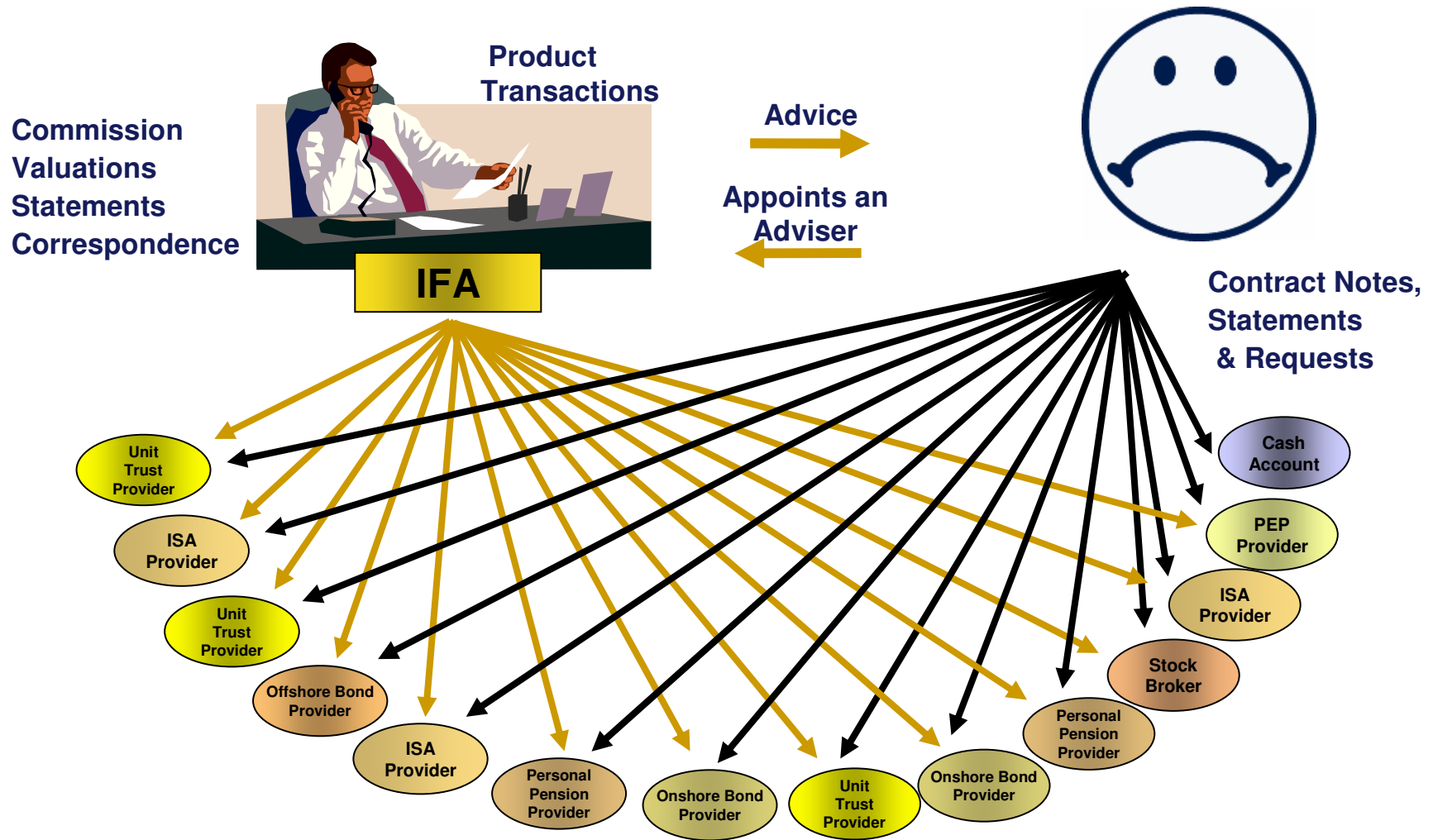
- All tax wrappers
- All allowable investments
- Planning and investment management tools
- On-line functionality

Some focus on benefits

- Enriching the adviser/customer relationship
- Improving efficiency and profitability
- Controlling business risk
- Improving embedded value

Wrap is a **Service**, not a product

# Traditional advice model



# Platform enabled adviser



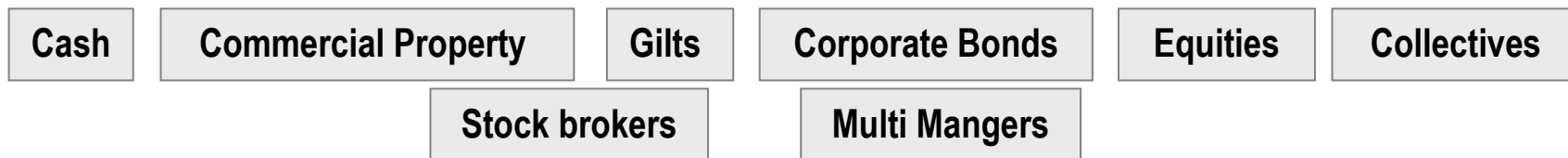
Full Range of planning Tools: Fact find- Risk Evaluation – Target funding/Income tool – CGT/IHT Tax Calculator  
Portfolio Planning tool – Asset Allocation – Rebalancing – Fund Selection  
Tax wrapper optimisation tools, Holistic planning reports, valuation reports

Online application process

ACCESS TO CLEAN TAX WRAPPERS



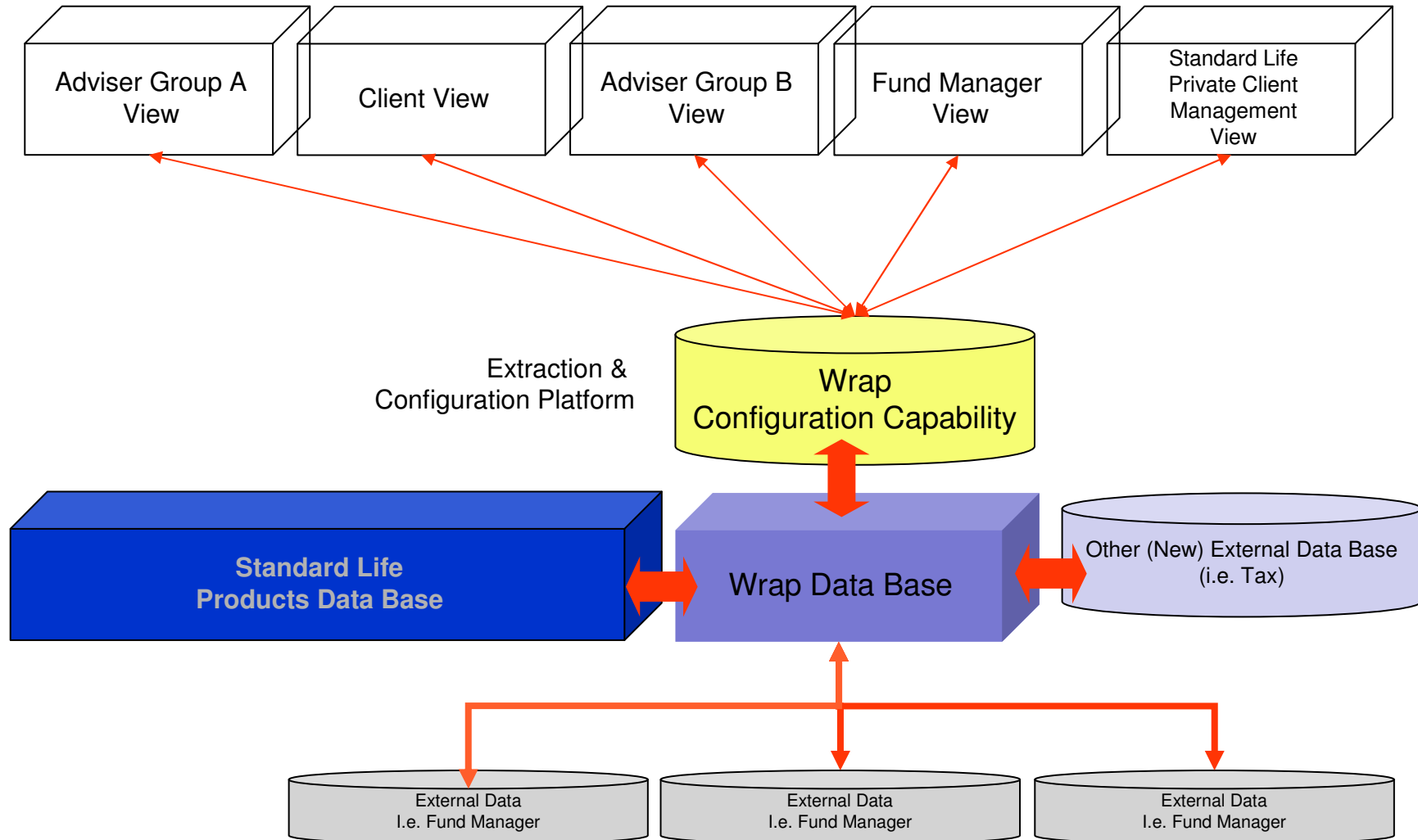
Discounted access to the whole Market



# What are we delivering?



## Unique Data Configuration Capability



# What do advisers tell us?



## **“Wrap services add value by simplifying information & powering the client relationship”**

- One data source removes complexity of multiple systems
  - “no more copying and pasting”
- Enjoy having confidence in one consistent standard of data
  - “ I can trust that the data is in sync”
- One source enables efficiencies
  - “I only need to train my staff on one system”
- Substantial cost savings for their business
  - “touch of a button reporting”
- Richer client experience leads to greater share of wallet
  - “I now have 10 great client meetings per week instead of 3 poor ones”
- Supports the trend to ‘trail based’ revenue model & enhanced adviser business valuation
  - “building financial stability into the business

# What do clients tell us?



## **“I feel like I am in control & receiving advice on my financial position”**

- They like “single view”
  - “What have I got ? How is it doing?”
- They have a desire to know where they are
  - “I’m not worried about health in retirement, I’m worried about my wealth in retirement”
- They want to be involved
  - “I want to feel part of my outcome”
- They want a “trusted adviser”
  - “but I need a professional pilot”

# What's important to distributors choosing Wrap?



- Engaging with a wrap services provider is a major decision for distributors
  - There will **only be a few wrap providers** – post proliferation/consolidation cycle
  - Picking a **sustainable platform** is important but tricky (the betamax factor)
  - The winning providers must be able to **service a variety of models** from the same platform
  - The proposition has to **support distributors “independence”**
  - **Distributors desire partnership** but resist unbreakable ties

The real meaning of **Partnership**



# Essential components of a Wrap provider



- A tried and tested technology supplier
  - But equally, if not more, important:
- Wrap Customer Centre & adviser support
- Product choice & coverage
- Adviser revenue options
- Systems integration capability
- Development capability

**Wrap services are reliant on core competencies that go beyond just software**

# Standard Life's response



Standard Life has moved early to secure 'hearts and minds' of the IFA customer base

- By demonstrating how our core competencies support Wrap
  - Capital, Security, Trust and Brand
- By offering tangible "change" support, not just technology

Evidencing our commitment to ongoing development

- Not a set & forget scenario; develop fast and learn as you go
- 151 enhancements released, many more to follow
- Scaling up our Wrap Customer Centre

Position Wrap as a single relationship service (both customer & adviser)

Providing proven award winning support services and essential legacy services

Creating a powerful bond to Standard Life but the confidence of an amicable break up

# Reward...



- Over 3,400 clients (and a healthy pipeline)
- Typical account size £141,000
- 130 selected firms installed
- Funds on the Wrap platform
  - Settled £396m
  - Pending Re-registrations £ 90m
  - On the platform £486m
- On the platform including FundZone £522m

...and recognition



‘Best Overall Platform’ award – Adnitor



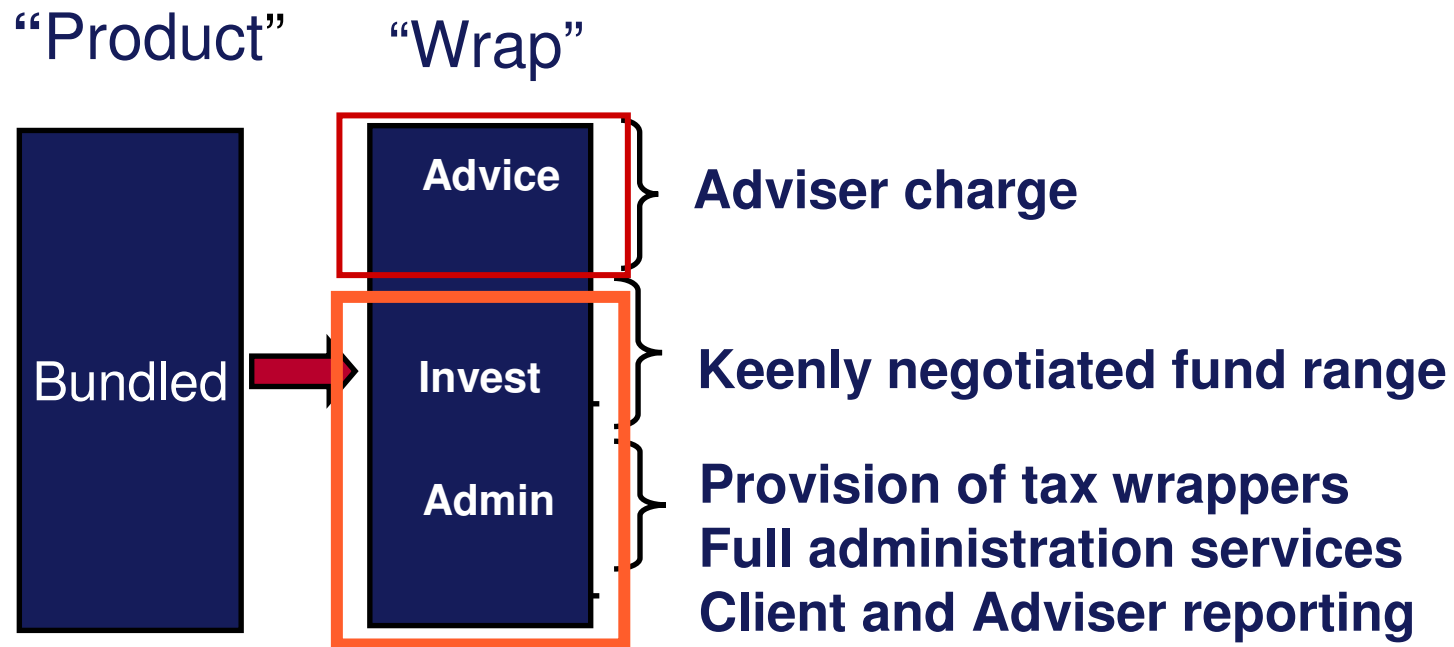
Currently short listed for Information Ages  
Effective IT Award 2007



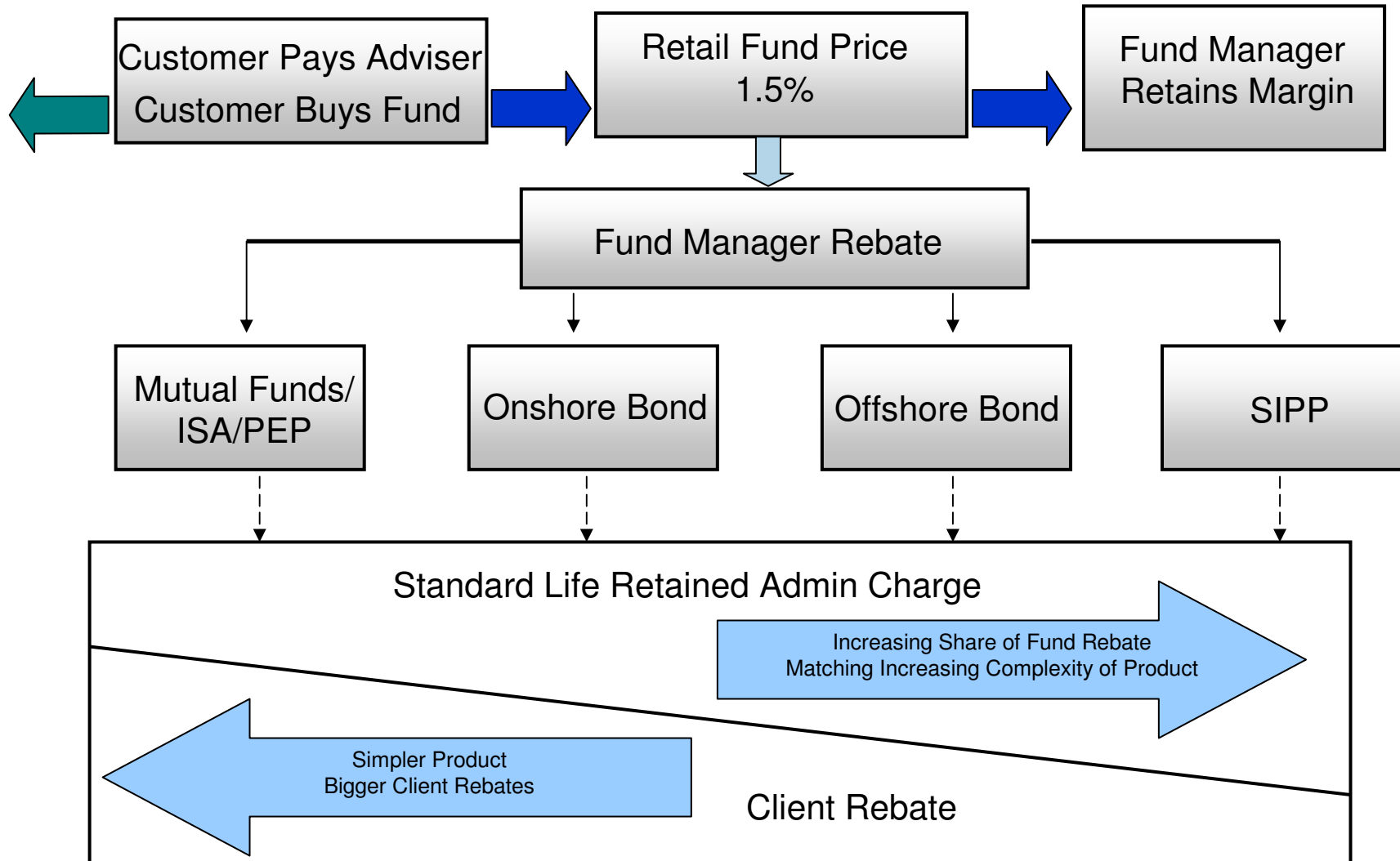
eee rating from Financial Technology Research  
Centre – the first and only Wrap so rated



# The Wrap charging model



# Standard Life charge – pay as you use



# Profitability for Wrap services



## 3 Key Drivers

- Penetration      When advisers adopt Standard Life Wrap service they tend to substantially increase flow of business to Standard Life
- **proof point** – *high volumes post Wrap adoption from previous low volume adviser firms – Top 30 firms – 263% increase\**
- Persistency      Customer service proposition (holistic advice) & adviser revenue model (recurring trail style) drives lower adviser and product churn
- **proof point** – *early days customer feedback and no loss of AUM*
- Pool size      Wrap services offer customers a compelling reason to place all their investment with a single adviser & wrap provider. (Single client view & large fund discounts at wrap (not product) level.
- **proof point** – *IFAs reporting a “drag factor” of 3 times*

**More, large, sticky clients**

\* Jan-Apr 06 V Jan-Apr 07

# Live Wrap system



# The benefits of Wrap



- Enriching the adviser/customer relationship
- Improving efficiency and profitability
- Controlling business risk
- Improving embedded value

# Next stages



- Consolidate key accounts
  - Demonstration of various customer presentation models based on experience from overseas markets has proved very popular
- Wider rollout to IFA market
  - Current engagement has focused on high value bespoke firms. Be ready to move to standard adviser models for broader IFA market
- Maintain leading edge proposition and industry leadership
  - Scalable Wrap customer centre functionality
  - Wider tax, protection and lending functionality
  - Improved interfaces, adviser prompts & customer engagement
- Broaden distributor base beyond IFAs
  - Corporate Wrap
  - Bancassurers
  - International

# The Wrap opportunity



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# Your questions



# The Platform Opportunity



# Trevor Matthews

Chief Executive, Standard Life Assurance Limited

# The platform opportunity



- SIPP – first mover advantage
- High market growth potential
- Group SIPP marries innovation of SIPP with our proven solid market leading Group Pensions infrastructure
- Group SIPP high market growth potential
- Wrap emerging steadily

# The platform opportunity



## Standard Life well placed

- To lead and shape emerging platform market
  - Created a new market space
  - High market growth potential
- For ongoing profitable growth
  - Confident we can grow with market
  - Confident we can maintain margins





# The Platform Opportunity

# Appendices

# Speaker biographies



## **Sandy Crombie, Group Chief Executive, Standard Life**

Sandy Crombie joined Standard Life in 1966 as an actuarial student. He held a wide number of positions within the Company before his appointment as Group Chief Executive in January 2004. This included a spell as General Manager (Systems) between 1985 – 1988 where he was responsible for the development of Standard Life's IT platform. He was later appointed as Chief Executive of Standard Life Investments (SLI), a position he held from 1998 to January 2004. During this time SLI grew its total funds under management from £63Bn to £87Bn, with third party funds under management growing significantly from £5Bn to over £15Bn. Since becoming Group Chief Executive he has led the Company through a strategic review as well as the demutualisation and IPO. Concurrently he has overseen a significant turnaround in the financial performance of the Company.



## **Trevor Matthews, Chief Executive, Standard Life Assurance Limited**

Trevor Matthews, MA, FIA, FIAA, ASA, an Australian, graduated from Macquarie University, Sydney, in 1972 with a BA in Actuarial Studies. He rose through the ranks at Legal & General in Australia to become Chief Actuary, then Managing Director. In 1996 he joined the National Australia Bank as General Manager of Personal Financial Services in charge of retail banking and bancassurance in Australia. Trevor held the Presidency of the Institute of Actuaries in Australia in its centenary year in 1997. He moved to Manulife in Canada in 1998 to be Executive Vice President of Canadian Operations and Chairman of Manulife Bank. In 2001 Trevor transferred to Japan to be President and Chief Executive Officer of the Manulife business there. In July 2004 Trevor joined Standard Life where he has overseen the transformation of the UK Life and Pensions business.

# Speaker biographies – SIPP



## **Barry O'Dwyer, Managing Director, Marketing**

Barry is an actuary and has worked for Standard Life since 1988. He is responsible for the development, pricing and promotion of Standard Life's life assurance, retirement planning, corporate pensions and retail investment products in the UK. Prior to his appointment as Managing Director, Marketing in 2006, Barry was responsible for the marketing of Standard Life's pensions product range for 5 years, a period which saw the Group move away from low-margin Stakeholder pensions to focus on more profitable SIPP products where Standard Life has established a market leading position.



## **John Gill, Managing Director – Customer Service**

John Gill was appointed Managing Director, Customer Service in August 2006. He is responsible for the customer service provided to Standard Life Assurance Limited's 4.5 million customers. John has spent his entire career of 20 years with Standard Life. From 2003 to 2006 he was Managing Director, Finance in UK & Europe Life & Pensions. From 1998 to 2003 he was Finance Director of Standard Life Bank. Prior to this he fulfilled a wide variety of roles for Standard Life in the UK and internationally including three years based in Montreal. John joined Standard Life in 1986 after graduating in Mathematics from Edinburgh University and qualified as an Actuary in 1990.

# Speaker biographies – Group Pensions



## **Garry Morrison, Customer Service Director, Group Pensions**

Garry has been with Standard Life for over 27 years, in a variety of Sales and Customer Service roles, both in the UK and in Canada. His current role involves the management of Standard Life's group pensions business, a market in which the company is a major player. In pursuit of providing market leading service at low cost, Garry has championed the development and deployment of e-commerce solutions to clients.



## **Gordon Thomson, Account Relationship Manager, Group Pensions**

Gordon has been with Standard Life for over 9 years and has worked in a variety of roles within Sales and Customer Services. In his current role as Account Relationship Manager, Gordon is aligned to some of our top introducers of DC business including IFA's and Corporate Benefit Consultants.

# Speaker biographies – Wrap



## **Geoff Towers, Chief Executive, Standard Life Savings Ltd**

Geoff heads Standard Life's growing platform business. Geoff heads a service focussed team that delivers not only the day to day running of our platform business but also ensures that our business remains state of the art for our distributors. Before Standard Life, Geoff spent seven years at Barclays. After running the bank's International Fund division, he spent time with Barclays Global Investors before becoming their Life and Pensions director. He oversaw Barclays' move from single tie to multi-tie and has wide experience of a range of distribution models. His particular interests are in understanding customer behaviour - what really drives penetration and persistency in financial advice. He started his career with Citibank where his fifteen years included roles as Retail Funds Director for Europe and Asia and as Chief Administration Officer for Citibank Global Asset Management. He has also worked for the high net worth advisory firms of Sagitta and Edmond de Rothschild. Geoff holds a masters degree from Cambridge.



## **Nick Blake, National Sales Manager for Wrap**

Nick is the National Sales Manager for Wrap. He has worked on the project since inception in 2004 after 20 years in Intermediary Sales at Standard Life. Nick heads a team of Wrap specialists tasked with embedding our Wrap into Intermediary firms.

# Glossary of terms



<b>ABI</b>	Association of British Insurers
<b>AMC</b>	Annual Management Charge
<b>Ann</b>	Annuity
<b>ASP</b>	Alternatively Secured Pension
<b>AVC</b>	Additional Voluntary Contribution
<b>DB</b>	Defined Benefit Pension Scheme
<b>DC</b>	Defined Contribution Pension Scheme
<b>DD</b>	Drawdown
<b>EBC</b>	Employee Benefit Consultant
<b>EPP</b>	Executive Pension Plan
<b>FTE</b>	Full-Time Employee
<b>FTRC</b>	The Financial Technology Research Centre
<b>GSIPP</b>	Group Self-Invested Personal Pension
<b>HNW</b>	High Net Worth
<b>IFA</b>	Independent Financial Adviser
<b>IPP / PP</b>	Individual Personal Pension / Personal Pension
<b>R / I</b>	Registered Individual
<b>SIPP</b>	Self-Invested Personal Pension
<b>SSAS</b>	Small Self-Administered Scheme
<b>TFC</b>	Tax Free Cash
<b>VA</b>	Variable Annuity