



Standard Life Ireland MyFolio funds

Strategic Asset Allocation changes
January 2019



Standard Life

There's a lot to look forward to



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Strategic Asset Allocation changes

Every quarter, Aberdeen Standard Investments, in consultation with Moody's Analytics, a global leader in risk and asset modelling, formally reviews the Strategic Asset Allocation (SAA) for each MyFolio fund.

The aim is to ensure that risk levels do not vary significantly over time, while also seeking to optimise the return that investors receive for their chosen level of risk.

At the most recent review, it was concluded that a change in asset allocation would potentially improve the prospects for long-term risk-adjusted returns.

Overview

Each MyFolio fund invests in a mix of defensive and growth asset classes. The risk, reward and correlations between asset classes can change over time and it is important that we understand the implications of this within the Strategic Asset Allocation.

At the most recent review, we decided to continue with our current spread of asset classes, but alter the mix within our defensive and growth selections. Broadly across risk levels I-IV the high level allocations to defensive assets has reduced and increased towards growth assets.

Within **Defensive assets** we reduced holdings in some portfolios in both Global Index Linked and Global Corporate Bonds.

Within the **Growth assets** we increased allocations to Emerging Market Debt and UK equities, with a smaller increased allocation to Japanese equities. The biggest reduction was in US equities, with a slightly less pronounced reduction in European equities.

Reason for key changes in growth assets?

Emerging Market debt looks increasingly attractive as it offers a significant higher yield over developed market bonds. Within equities, the primary move from US to UK equities is largely driven by the more attractive valuations in the UK, and our view that US equity valuations are stretched. Japan continues to be one of the more attractively valued major global equity markets and has a currency that appears reasonably priced relative to history.

These changes are effective from December 2018 and the MyFolio Strategic Asset Allocation Committee believe they should mean a better range of risk-adjusted returns compared with the previous strategic asset allocation. The following tables below detail the revised strategic asset allocation for each MyFolio fund.

MyFolio Active funds

MyFolio Active I

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	8.0%	8.0%
EUR Government Bonds	6.7%	6.8%
Global Index-Linked Bonds (EUR hedged)	4.9%	0.0%
Global Corporate Bonds (EUR hedged)	14.5%	14.5%
Global Short-Dated Corporate Bonds (EUR hedged)	4.8%	7.4%
EUR Corporate Bonds	19.3%	19.3%
Absolute Return Bonds	14.5%	14.0%
Total defensive assets	72.7%	70.0%
Growth assets	Previous	Current
UK Equity	1.0%	5.8%
US Equity	4.4%	2.5%
Europe ex UK Equity	5.2%	5.0%
Japanese Equity	1.4%	1.6%
Asia-Pacific Equity	1.1%	0.5%
Emerging Markets Equity	1.1%	1.1%
Global High Yield Bonds (EUR hedged)	2.2%	2.2%
Emerging Market Debt (Local currency)	2.2%	2.4%
UK Direct Property (EUR Hedged)	1.0%	0.7%
Global REITs (EUR hedged)	2.2%	2.2%
Multi-Asset Absolute Return	5.5%	6.0%
Total growth assets	27.3%	30.0%

MyFolio Active II

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
EUR Government Bonds	2.0%	2.0%
Global Index-Linked Bonds (EUR hedged)	6.4%	4.1%
Global Corporate Bonds (EUR hedged)	12.3%	12.3%
Global Short-Dated Corporate Bonds (EUR hedged)	4.2%	4.1%
EUR Corporate Bonds	16.6%	16.5%
Absolute Return Bonds	10.5%	10.0%
Total defensive assets	53.0%	50.0%
Growth assets	Previous	Current
UK Equity	1.8%	6.3%
US Equity	7.8%	4.1%
Europe ex UK Equity	9.7%	8.4%
Japanese Equity	2.5%	4.0%
Asia-Pacific Equity	1.9%	2.0%
Emerging Markets Equity	1.9%	2.3%
Global High Yield Bonds (EUR hedged)	3.8%	3.8%
Emerging Market Debt (Local currency)	2.6%	4.0%
UK Direct Property (EUR Hedged)	1.8%	1.3%
Global REITs (EUR hedged)	3.8%	3.8%
Multi-Asset Absolute Return	9.4%	10.0%
Total growth assets	47.0%	50.0%

MyFolio Active III

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
EUR Government Bonds	0.0%	0.0%
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%
Global Corporate Bonds (EUR hedged)	10.3%	4.9%
Global Short-Dated Corporate Bonds (EUR hedged)	3.5%	3.5%
EUR Corporate Bonds	13.9%	13.9%
Absolute Return Bonds	7.2%	5.8%
Total defensive assets	35.9%	29.1%
Growth assets	Previous	Current
UK Equity	2.8%	6.6%
US Equity	11.5%	9.8%
Europe ex UK Equity	15.0%	15.0%
Japanese Equity	3.7%	3.7%
Asia-Pacific Equity	2.9%	2.9%
Emerging Markets Equity	2.9%	2.9%
Global High Yield Bonds (EUR hedged)	3.3%	3.3%
Emerging Market Debt (Local currency)	1.5%	5.7%
UK Direct Property (EUR Hedged)	2.6%	1.7%
Global REITs (EUR hedged)	5.1%	5.1%
Multi-Asset Absolute Return	12.8%	14.2%
Total growth assets	64.1%	70.9%

MyFolio Active IV

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
EUR Government Bonds	0.0%	0.0%
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%
Global Corporate Bonds (EUR hedged)	5.1%	0.0%
Global Short-Dated Corporate Bonds (EUR hedged)	1.8%	1.7%
EUR Corporate Bonds	6.9%	6.8%
Absolute Return Bonds	3.6%	2.4%
Total defensive assets	18.4%	11.9%
Growth assets	Previous	Current
UK Equity	3.6%	5.9%
US Equity	15.0%	13.3%
Europe ex UK Equity	19.6%	19.6%
Japanese Equity	4.8%	4.8%
Asia-Pacific Equity	3.8%	3.8%
Emerging Markets Equity	3.8%	3.8%
Global High Yield Bonds (EUR hedged)	3.3%	3.5%
Emerging Market Debt (Local currency)	1.6%	7.0%
UK Direct Property (EUR Hedged)	3.2%	2.2%
Global REITs (EUR hedged)	6.6%	6.6%
Multi-Asset Absolute Return	16.3%	17.6%
Total growth assets	81.6%	88.1%

MyFolio Active V

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
EUR Government Bonds	0.0%	0.0%
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%
Global Corporate Bonds (EUR hedged)	2.0%	2.0%
Global Short-Dated Corporate Bonds (EUR hedged)	0.0%	0.0%
EUR Corporate Bonds	0.0%	0.0%
Absolute Return Bonds	0.0%	0.0%
Total defensive assets	3.0%	3.0%
Growth assets	Previous	Current
UK Equity	4.6%	7.1%
US Equity	18.9%	13.8%
Europe ex UK Equity	25.3%	24.4%
Japanese Equity	6.0%	6.4%
Asia-Pacific Equity	4.7%	4.7%
Emerging Markets Equity	4.7%	4.7%
Global High Yield Bonds (EUR hedged)	1.8%	1.1%
Emerging Market Debt (Local currency)	0.0%	5.0%
UK Direct Property (EUR Hedged)	3.8%	2.6%
Global REITs (EUR hedged)	7.8%	7.8%
Multi-Asset Absolute Return	19.4%	19.4%
Total growth assets	97.0%	97.0%

MyFolio Market funds

MyFolio Market I

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	10.0%	10.0%
Global Index-Linked Bonds (EUR hedged)	6.1%	0.0%
Global Corporate Bonds (EUR hedged)	18.1%	18.1%
Global Short-Dated Corporate Bonds (EUR hedged)	6.0%	9.3%
EUR Government Bonds	8.4%	8.5%
EUR Corporate Bonds	24.1%	24.1%
Total defensive assets	72.7%	70.0%
Growth assets	Previous	Current
UK Equity	1.3%	7.5%
US Equity	5.5%	3.1%
Europe ex UK Equity	6.6%	6.2%
Japanese Equity	1.7%	1.9%
Asia-Pacific Equity	1.4%	0.6%
Emerging Markets Equity	1.4%	1.4%
UK Direct Property (EUR Hedged)	1.3%	0.9%
Global REITs (EUR hedged)	2.7%	2.7%
Global High Yield Bonds (EUR hedged)	2.7%	2.7%
Emerging Market Debt (Local currency)	2.7%	3.0%
Total growth assets	27.3%	30.0%

MyFolio Market II

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
Global Index-Linked Bonds (EUR hedged)	8.1%	5.1%
Global Corporate Bonds (EUR hedged)	15.5%	15.5%
Global Short-Dated Corporate Bonds (EUR hedged)	5.2%	5.2%
EUR Government Bonds	2.5%	2.5%
EUR Corporate Bonds	20.7%	20.7%
Total defensive assets	53.0%	50.0%
Growth assets	Previous	Current
UK Equity	2.3%	7.9%
US Equity	9.7%	5.1%
Europe ex UK Equity	12.2%	10.5%
Japanese Equity	3.1%	5.1%
Asia-Pacific Equity	2.4%	2.5%
Emerging Markets Equity	2.4%	2.9%
UK Direct Property (EUR Hedged)	2.3%	1.6%
Global REITs (EUR hedged)	4.7%	4.7%
Global High Yield Bonds (EUR hedged)	4.7%	4.7%
Emerging Market Debt (Local currency)	3.2%	5.0%
Total growth assets	47.0%	50.0%

MyFolio Market III

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%
Global Corporate Bonds (EUR hedged)	13.0%	6.2%
Global Short-Dated Corporate Bonds (EUR hedged)	4.4%	4.4%
EUR Government Bonds	0.0%	0.0%
EUR Corporate Bonds	17.5%	17.5%
Total defensive assets	35.9%	29.1%
Growth assets	Previous	Current
UK Equity	3.5%	8.3%
US Equity	14.4%	12.3%
Europe ex UK Equity	18.8%	18.8%
Japanese Equity	4.6%	4.6%
Asia-Pacific Equity	3.6%	3.6%
Emerging Markets Equity	3.6%	3.6%
UK Direct Property (EUR Hedged)	3.2%	2.1%
Global REITs (EUR hedged)	6.4%	6.4%
Global High Yield Bonds (EUR hedged)	4.1%	4.1%
Emerging Market Debt (Local currency)	1.9%	7.1%
Total growth assets	64.1%	70.9%

MyFolio Market IV

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%
Global Corporate Bonds (EUR hedged)	6.5%	0.0%
Global Short-Dated Corporate Bonds (EUR hedged)	2.2%	2.2%
EUR Government Bonds	0.0%	0.0%
EUR Corporate Bonds	8.7%	8.7%
Total defensive assets	18.4%	11.9%
Growth assets	Previous	Current
UK Equity	4.5%	7.4%
US Equity	18.8%	16.6%
Europe ex UK Equity	24.6%	24.6%
Japanese Equity	6.0%	6.0%
Asia-Pacific Equity	4.7%	4.7%
Emerging Markets Equity	4.7%	4.7%
UK Direct Property (EUR Hedged)	4.0%	2.7%
Global REITs (EUR hedged)	8.2%	8.2%
Global High Yield Bonds (EUR hedged)	4.1%	4.4%
Emerging Market Debt (Local currency)	2.0%	8.8%
Total growth assets	81.6%	88.1%

MyFolio Market V

Strategic asset allocation changes from December 2018

Defensive assets	Previous	Current
Cash/EURIBOR	1.0%	1.0%
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%
Global Corporate Bonds (EUR hedged)	2.0%	2.0%
Global Short-Dated Corporate Bonds (EUR hedged)	0.0%	0.0%
EUR Government Bonds	0.0%	0.0%
EUR Corporate Bonds	0.0%	0.0%
Total defensive assets	3.0%	3.0%
Growth assets	Previous	Current
UK Equity	5.7%	8.9%
US Equity	23.6%	17.4%
Europe ex UK Equity	31.7%	30.4%
Japanese Equity	7.5%	8.0%
Asia-Pacific Equity	5.9%	5.9%
Emerging Markets Equity	5.9%	5.9%
UK Direct Property (EUR Hedged)	4.8%	3.2%
Global REITs (EUR hedged)	9.7%	9.7%
Global High Yield Bonds (EUR hedged)	2.2%	1.4%
Emerging Market Debt (Local currency)	0.0%	6.2%
Total growth assets	97.0%	97.0%

Find out more

Talk to your financial adviser, they'll give you the information you need.
Also, you can call us or visit our website.

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