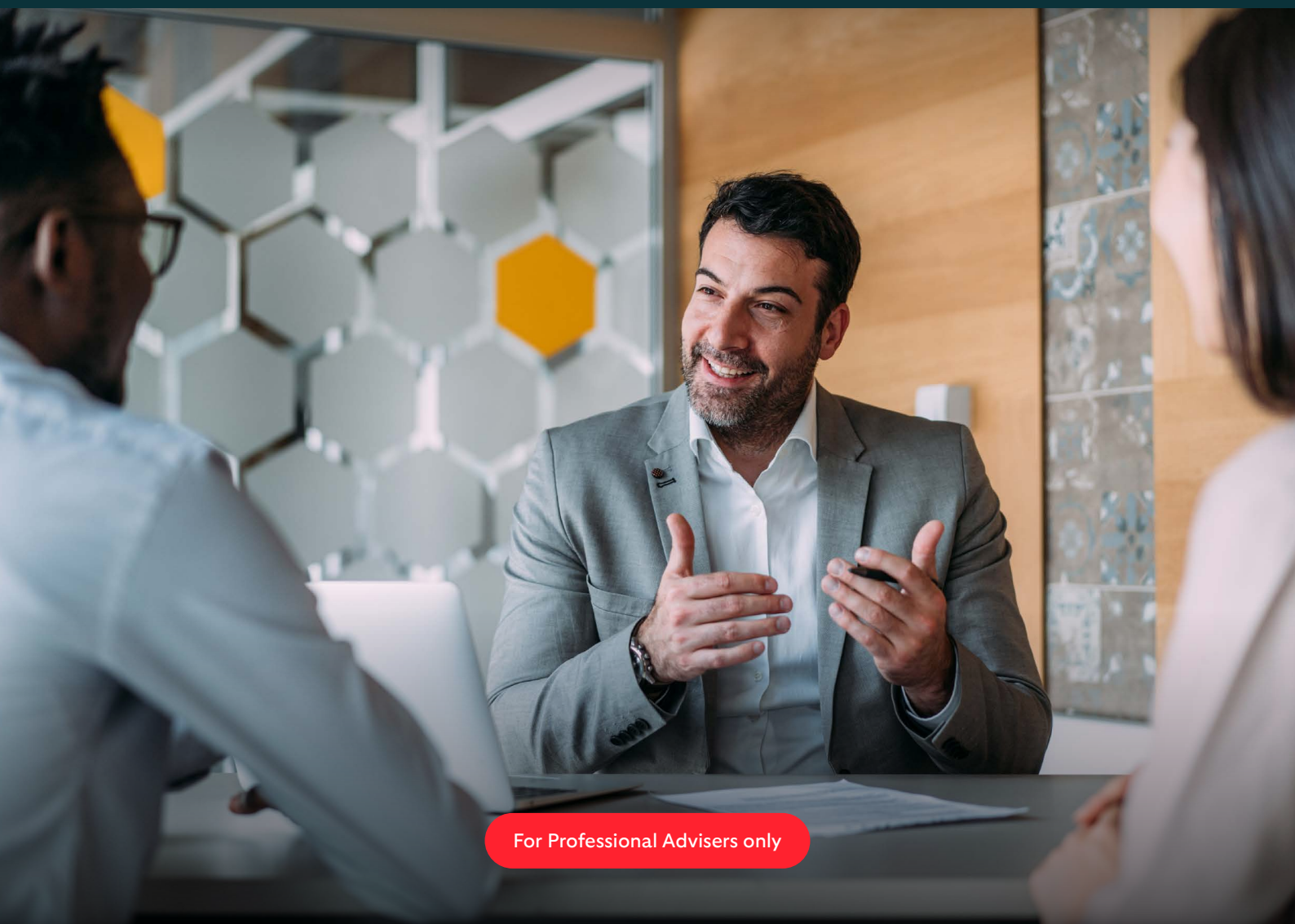


Scottish Widows Managed Growth Funds



For Professional Advisers only



Contents

Expertly managed multi-asset funds	03
Introducing our Managed Growth Funds	04
Risk profiled to suit a variety of client needs	05
Dynamic asset allocation approach	06
What do the Managed Growth Funds invest in?	08
Governed to drive good customer outcomes	09
Investing responsibly with our Managed Growth Funds	10
Meet our investment leadership team	12
An award-winning platform designed for advisers	13





Expertly managed multi-asset funds



Mithesh Varsani

Head of
Investment Solutions

At Scottish Widows, we've been managing multi-asset solutions for over 30 years. As regulation increases focus on cost effectiveness and value for money investment solutions, multi-asset options are a valued option for advisers looking to diversify risk, streamline administration and simplify investment decision making.

With the Scottish Widows Managed Growth Funds, your clients' investment portfolios are at the heart of everything we do. Designed to meet client investment and retirement needs, they provide access to our wealth of asset allocation expertise and benefit from our established governance framework, all at a competitive price.

Managed Growth Funds build on the diverse investment solutions available on the Scottish Widows Platform, our award-winning platform designed with advisers, for advisers.

Let our experts manage the funds so you can spend more time focusing on your clients.

We look after **6 million customers'** investment and retirement savings

> **£113bn** invested in Scottish Widows multi-asset strategies

Providing multi-asset solutions for over **30 years**





Introducing our Managed Growth Funds

Scottish Widows Managed Growth Funds are designed to deliver capital growth by investing in a wide range of assets, helping your clients to achieve their retirement and investment goals. The funds are managed by the same experienced team behind one of the largest, longest running multi-asset solutions in the market, and are subject to robust governance. We believe the Managed Growth Funds are a compelling proposition, offering a value for money solution to help you deliver good outcomes for your clients.

The funds represent a straightforward range of five, risk-profiled funds, globally diversified across equities, bonds and REITs. The funds benefit from dynamic asset allocation while using passively-managed sub-funds to keep costs low.

Scottish Widows' size and scale means we can leverage our economies of scale allowing us to pass on the benefit to your clients – leaving more money in their funds with the potential to grow. Additionally, our extensive network and strong relationships with leading asset managers enable us to access high-quality investment components, including bespoke solutions where appropriate.

The Managed Growth Funds are easy to explain to clients, offering solutions to match their risk appetite and from a well-known brand they can trust.

Available exclusively on the Scottish Widows Platform across pension, ISA and GIA giving you full flexibility across product wrappers.



Independently risk-profiled

By leading risk providers, making it easier to match to client needs, fitting a CIP



Global Diversification

Diversified across Global Equities, Bonds & REITs via underlying sub-funds



Expert Asset Allocation

Dynamic asset allocation provided by our investment experts



Robust Governance

Regular reviews of asset allocation & portfolio composition to optimise returns



Responsible Investment

Managing ESG risk and unlocking opportunities



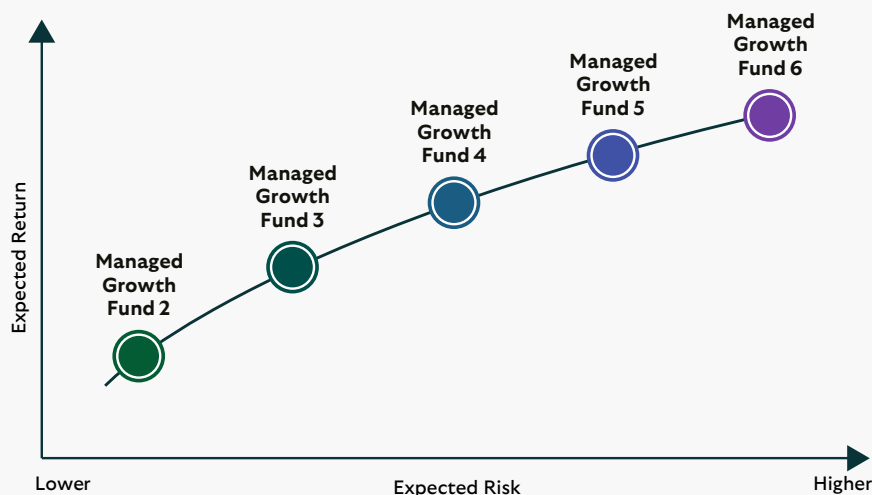
Delivering Value

0.10% OCF
Leveraging Scottish Widows' scale and network



Risk profiled to suit a variety of client needs

Each of the five funds are designed for different levels of risk, ranging from lower to higher risk, providing a broad spread across risk profiles to let you choose the right option for your clients. We regularly review the funds, and adjust where necessary, to remain within their target risk profiles to ensure they match your clients' risk appetite.



The Managed Growth Funds have been independently risk rated by leading risk profilers providing a broad spectrum of risk to let you choose the right option for your clients.

[View Risk Profiles here](#)



Dynamic asset allocation approach

We prioritise understanding our customers' perspectives to develop solutions that help them reach their investment objectives. Our dynamic asset allocation approach gives us flexibility to take opportunities and make impactful changes when they arise and to do so in a cost-effective manner. By leveraging the size and scale we have as a business we are able to pass on the benefits to your clients, making Managed Growth Funds a suitable choice for clients looking for a trusted investment solution and value for money.

Our asset allocation process aims to optimise portfolio asset allocation based on customer requirements – with the aim of maximising expected returns for each portfolio's risk requirement level.

Capital Market Assumptions

Capital Market Assumptions (CMAs) are our expected return forecasts for a broad range of asset classes. The CMAs take into account the risks and interactions of asset classes, based on market and economic indicators. Risks analysed include measures of volatility, as well as liquidity, inflation expectations, and country and global risks. As a Team, we challenge our own forecast assumptions by analysing the differences between our assumptions and those of others in the market.

Modelling

We input our forecasts into market-leading software to derive an efficient frontier that shows what assets to hold and in what quantities for various levels of risk tolerances.

An efficient frontier is a concept that helps in portfolio construction. It represents the optimal portfolio positioning in each asset, showing the highest expected returns for each level of risk that has been defined.

We have a 'building-block' approach for the modelling of expected returns. For each asset class, the modelling starts with the risk-free rate for the market and then returns are added to this, considering what an investor would expect to receive for taking the risk of holding each specific asset type. This could include bond default risk for fixed income, or currency risk for international assets.



Dynamic asset allocation approach

Customer requirements

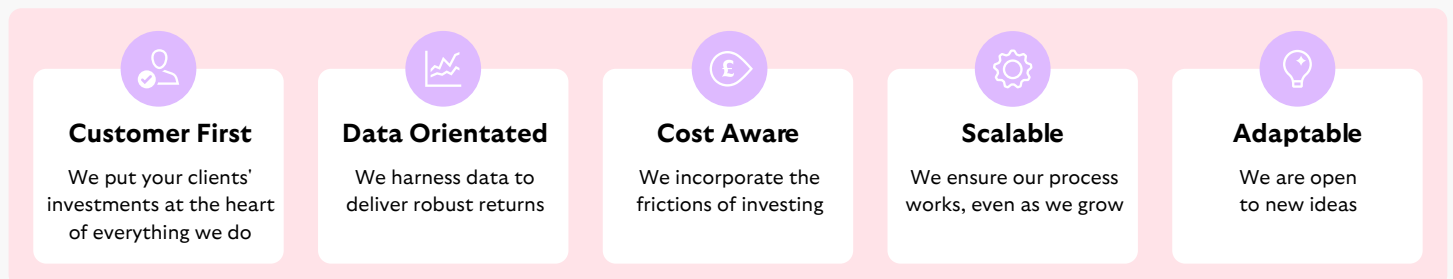
For each portfolio risk level, an allocation is selected from the efficient frontier. We look to align market exposure as closely as possible to the leading risk profilers in the market, comparing our modelling outputs and methodologies with theirs. This is because we believe that around three-quarters of asset allocation returns are as a result of market exposure levels.

Forecasting

We work with third parties to understand forward looking risks, factor exposures, and potential stresses. This helps us to fine tune our selection and ensure the expected outcomes of the proposed portfolio allocations align with customer expectations at each risk level.



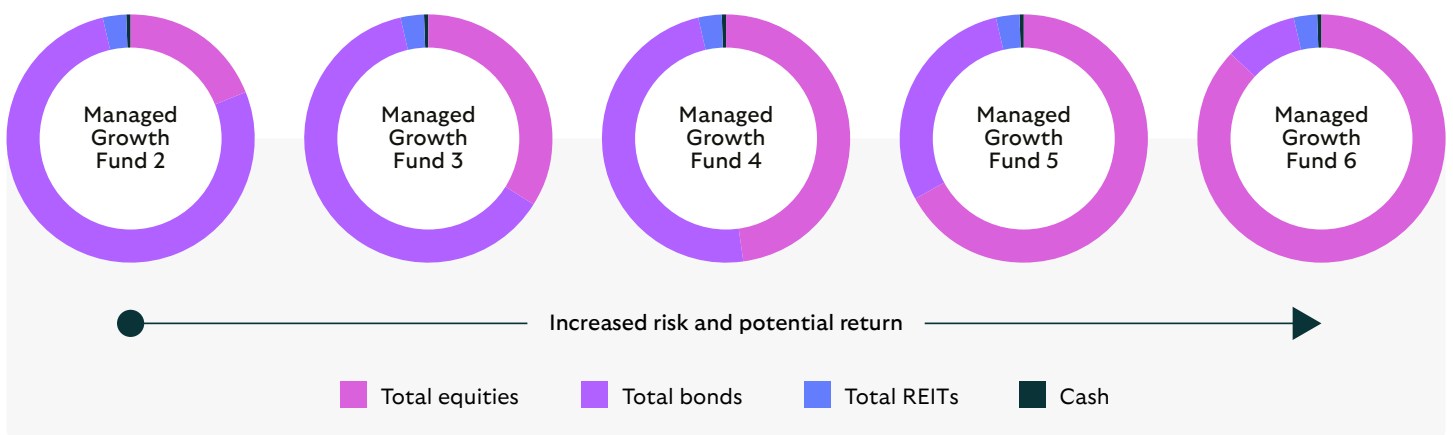
We perform this while adhering to our five asset allocation principles:





What do the Managed Growth Funds invest in?

Our dynamic asset allocation approach focuses on the long term and is reviewed periodically. We retain the flexibility to review and adjust the asset mix following large market moves and stress events to ensure the funds are positioned to deliver good customer outcomes over the medium to longer term. We carefully select managers and funds that will help optimise customer returns.



Sub-funds	Managers	Managed Growth Funds				
		2	3	4	5	6
Equities		19%	34%	48%	67%	87%
SW UK Equity Tracker	BlackRock		2.5%	4%	6%	8%
SW International Equity Tracker	Aberdeen	7.5%	13.5%	20.5%	26%	26.5%
SW Developed Market Tilted Equity Tracker	BlackRock	8.5%	10.3%	11.2%	18.2%	26%
SW Global RAFI Fundamental Equity	BlackRock		3%	4%	5%	7.5%
SW Global Growth	Schroders			2%	3%	7%
SSGA EM Equity ESG Tilted AUT	State Street	0.5%	4.7%	0.8%	8.8%	3.8%
SW Emerging Market Growth	Schroders	2.5%		5.5%		8.2%
Government Bonds		21%	15.5%	10%	7%	
SW UK Fixed Interest Tracker	BlackRock	5%	3%			
SW Global Government Bond	BlackRock	16%	12.5%	10.0%	7%	
Corporate Bonds		44%	35%	26.5%	14.5%	3%
SW ESG Sterling Corporate Bond	Aberdeen	12%	10%	7%	3%	
SW Corporate Bond 1	Schroders	16%		8%		
Aberdeen Global Corp Bond Tracker	Aberdeen	16%	25%	11.5%	11.5%	3%
Emerging Market Debt		7.5%	7%	7%	4%	4%
Schroder International Selection Fund Emerging Market Bond	Schroders	7.5%		6%		4%
iShares Emerging Markets Local Government Bond Index	BlackRock		2.8%	0.4%	1.6%	
iShares Emerging Markets Government Bond Index	BlackRock		4.2%	0.6%	2.4%	
Global High Yield		5%	5%	5%	4%	2.5%
SW High Income Bond	Schroders	5%	5%	5%	4%	2.5%
Property/REITs		3%	3%	3%	3%	3%
iShares Environment & Low Carbon Tilt Real Estate Index	BlackRock	3%	3%	3%	3%	3%
Cash-like investments		0.5%	0.5%	0.5%	0.5%	0.5%
Schroders Liquidity	Schroders	0.5%	0.5%	0.5%	0.5%	0.5%



Governed to drive good customer outcomes

For us, governance means being vigilant in ensuring the investments we offer are suitable for a wide range of customers' needs. Our investment governance includes independent oversight and regular formal reviews by key committees, made up of some of our most senior and experienced executives and investment specialists.

We regularly review and adjust the funds' holdings to ensure they remain aligned to both their return and risk objectives, helping your clients' investments stay on track.





Investing responsibly with our Managed Growth Funds

Our responsibility is to aim to deliver good investment outcomes for your clients.

We believe environmental, social and governance (ESG) factors can be financially material and impact corporate profitability and, therefore, investment portfolios. We're fully embracing responsible investment practices to allow us to manage risks and returns in a more effective way in the funds we offer. We exclude certain companies from our investments to reduce exposure to risks such as stranded assets. But we're also looking for upside potential by investing where we can in companies with better ESG credentials and those transitioning their businesses to a low carbon economy to provide growth and profit opportunities. We also engage with companies to help them evolve into more sustainable businesses.

Responsible investment fitted as standard

Considering risks & opportunities related to environmental, social and governance (ESG) factors to help deliver good outcomes for your clients

Implementation toolkit

Focusing on:

- **Downside protection**
identifying and reducing exposure to certain ESG risks such as 'stranded assets'
- **Upside potential**
capitalising on growth & profit opportunities by investing in companies with better ESG

Stewardship

Exercise shareholder rights to encourage companies to plan and evolve their activities responsibly and engage with policymakers

Integration

Embed ESG factors in investment processes through exclusions to screen out 'worst offenders' and carbon targets

Exclusions

Decarbonisation

Allocation

Considering sustainability trends and impacts when making allocation decisions

Strategic Asset Allocation

Asset manager selection

Sustainable funds



Investing responsibly with our Managed Growth Funds

Excluding companies we believe present too much investment risk

Most of the funds in which the Managed Growth Funds invest exclude certain companies. Examples include:

- companies that disregard international standards on things like human rights, slave labour, corruption and protecting the environment
- companies involved in thermal coal or tar sand extraction as their use is a significant contributor to climate change
- manufacturers of controversial weapons
- tobacco manufacturers & distributors

Allocating to ESG investments

Our multi-asset funds are invested predominantly in our own, and third party, single asset class funds. Our strategic asset allocation optimisation gives us the opportunity to invest in ESG investment strategies.

In our Managed Growth Funds these include:

- SW Developed Market Tilted Equity Tracker Fund and SSGA Emerging Market Equity ESG Tilted Fund. Both funds track new, exclusive ESG indices we've created with Robeco, a global asset manager and recognised industry leader in sustainable investing. The funds tilt towards companies that have a positive impact on the UN Sustainable Development Goals (UNSDGs), and away from those that don't, helping deliver real world outcomes and providing growth and profit opportunities.
- SW ESG Sterling Corporate Bond Tracker. This fund also applies ESG tilts based on the UNSDGs.
- iShares Environment & Low Carbon Tilt Real Estate Index Fund. This fund focuses on property companies which are improving on green building certification, energy usage and carbon emissions intensity.

Integrating ESG factors into our investment processes

We look at economic scenarios which take into account the impact of climate risk and other ESG factors on longer-term asset class projections and use this to help set the Strategic Asset Allocation for our multi-asset funds. As part of this, we're aiming to halve the carbon footprint of Scottish Widows' investments by 2030, on our path to net zero carbon emissions by 2050 or sooner.

Engaging with companies to influence positive change

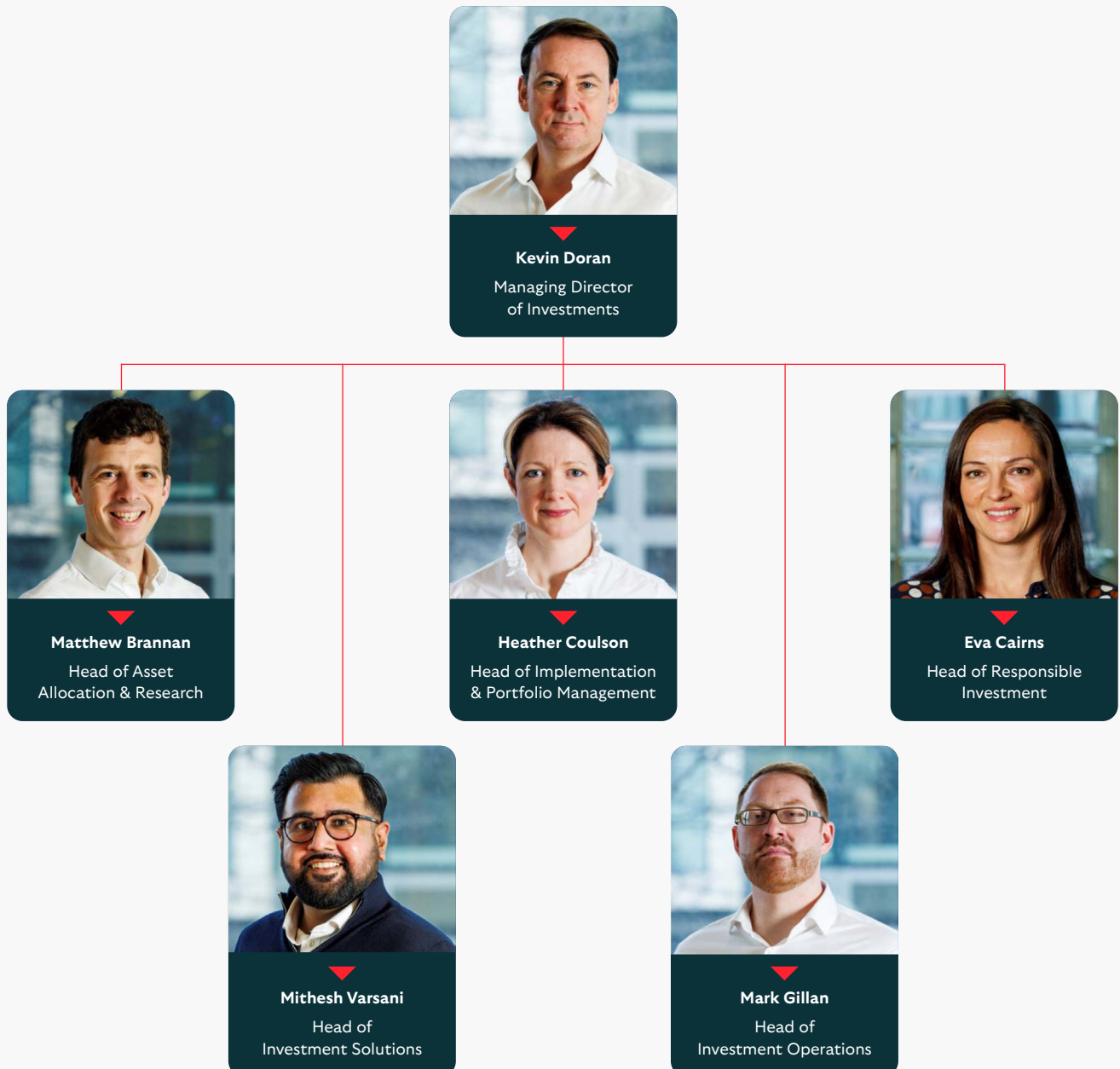
We challenge many of the companies we invest in to behave more sustainably and responsibly for the long-term benefit of your clients. When we have a significant investment in a company across equities and bonds, such as in our Managed Growth Funds, we engage with them on our priority ESG themes either directly, through collective investor initiatives or via our appointed investment managers.

Investing in a company also brings shareholder rights to vote on its policies and how its business is managed – both areas that may affect the value of investments. We work closely with the investment managers of the funds which our Managed Growth Funds invest in to vote in line with our ESG approach. We can also override votes related to companies in which we have a significant shareholding in our funds.



Meet our investment leadership team

The experts responsible for the Managed Growth Funds have a wealth of experience between them and with over 160 investment experts supporting them, you can be reassured your clients' investments are in safe hands.





An award-winning platform designed for advisers

Managed Growth Funds are available exclusively on Scottish Widows Platform.

Our technology offers:



* Talk to your Business Development Manager regarding options for accessing EVPro.



0330 024 2345



service@scottishwidowsplatform.co.uk



scottishwidows.co.uk/platform

SCOTTISH  WIDOWS

For use by professional financial advisers only.

Scottish Widows Platform is a trading name of Embark Investment Services Limited, a company incorporated in England and Wales (company number 09955930) with its registered office at 33 Old Broad Street, London, EC2N 1HZ. Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register number 737356)

SWP GD 0172 (0525 IH)