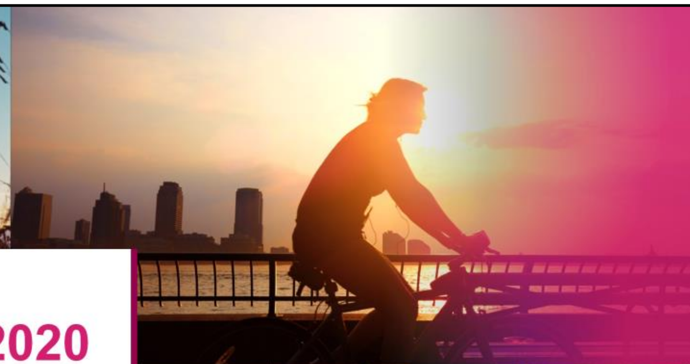
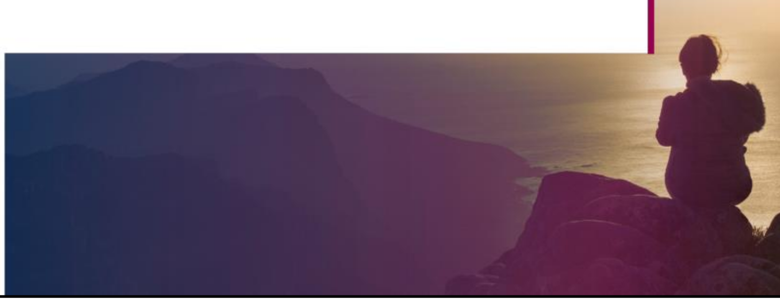
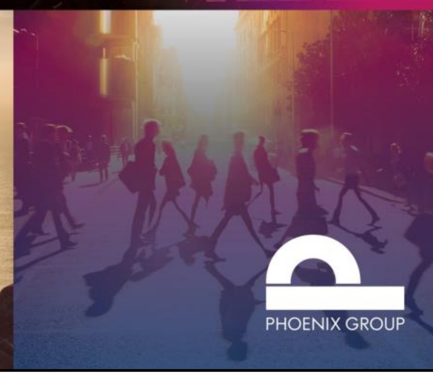


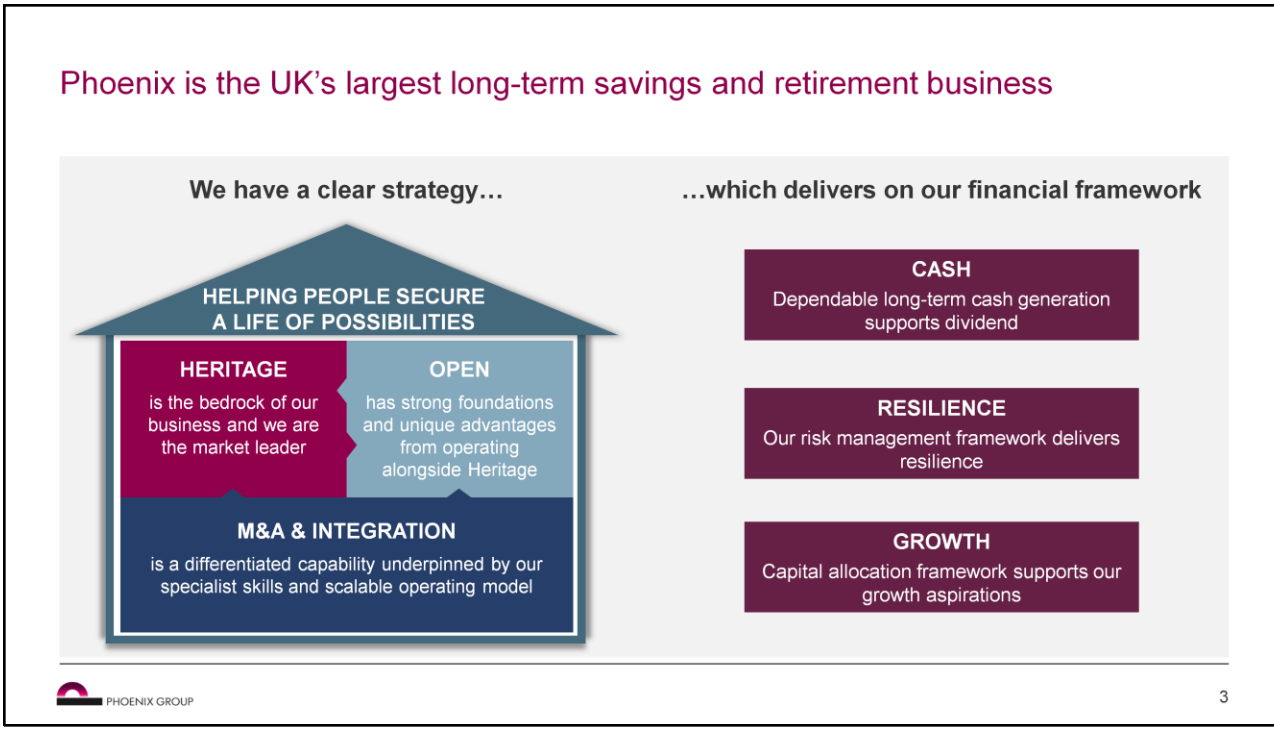
Capital Markets Day 2020

Thursday 3 December 2020





Thank you Nick and good afternoon



Phoenix is the UK's largest long-term savings and retirement business.

We're a unique business, with a clear strategy. We do three things.

Heritage is the bedrock of our business, and we're the market leader.

Distinctive capabilities, built from two decades of consolidation, and further strengthened in July, with the acquisition of ReAssure.

Our Open business has strong foundations, and delivers growth. It enjoys unique advantages from operating alongside Heritage.

And we're the market leaders in M&A and integration, where our specialist skills, and scalable operating model, underpin a differentiated capability.

This clear strategy delivers the three parts of our financial framework:

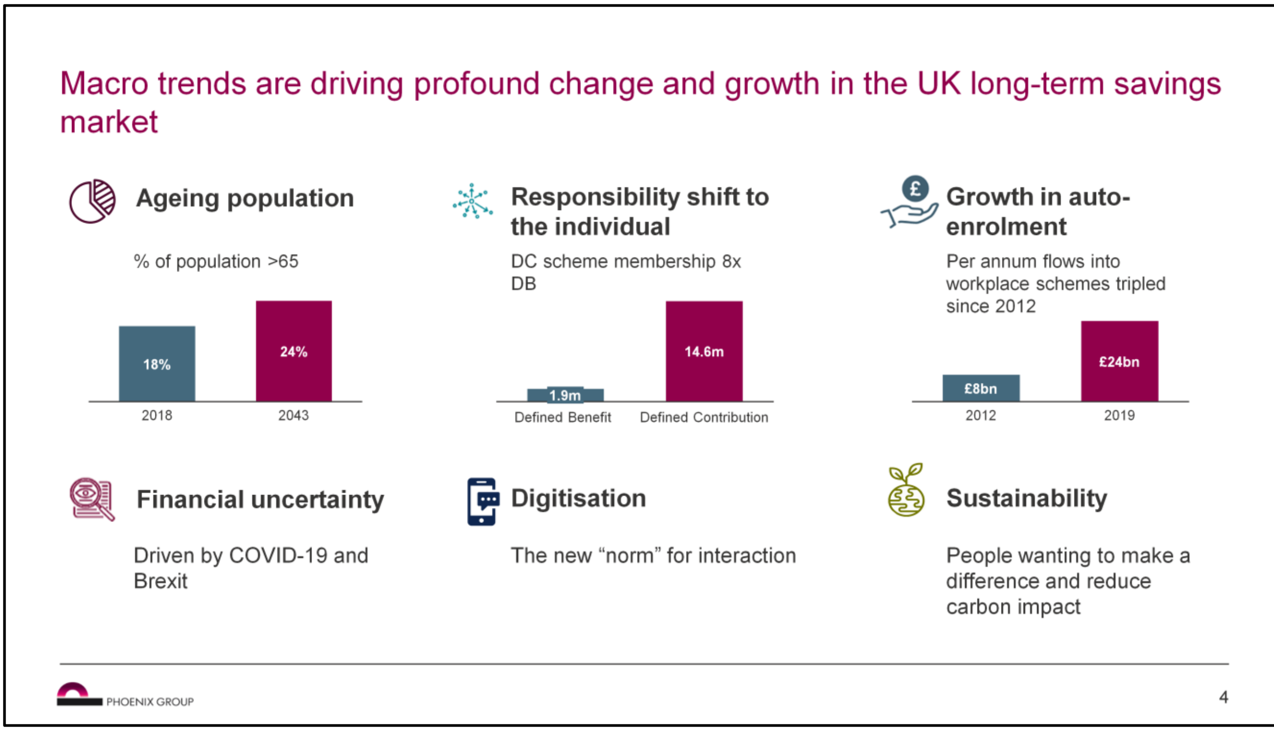
The first is cash, which is dependable, long-term, and supports our dividend.

Second is resilience, from our unique approach to risk management. This is fundamentally different to other insurers.

And third, growth, with our clear capital allocation framework, to ensure we’re only allocating capital, where we will get strong returns.

Today we will spend time looking at each area of our UK strategy in more detail.

And we’ll explain why Phoenix is well positioned to take advantage of the drivers of change, across the long-term savings and retirement market, and how we will win in each market.



I want to start, as all good businesses do, with our customers, and the key macro trends, that are driving profound change.

We've all grown up with people moving predictably from learning, to earning, to retirement. These days, societal change means the world is no longer linear.

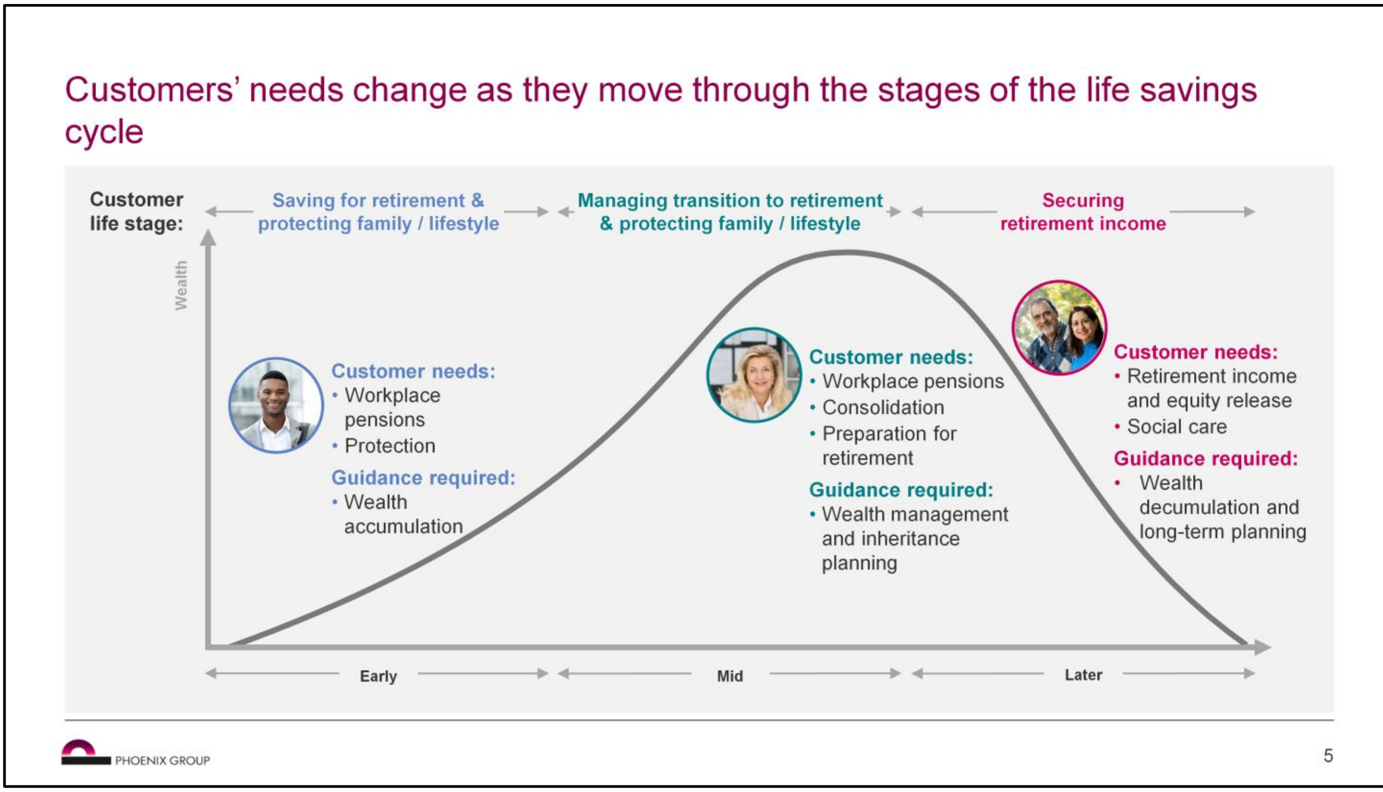
Now we all know, we live in an ageing society, with more people than ever benefiting from a longer, healthier life.

But increased longevity brings its own complexities. And the need to take the right decisions throughout our lifetimes, to ensure our futures are fulfilling.

At the same time, the world of pensions has radically shifted. Defined benefit schemes, that guarantee a fixed income in retirement, are vanishingly rare. And we've seen strong growth in auto enrolment, tripling the contributions into workplace schemes. People, rather than governments, are now expected to take the lead, in planning for their future.

Financial uncertainty is forcing people not simply to live for today, but to look further ahead. But they find it complex, and most just aren’t doing enough.

And then, digital is becoming the normal method of interaction. And interest in sustainability is increasingly shaping decisions. People want their money put to good use.



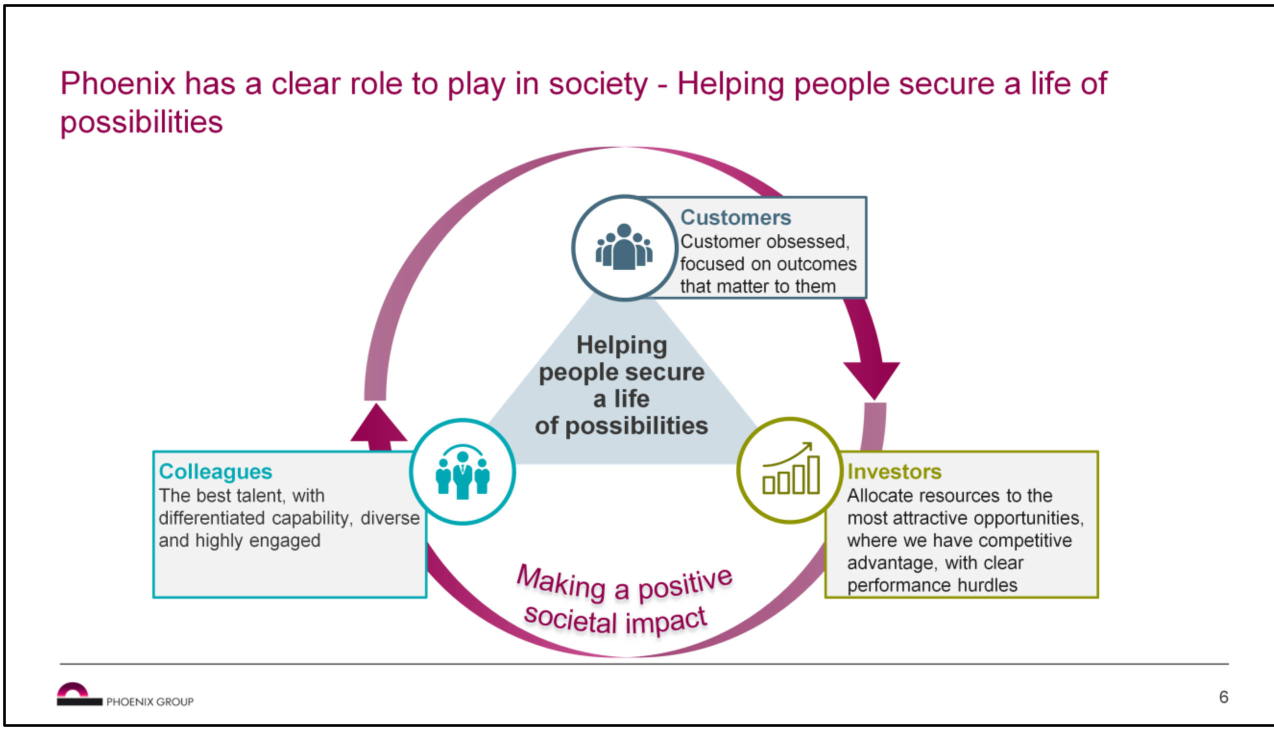
As a result, what we're seeing, is that customers' needs are changing, as they move through the stages of the life savings cycle.

In early life, they're typically in the accumulation stage, where they are most likely to be saving through workplace pensions, and looking to protect their family income.

In mid-life, customers will start to consolidate their pension pots, and begin to prepare for retirement.

Moving into later life, customer wealth will be decumulating, as they draw income for their retirement, and provide for social care.

And the customer need for guidance, also changes, across the life savings cycle. This need for guidance is also stronger than ever, as people struggle with the complexity of having multiple pension pots, and navigating through the choices offered by pensions freedoms.



At Phoenix, we have a clear role to play in society, to address these needs, and to help people journey to and through retirement.

That's why our new purpose is helping people secure a life of possibilities.

This means providing our customers with the right guidance and products, at the right time, to support the right choices.

Our new purpose sits at the heart of Phoenix, and acts as our "north star". It starts with being customer obsessed, and being focused on the outcomes that matter to our customers.

It drives our strategy, ensuring that we allocate resources to the most attractive opportunities, where we have competitive advantage, and so will further enhance our returns for investors.

And our people are absolutely fundamental. We all know winning businesses have the best people, with superior skills and capabilities, who are diverse, and highly engaged. As Nick has already covered, this is a real strength throughout Phoenix.

Our focus on purpose, and our culture, has led to a 20 basis point rise in colleague pride and advocacy this year.

What this means, is that in the pandemic, our people have been determined to be there for our customers, in spite of the move to work from home. As a result, our call answer rates, and customer satisfaction scores, have remained above 90%.

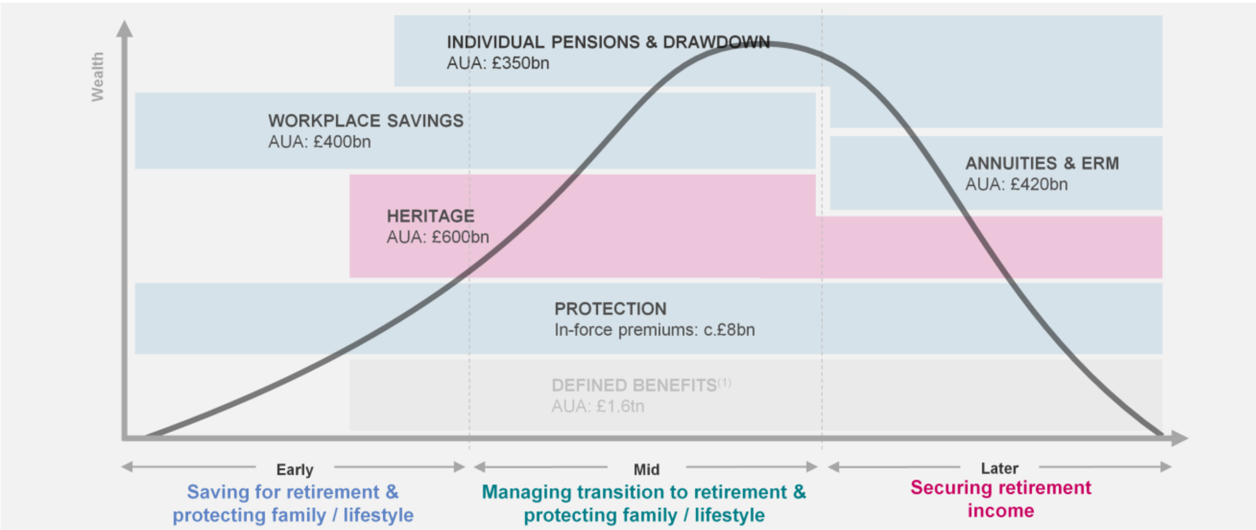
This is a great example of this virtuous circle. I passionately believe that businesses with the best people, focused on their purpose and their role in society, deliver better customer outcomes, and in turn, stronger returns for shareholders.

We see sustainability as being at the core of our new purpose, and a key enabler of our strategy.

Our sustainability strategy focuses on delivering for our 14 million customers, and investing our £323 billion of assets in a sustainable manner, making a meaningful difference to society.
We will fully embed this into our business activities. We are committed to reducing our environmental impact, investing in our people and culture, supporting our communities, and working ethically with our suppliers.

Claire will talk in more detail about our sustainability strategy later. But I am delighted that today Phoenix has announced its commitment for our operations to be net-zero carbon by 2025, and for our investment portfolio to achieve net-zero carbon by 2050.

The UK long-term savings and retirement market is large, at £1.8 trillion, and growing at 7% per annum



(1) £1.6 trillion of Defined Benefits AUA has been excluded from long-term Savings and Retirement sector AUA

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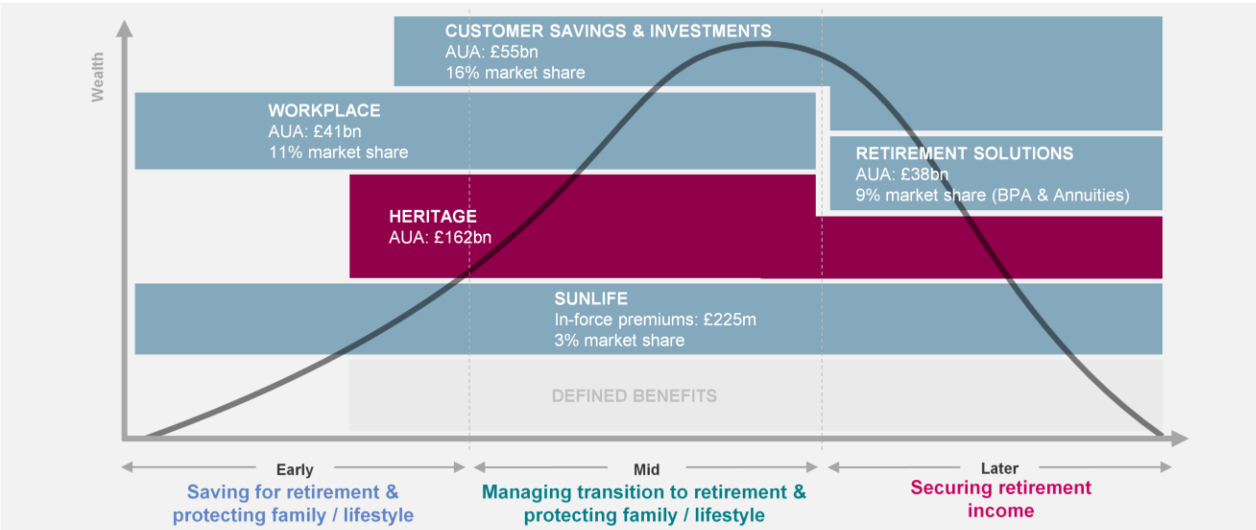
What I want to do now is talk about the sector, and our position within it, and then go on to set out our strategy. So first the sector.

This exhibit takes the customer life savings cycle, which I covered earlier, and overlays the various markets for long-term savings and retirement products.

It illustrates the large size of the life insurance asset pool, as a whole, at £1.8 trillion, with good growth, at 7% per annum. And covers the size of each market within that.

Phoenix has a 17% share of the total market, and strong positions in both Heritage and Open product markets



Here, we overlay Phoenix's position within these markets.

With £300 billion of UK assets under administration, we have a 17% share of the total market.

This includes Heritage, where we're the market leader. Our scale is valuable, as it drives our strong, dependable cash generation.

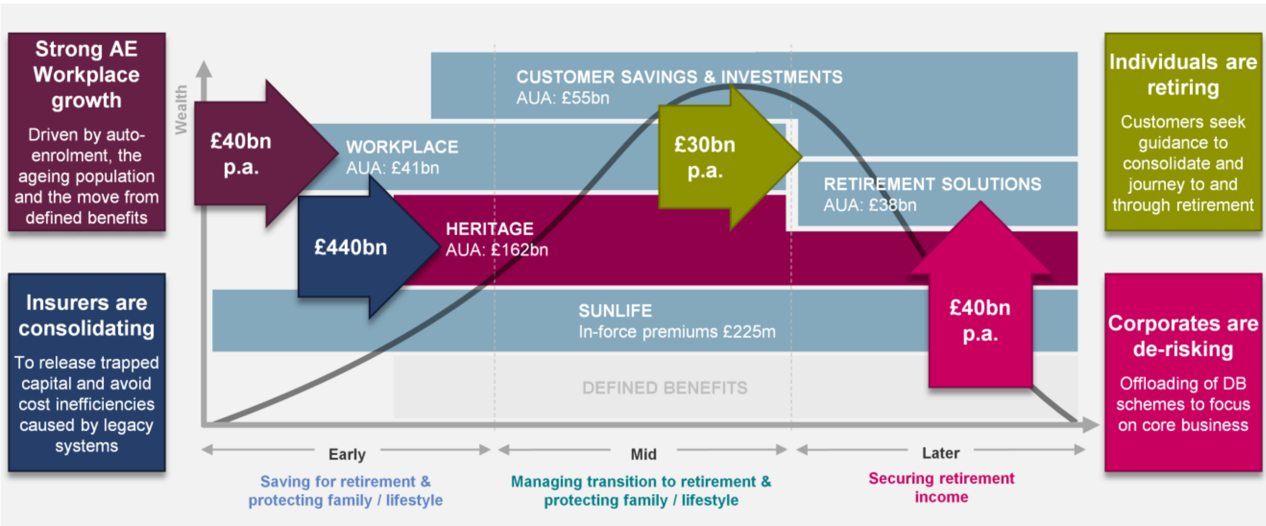
It also shows the strong foundations, and hence significant potential for growth, we have across our Open businesses.

We are a top 3 player in workplace, with an 11% market share.

Our customer savings and investment business covers both individual savings, and pensions drawdown, where we have a 16% market share.

And our retirement solutions business covers annuities, where I see our lower market share, relative to peers, as a positive, as it means our balance sheet has much lower exposure to credit risk.

The major market trends offer significant growth opportunities



Now the final build of this slide, is to look at the major market trends, and hence the significant growth opportunities.

We continue to see insurers consolidating their legacy books of business, to release trapped capital, and avoid the inefficiencies, caused by running these old style products on legacy systems.

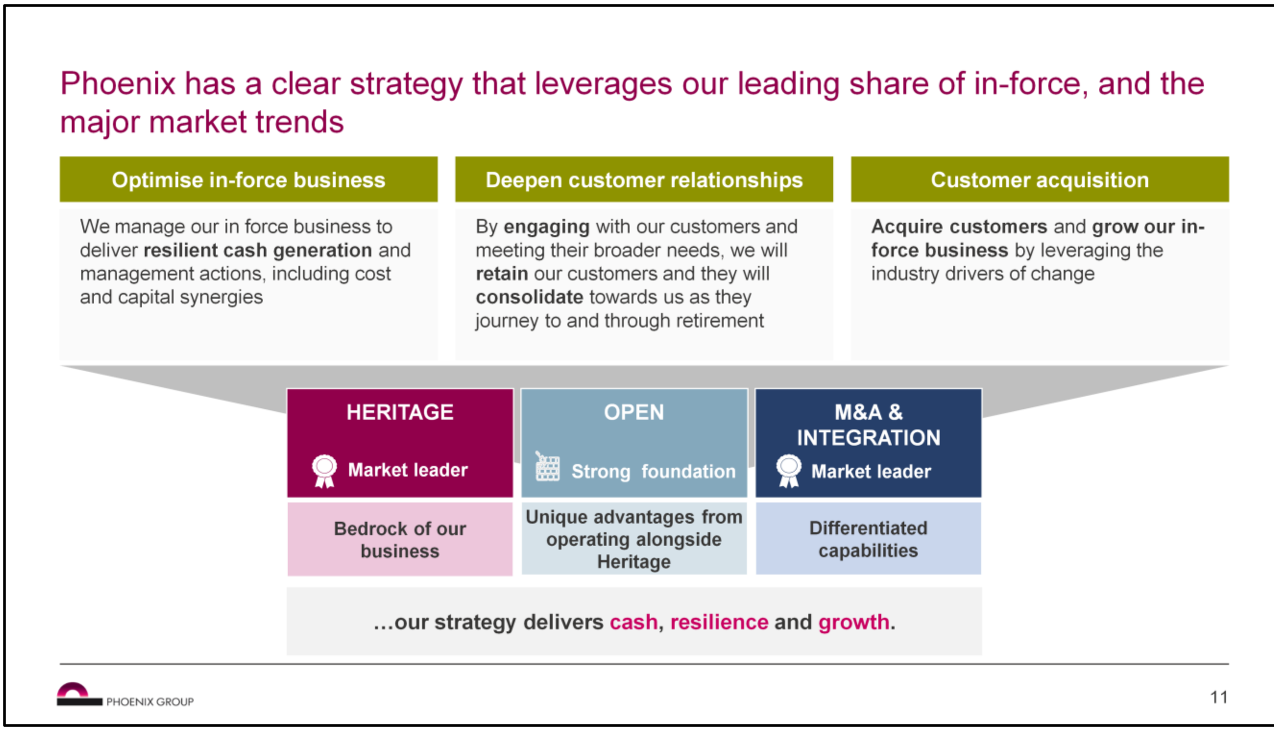
This represents a £440 billion M&A opportunity to our Heritage business, in the UK market alone.

We are also seeing strong growth in the workplace market, with annual flows of £40 billion, driven by auto-enrolment, and growing rapidly with the ageing population, and the move from defined benefit.

There are also annual flows of £30 billion, as individuals prepare for retirement, and move into decumulation products.

And finally, corporates are de-risking, offloading defined benefit schemes to insurance companies. Flows here are in excess of £40 billion per annum.

This understanding of the stocks and flows, in the UK long-term savings and retirement market, underpins Phoenix's strategy, and ensures we're positioned to take full advantage of these industry trends.



So onto strategy. Phoenix has a clear strategy, focused on three key priorities, leveraging our leading share of in force, and the major markets trends, that I've covered on the last couple of slides:

Our first priority is optimising what we already have, our in-force business, across both Heritage and Open customers. Our risk management framework ensures we improve customer outcomes, and deliver resilient cash generation.

Integral to this is the delivery of both management actions, and integration activities including cost and capital efficiencies. So delivering the Standard Life transition, and ReAssure integration, are top priorities.

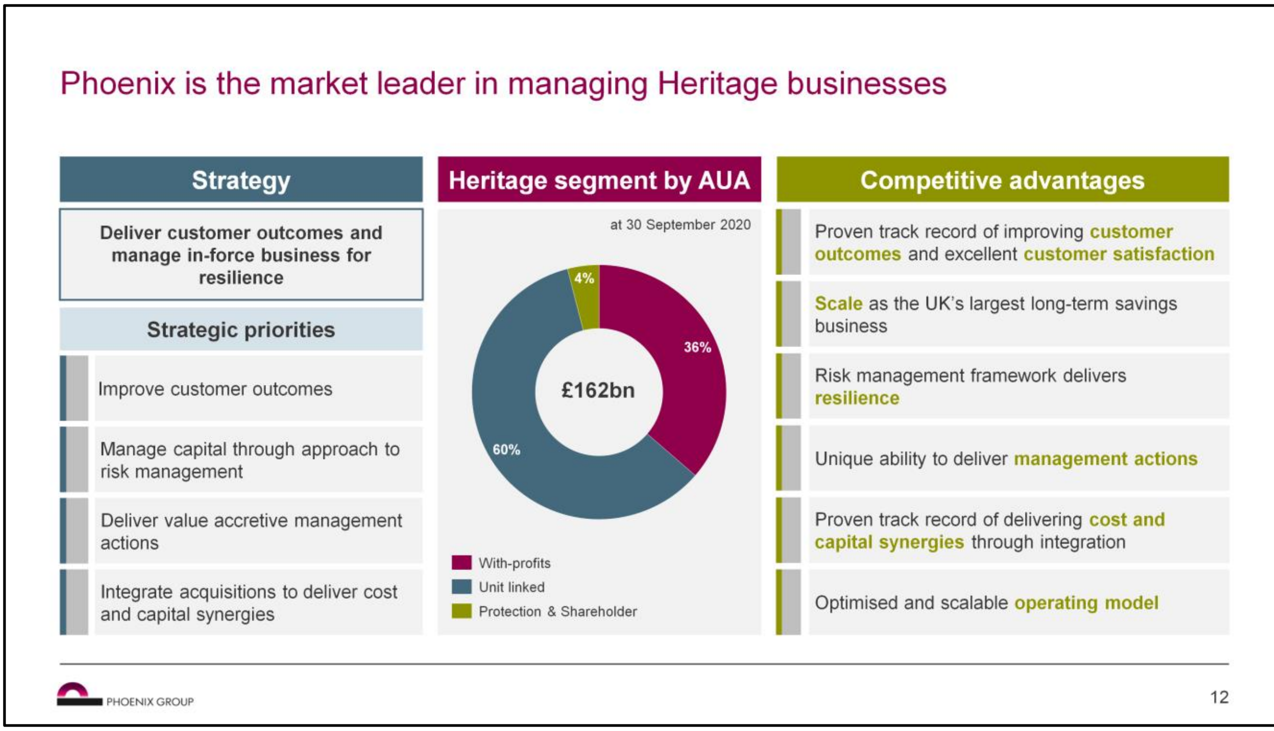
Then, our second priority is deepening customer relationships. So engaging them, and offering the right products and services to meet their needs, across the life savings cycle. This means they'll stay with us, and consolidate towards us, as they journey to and through retirement.

And our third priority is customer acquisition. Here we'll leverage the other industry drivers of change, and grow our in-force business, by acquiring workplace and BPA customers through new business, and Heritage customers through M&A.

This strategy delivers cash, resilience and growth.

So we have a clear strategy, that is aligned to the industry drivers of change. But to win, we also need distinctive competitive advantages across Heritage, Open, and M&A.

Let me cover each of these in turn.



Phoenix is the market leader in managing Heritage businesses, and it remains the bedrock of our business.

Here our strategy is to deliver customer outcomes, and manage the in-force business for cash and resilience. Andy Moss will take you through the deep-dive later, and explain how our scalable operating model and, our ongoing delivery of management actions, delivers value.

Our track record of improving customer outcomes, and maintaining excellent customer satisfaction, are unquestionable. As is the value we have created for investors, with £2.5 billion of cash generation from management actions in the last 10 years.

Our competitive advantages in this area are truly market leading. By far the best that I have seen in my 32 years in the sector.

Phoenix's Open businesses have strong foundations and are central to our purpose of helping people secure a life of possibilities

Strategy

To help customers to journey to and through retirement by providing long-term solutions to their savings needs

Strategic priorities

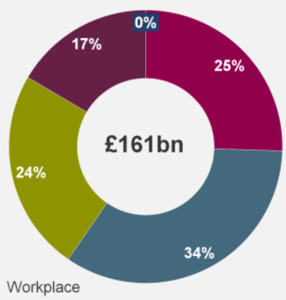
Workplace: Accelerate investment in proposition and optimise shift from restructure of market

CS&I: Deepen understanding of customer needs and innovate solutions

BPA: Improve capital efficiency and grow market share

Open segment by AUA

at 30 September 2020



- Workplace
- Customer Savings & Investments ("CS&I")
- Retirement Solutions
- Europe
- SunLife

Competitive advantages

Cost efficiency driven by move to a single administration platform

Capital efficiency driven by diversification with Heritage business

Significant share across a range of Open business markets

Large customer base with circa **14 million customers**

Long-term commitment to the market underpinned by Group's strength and resilience

Phoenix's Open business has strong foundations, and is central to our purpose of helping people secure a life of possibilities.
Here, we're focused on deepening customer relationships, and customer acquisition.
And we have unique competitive advantages from operating alongside our Heritage business.

Andy Curran's deep dive will focus on the three of our five Open businesses, where we see the biggest growth potential.

So in Workplace, our advantages are our scale, and our market leading cost efficiency,
from leveraging the substantial Heritage relationship with Tata Consulting Services.
Our priorities are accelerating our investment in our proposition, to benefit from the shift to Master Trust.

In Customer Savings and Investment, our advantage is our 14 million customers, where we want to help them journey to and through retirement.

And in BPA, our priority is improving capital efficiency, where we should be ahead of peers due to diversification with Heritage, to grow market share.

Hence I'm confident we can deliver attractive, profitable growth here.

Phoenix has an excellent track record in M&A and integration

Our recent transaction history

	Price paid	Cash generation	Target	Delivered
ReAssure Group 2020	£3.2bn	£7.0bn	£800m total synergies	£227m by HY20
Standard Life Assurance 2018	£2.9bn	£5.5bn	£1,220m total synergies	£946m by HY20
Abbey Life 2016	£0.9bn	£1.6bn	£500m cash in 5 years	£686m cash in 2 years
AXA Wealth 2016	£0.4bn	£0.5bn	£250m cash in 6 months	£282m cash in 5 months

Our distinctive capabilities

- ✓ **Deal certainty** through strong regulatory relationships, Part VII capability and low cost of capital funding
- ✓ **Scalable operating model** with modern, cost efficient technology
- ✓ Our broad range of existing business enables **greater synergies**
- ✓ We have **specialist skills** including migrations and management actions

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Phoenix has an excellent track record of M&A and integration.

Our recent transaction history speaks for itself, and has seen us grow to a company which is currently ranked 67th in the FTSE.

Cash generation from acquisitions is a multiple of the price paid. And as Phoenix has grown and built scale, these multiples have increased.

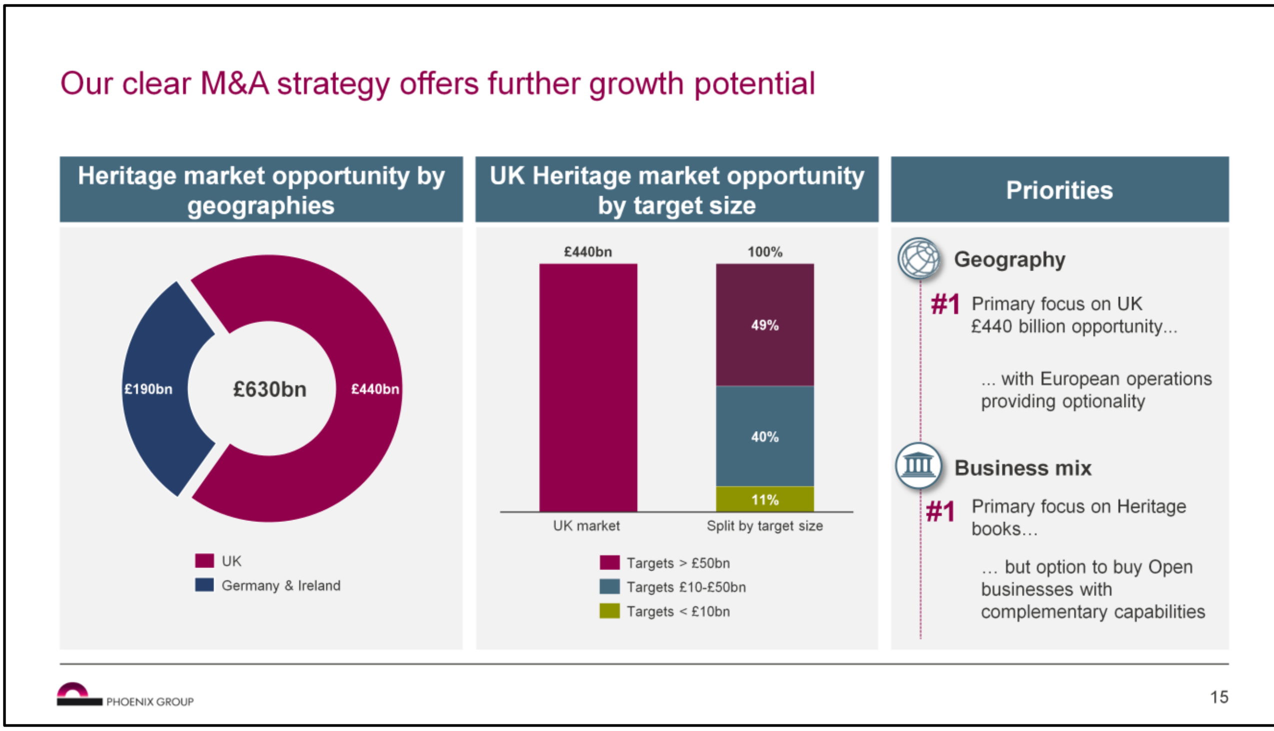
Our integration capabilities are market leading, and have been further strengthened through the ReAssure business, which provides us with additional talent, and creates the bandwidth to run multiple integrations in parallel.

Again, we have distinctive capabilities, and are set up to win.

We provide deal certainty to vendors, with strong access to capital markets, proven part VII capabilities, and strong regulatory relationships.

We also have a scalable operating model, with modern, cost efficient technology, and our broad range of existing business enables us to access greater capital synergies.

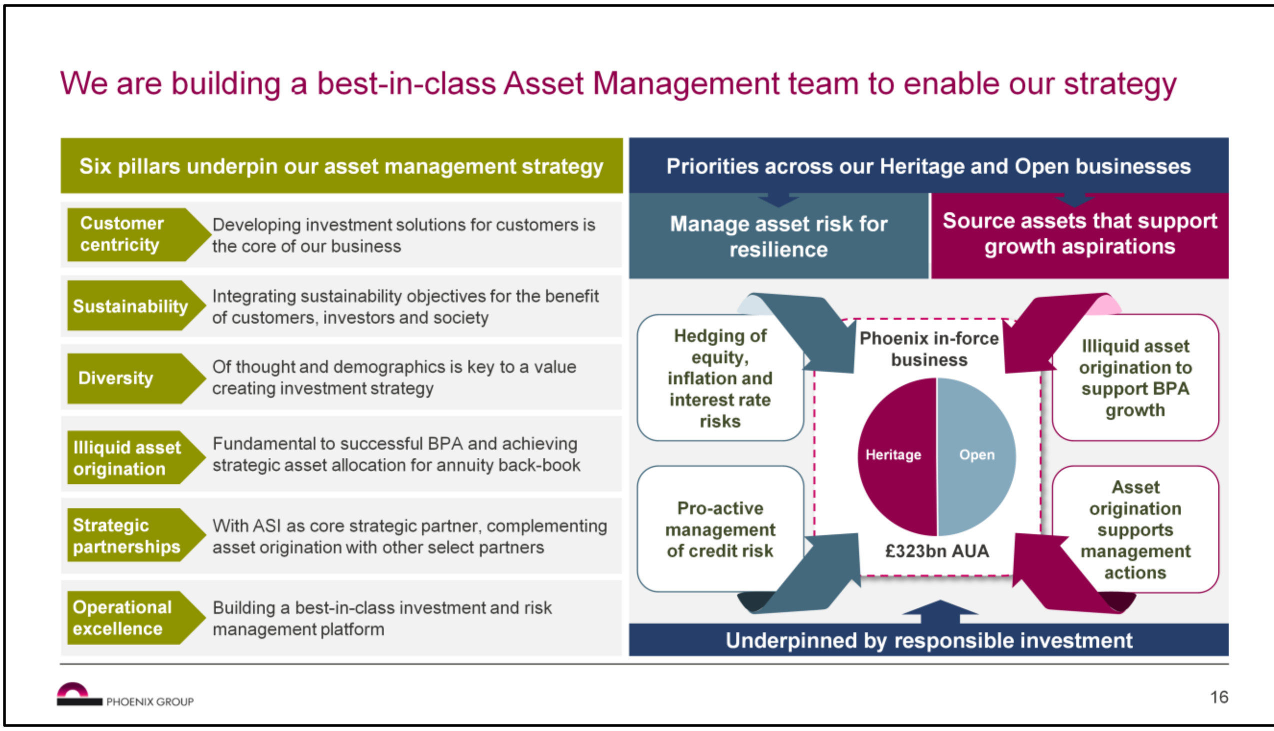
And finally, we have specialist skills, which enable us to deliver management actions, and complex migrations.



We continue to see M&A as a core driver of our growth, and we're ready to do the next deal.

We estimate the Heritage market opportunity to be £440 billion in the UK, with a further £190 billion in Germany and Ireland, where our European businesses are based.
The UK continues to be our primary focus for M&A, as the market we understand the best, have a proven track record in, and has the greatest near term opportunities.

And whilst our focus is on acquiring Heritage books, we will consider buying Open books, where they have a good strategic fit, and bring complementary capabilities to our strategy.

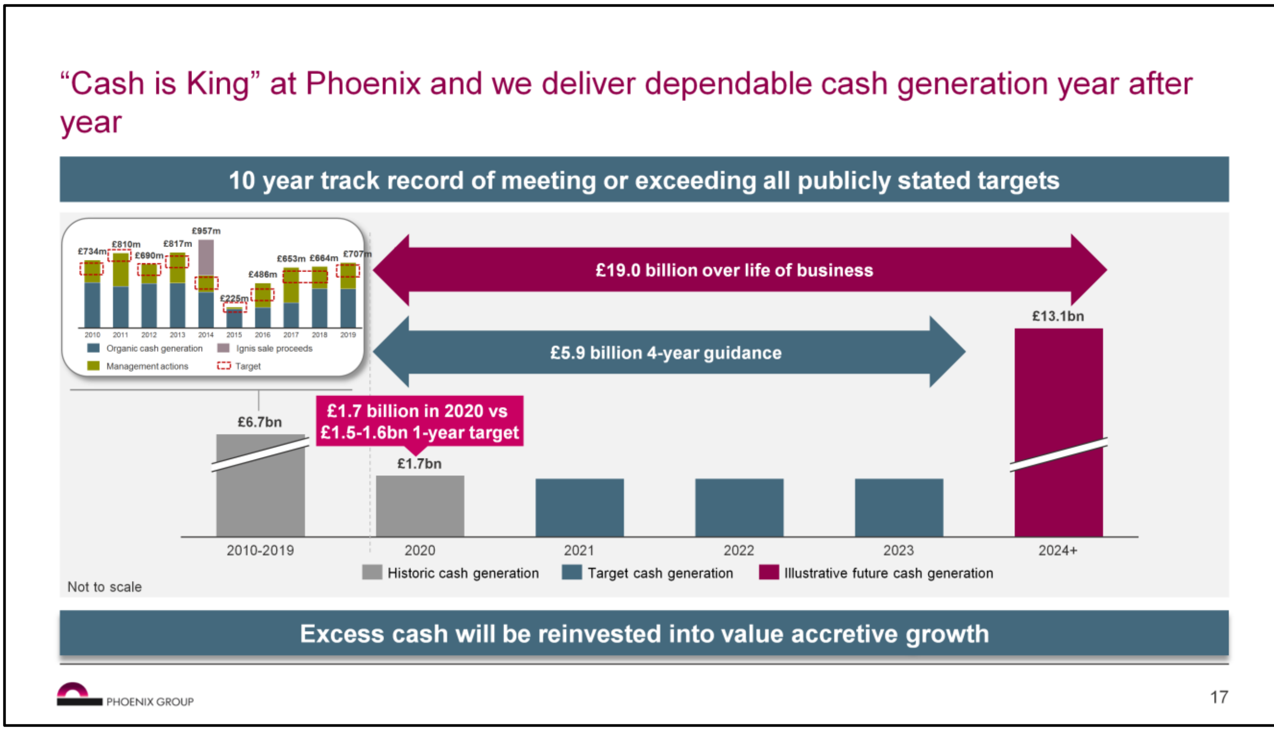


With £323 billion of assets, I think it's essential that Phoenix creates a single asset management team, and I am delighted to have Mike Eakins in the role of Chief Investment Officer, to build this.

You will hear more from Mike later, about our ambition to be a best-in class asset manager, focused on customer centricity, leveraging best in class strategic partnerships, with an integrated approach to responsible investment.

Our asset management team is an enabler to our strategy, focused on managing asset risk for resilience, through the hedging of equity and interest rate risk, and the pro-active management of our credit portfolio.

Mike's team are also integral to our ambitions to grow our open business, through the origination of illiquid assets to support BPA.



Moving now to our financial framework, which Rakesh will cover in more detail shortly.

Cash is king at Phoenix, and I have inherited an enviable 10 year track record of meeting or exceeding all cash generation targets. It's very much my plan to continue this.

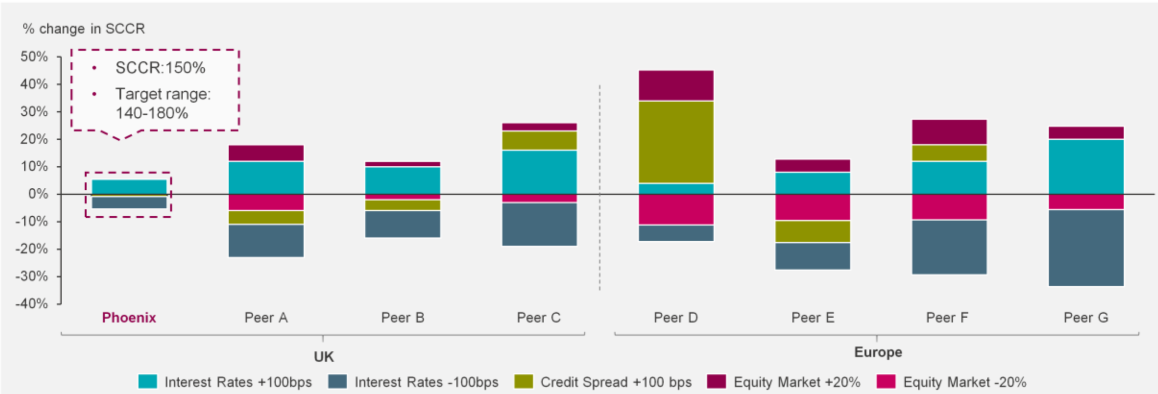
We've delivered cash generation this year of £1.7 billion, ahead of our target.

And we are on track for just under £6 billion of cash generation over the next four years, and £19 billion over the life of the business. This cash generation significantly exceeds our uses, and excess cash will be reinvested into value accretive growth.

Long-term, dependable cash generation, that brings certainty to our dividend.

Phoenix manages its business for resilience and is materially less sensitive to risk events than peers

Pro-forma HY20 Phoenix Shareholder Capital Coverage Ratio (SCCR) sensitivities relative to Life peers



Resilience brings certainty to our stable and sustainable dividend

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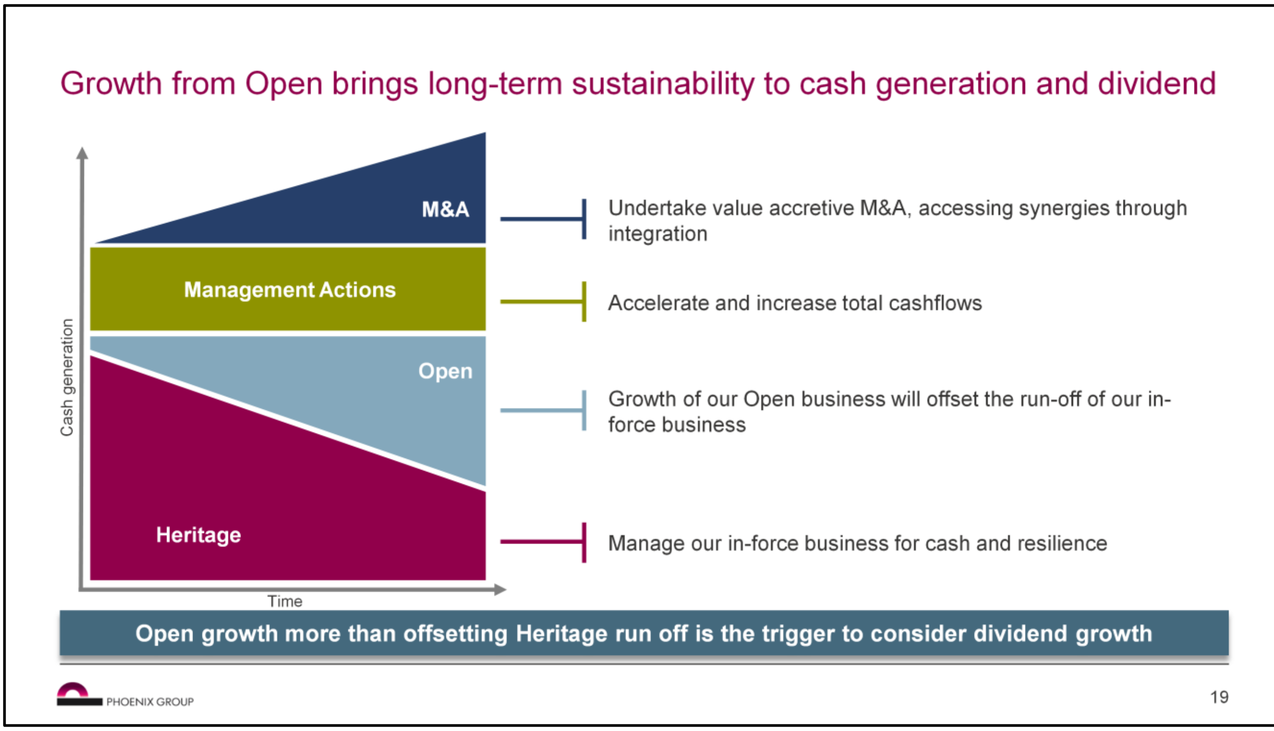
Resilience is a critical differentiator of Phoenix.

Our unique approach to risk management is the key driver here, where we use an extensive hedging programme, to manage unrewarded risks like interest rates and equity. And active, defensive, portfolio management, to manage rewarded risks, such as credit.

This means our financial performance is significantly less volatile than other insurance businesses – as evidenced in this exhibit, which plots our sensitivity to market risks.

The chart speaks for itself, and brings certainty to our stable and sustainable dividend.



And finally, we want to deliver growth in cash, to make cash sustainable, and ideally growing into the longer term.

This simple diagram, that we fondly call "the wedge", illustrates this.

The wedge highlights that cash generation is typically split 2/3rds organic cash generation, and 1/3rd management actions. Over time, we expect the composition of organic cash generation between Heritage and Open to change, but we expect our long track record of delivering management actions to continue. With or without M&A.

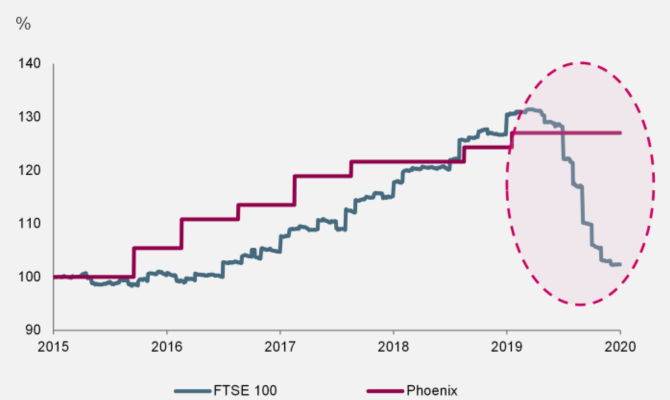
Rakesh will talk in more detail about how much new business we need each year, to offset the run off of our Heritage business.

Once we exceed this offset, and organic cash generation is growing, we can consider growing our dividend without M&A.

But, M&A remains a core part of our strategy, and if we can deliver this on top of everything else, it starts to get really exciting!

Phoenix has delivered a dependable and growing dividend, and our resilience has dramatically outperformed through the pandemic

Phoenix vs FTSE 100 historic dividend growth



Source: Factset

Date	FTSE ranking by dividend size	Phoenix total dividend
2020e	# 24	£475m
2019	# 50	£338m
2018	# 54	£262m
2017	# 58	£193m
2016	# 69	£126m
2015	# 68	£120m

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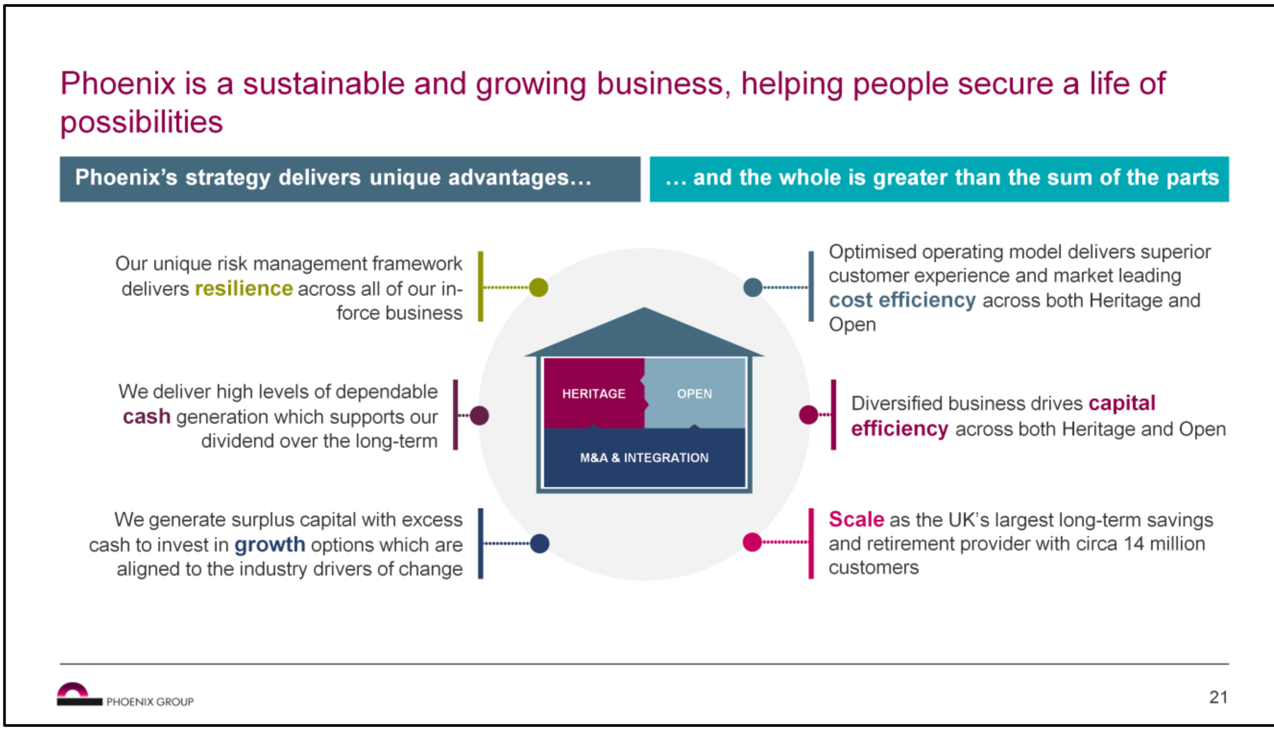
Dependable cash generation, and a resilient capital position, drive our dividend.
Our dividend policy is “stable and sustainable”, but M&A has enabled us to make four dividend increases in the last 4 years, and our dividend has grown at a CAGR of circa 4% over the last 10 years. Proving the wedge, and further M&A, provide further opportunities for dividend growth.

Our dividend growth is broadly in line with the FTSE100, pre-COVID. Something many would not have expected from Phoenix.

But the resilience of our business is clearly demonstrated in the post-COVID period. Our dividend has continued to be rock solid. This is a dramatic out performance of the FTSE100, and as a result we expect to be the 24th largest dividend payer in the FTSE this year.



To summarise.

Phoenix is a sustainable and growing business, helping people secure a life of possibilities.

Our strategy delivers unique advantages:

- Our approach to risk management differentiates us from our peers, delivering resilience to our in-force business
- We deliver high levels of long-term dependable cash generation, which supports our stable and sustainable dividend for many years; and
- Our business generates excess cash, to invest in a range of growth options, aligned to the industry drivers of change.

And at Phoenix, the whole is greater than the sum of the parts:

- Our history of cost discipline, drives market leading cost efficiency, across both our heritage and open businesses. A unique advantage over peers for our Workplace business.

- Our broad, diversified range of products, give us capital efficiencies, that benefit both our Heritage and Open businesses. A unique advantage over peers for our BPA business.

- And finally, as the UK's largest long-term savings and retirement provider, we have access to 14 million customers, and are therefore best placed to help them journey to and through retirement. A unique advantage for our Customer Savings and Investment business.

And it is for all of these reasons, that I am very confident about the future here at Phoenix.

And now I'll hand over to Rakesh, who will expand on our financial framework. Rakesh

Agenda: Phoenix Group Capital Markets Day 2020

1 Overview	Introduction	Nicholas Lyons - Chairman
	Strategy	Andy Briggs - Group Chief Executive Officer
	Financial framework	**Rakesh Thakrar - Group Chief Financial Officer**
2 Deep dive	Sustainability	Claire Hawkins - Director of Corporate Affairs & Investor Relations
	Heritage business	Andy Moss - Heritage Chief Executive Officer
	Open business	Andy Curran - Chief Executive Officer, Savings & Retirement UK & Europe
	Asset Management	Mike Eakins - Chief Investment Officer
3 Wrap up	Summary	Andy Briggs - Group Chief Executive Officer
	Q&A	Panel

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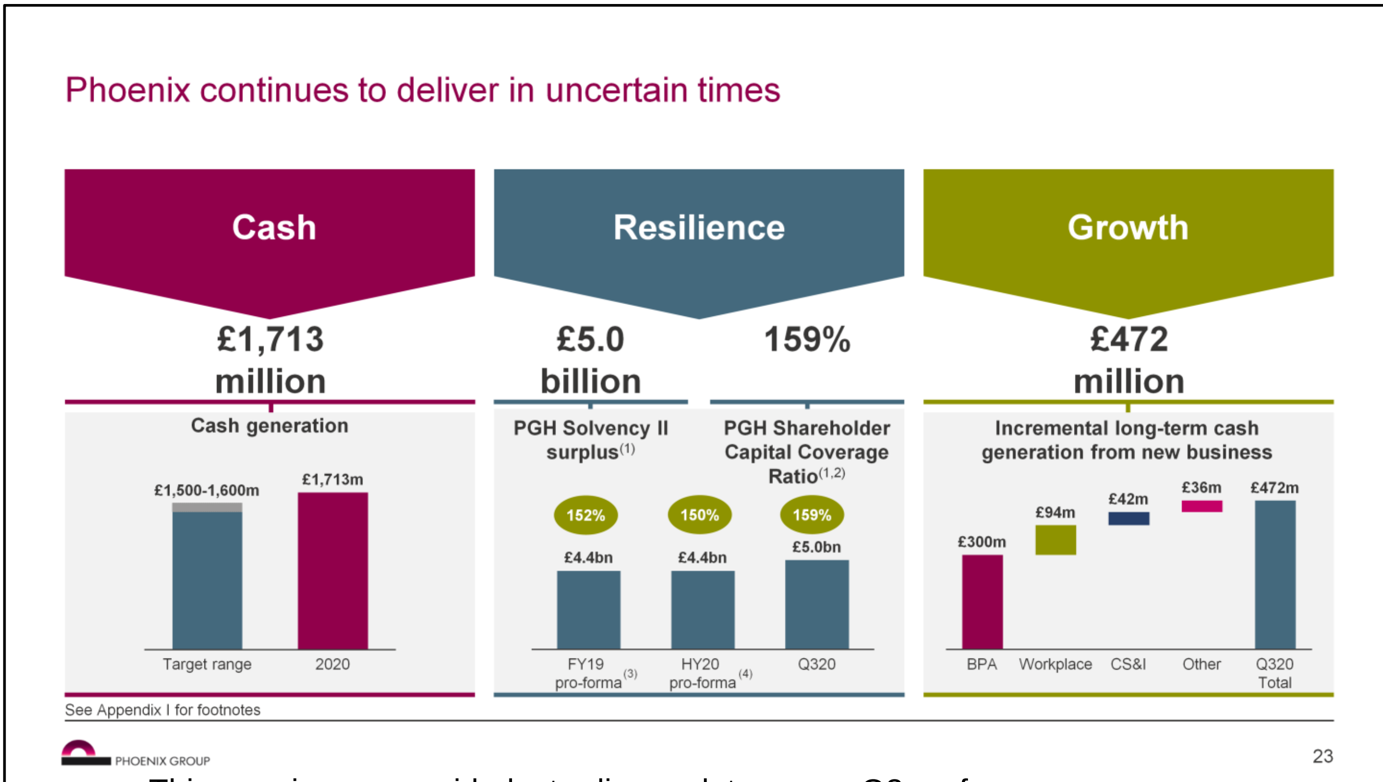
Thank you Andy



This morning we provided a trading update on our Q3 performance demonstrating further progress in our three key attributes: Cash, Resilience and Growth.

These evidence Phoenix's ability to continue to deliver across all key metrics, despite the enormous challenges posed by the COVID-19 pandemic.

Year to date the operating companies of Phoenix and ReAssure have delivered just over £1.7 billion of cash generation on a pro-forma basis.

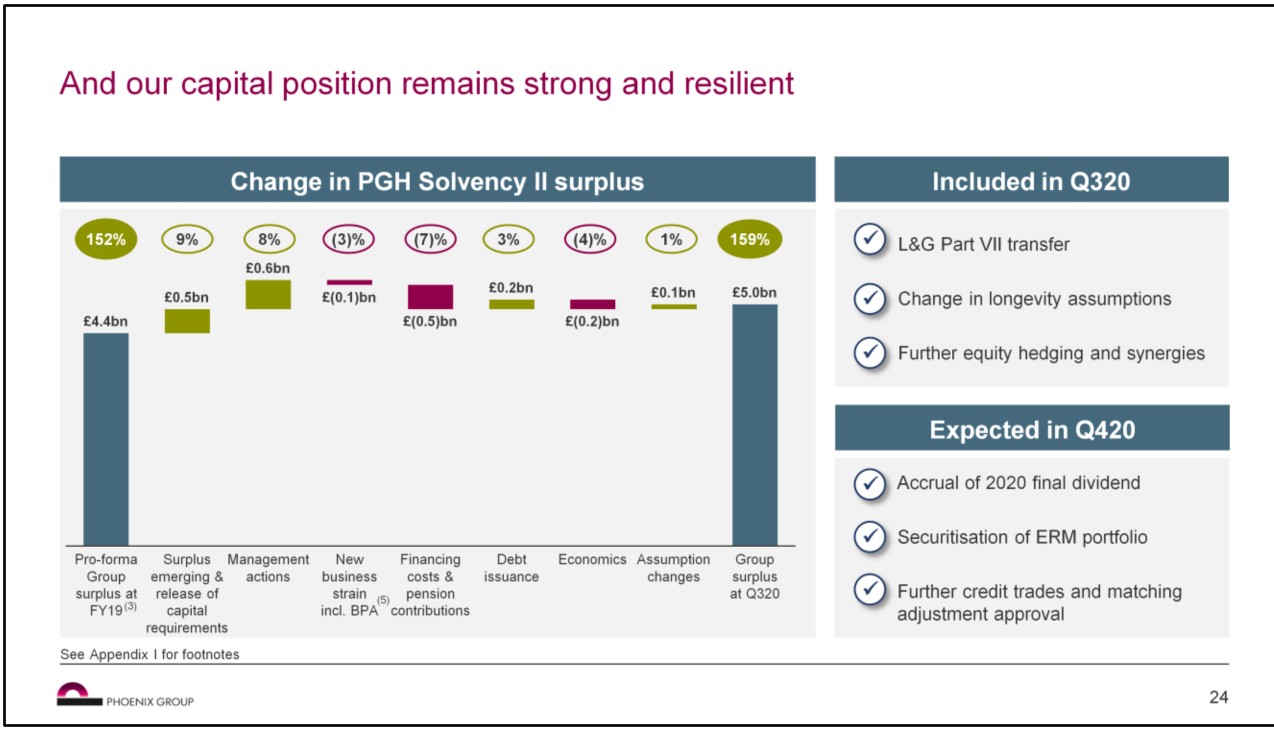
2020 cash generation for the Group is now complete, and has exceeded the revised target we set back in August of £1.5 to £1.6 billion.

Our capital position has strengthened materially, increasing from a combined group
pro-forma surplus of £4.4 billion at 30 June, to £5.0 billion at 30 September.

This equates to a shareholder capital coverage ratio of 159%, right in the middle of our target range of 140 to 180%.

We have also achieved strong growth.

By the end of September, our open business had delivered £472 million of incremental long-term cash generation, already in line with the full year 2019 new business long-term cash generation of £483 million.



At our half year results, I signaled that we expected our solvency position to strengthen from the pro-forma 30 June balance sheet results presented.

The end September position reported today reflects the benefits of the completed part VII transfer of the L&G mature savings business to ReAssure, and the delivery of additional equity hedging and integration synergies.

We have also completed the annual review of longevity assumptions.

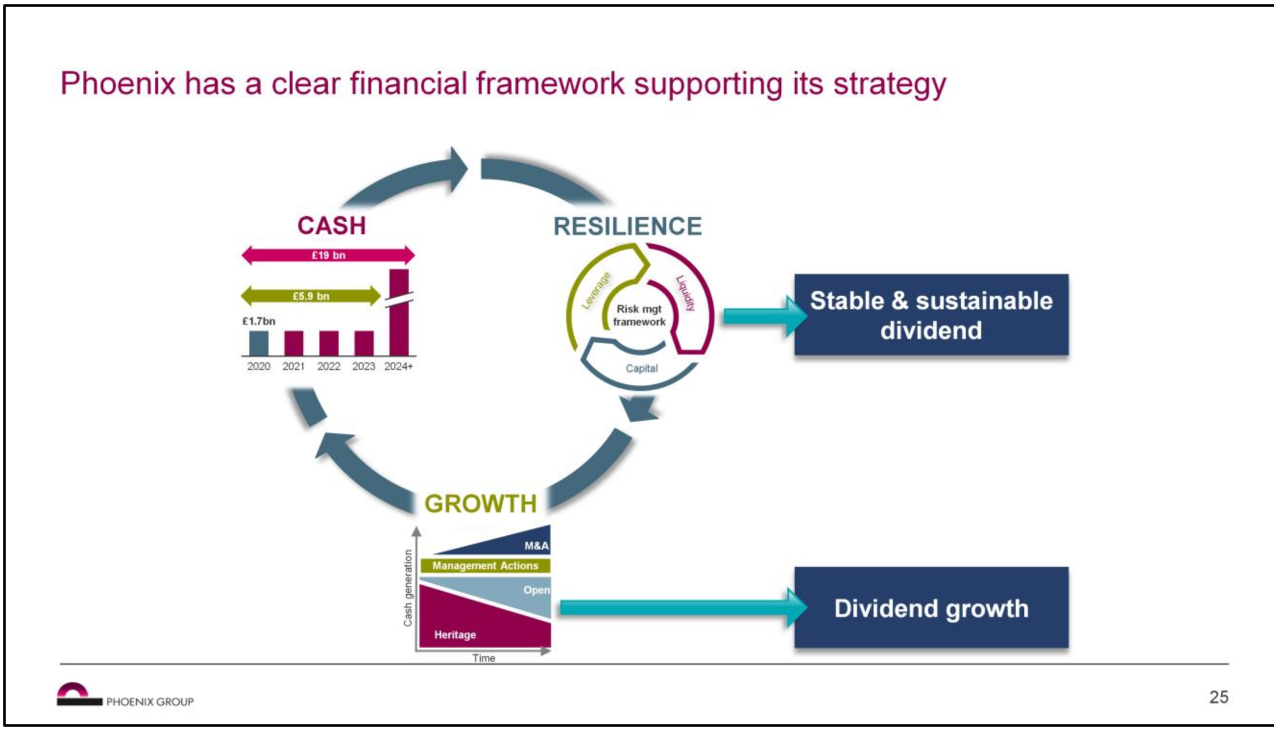
Whilst it remains too early to make any changes to our long-term assumptions around longevity rates from the pandemic, we have updated our assumptions to the CMI_2019 longevity tables.

As a result, we have seen a £0.2 billion release of longevity reserves.

We remain on track to deliver a number of further management actions in Q4, and expect our full year solvency position to be broadly consistent with the Q3 position, having made provision for the 2020 final dividend.

Finally, I want to draw your attention to the economic variances we experienced in the 9 months to end September.

The waterfall presented on this slide is on a combined group basis and shows that our economic variances were a strain of only £0.2 billion, which was partially offset by the higher management actions from the credit trades, demonstrating the resilience that our approach to managing market risks delivers.



Phoenix has a clear financial framework in place to support us in delivering the strategy that Andy has just outlined.

This slide summarises this framework and we will spend time today exploring each component part in more detail.

Our in-force business is cash generative and as you know, “cash is king” at Phoenix.

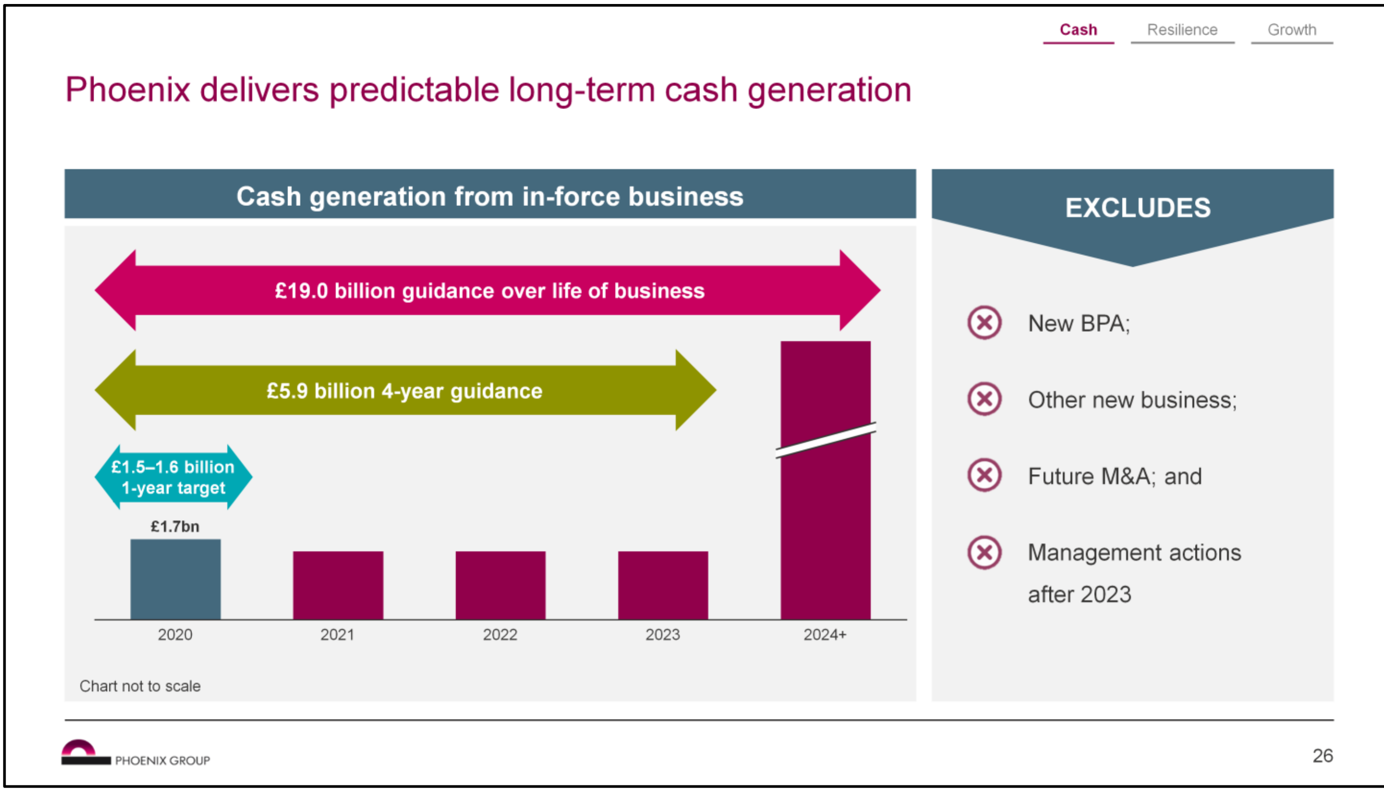
The risk management framework is designed to deliver resilience, and we manage our business within clear target ranges for capital, leverage and liquidity.

Resilience brings dependability to the timing of cash generation, and certainty to our ability to pay a stable and sustainable dividend to shareholders.

Our in-force business is generating surplus cash and capital, and we have a robust framework for allocating surplus capital to our range of growth options.

Growth delivers incremental cash generation and replenishes our in-force business.

This is the wedge hypothesis and if growth can more than offset the in-force run off, we will be able to consider increasing our current dividend.



As I said, “cash is king” at Phoenix and our in-force business delivers long-term, predictable cash generation.

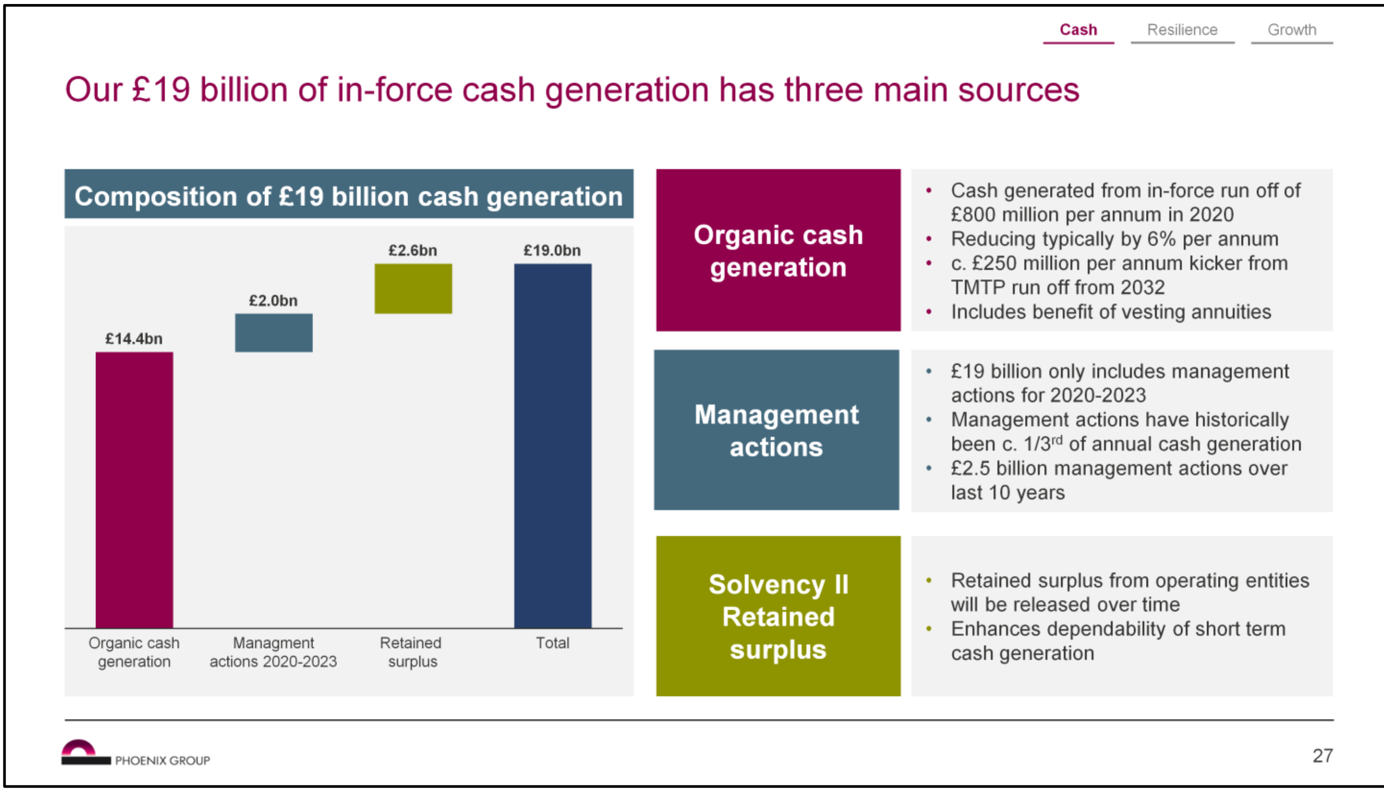
We set annual cash generation targets, which we frame in the context of a 4 or 5 year target.

Since listing in 2010, we have met or exceeded every financial target we have set.

These targets are for our in-force business only, and therefore exclude any new BPA, other new business, and future M&A and only include management actions up to 2023.

It therefore acts as a “base case” for cash generation.

We are in the process of finalising our first full annual operating planning process as an enlarged group, and will therefore provide an update on targets with our 2020 full year results in March.



Over the life of our in-force business we have estimated that our Group will deliver £19 billion of cash generation.

£14.4 billion of this cash generation comes from the natural run off of the in-force business.

In 2020, this organic cash generation was £800 million and we would typically see this reduce at around 6% per annum.

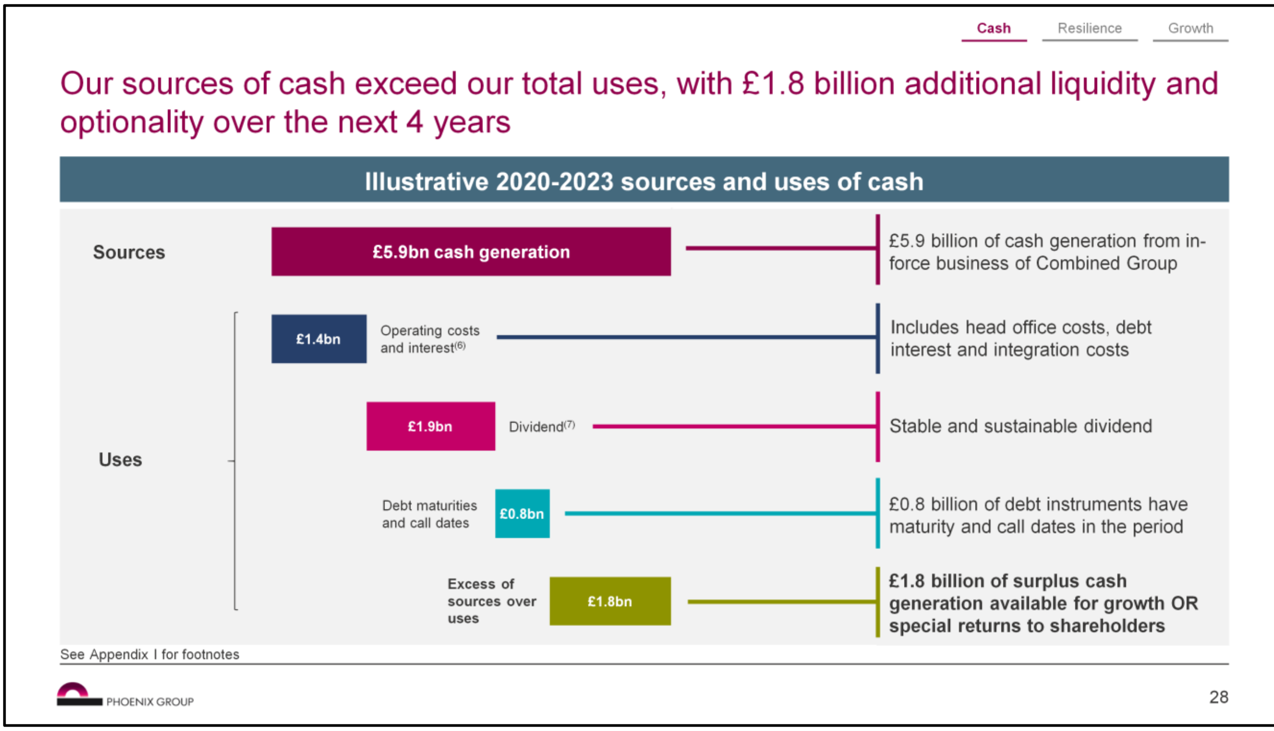
It is worth noting that this level of organic cash generation includes a drag from the transitionals associated with Solvency II.

When these run out in 2032, we will see a circa £250 million kicker to annual organic cash generation, which will reduce by 6% thereafter.

We expect management actions, including integration synergies, to deliver £2.0 billion of cash generation.

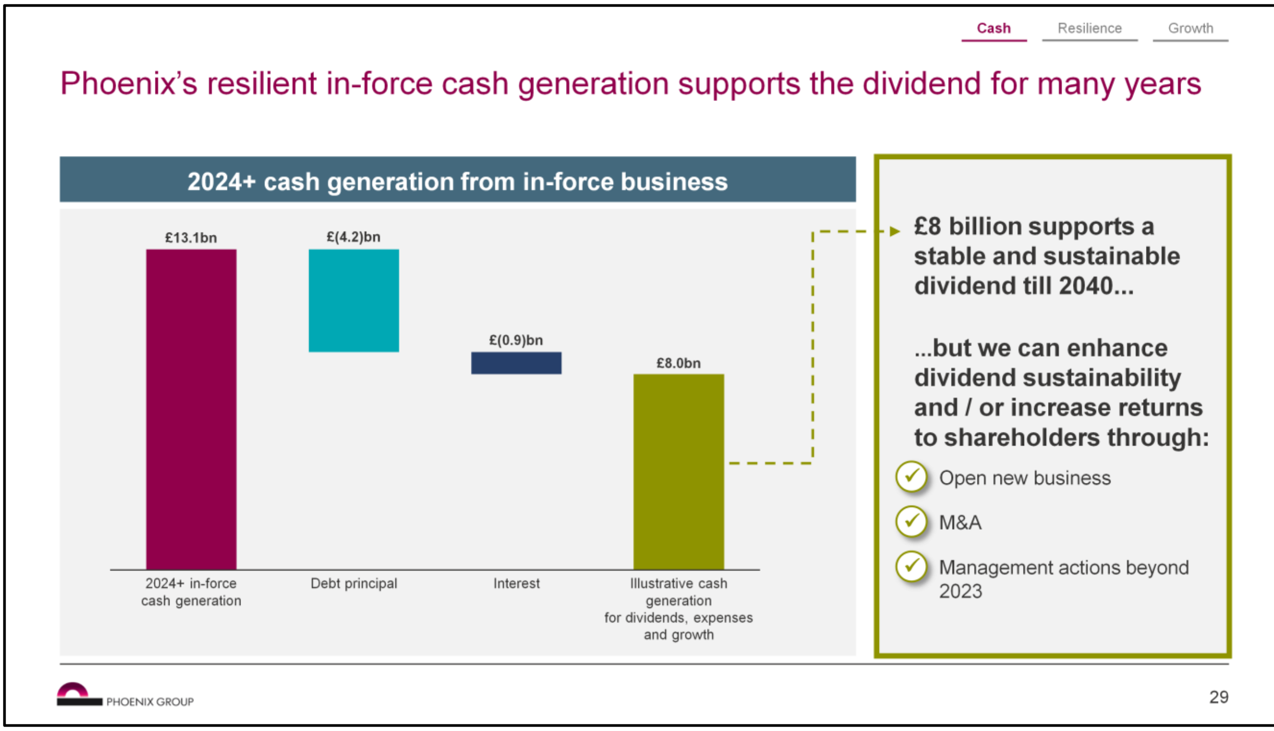
With £2.5 billion of cash generation delivered from management actions over the last 10 years, they form a dependable source of cash generation, even without any M&A, and typically comprise around one third of annual cash generation.

We also carry a level of Solvency II “free surplus” in our operating companies, which will be released over time and enhances the dependability of cash generation.



This slide will be familiar to you.
It sets out the Holdco uses of cash generation over the 4 years to 2023, and illustrates how secure our dividend is over that period.

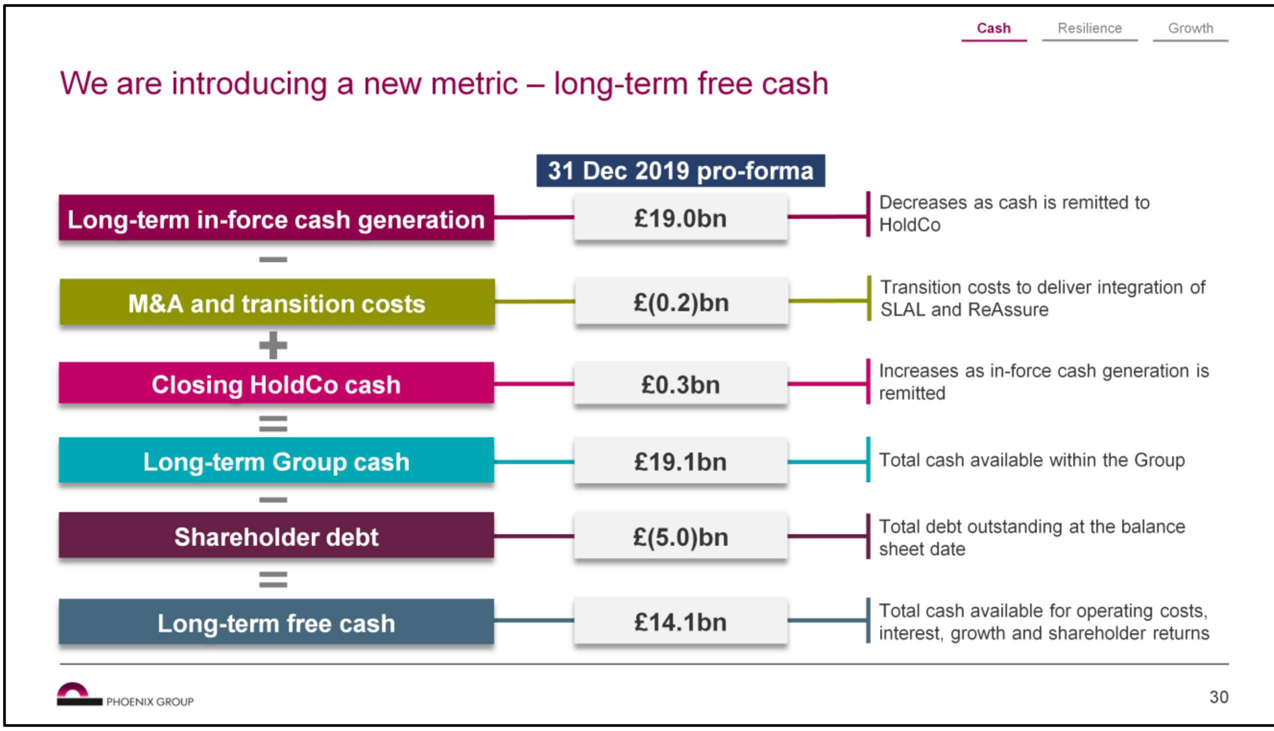
It also highlights the significant amount of surplus cash that will be generated over this period that will be available either for growth, or for special returns to shareholders, subject to operating well within the leverage range of 25 - 30%.



Looking further ahead, our in-force cash generation supports a stable and sustainable dividend over the long-term.

But it is important to remember, that this exhibit assumes no new business, no further M&A and no management actions beyond 2023.

We therefore plan to do much better.



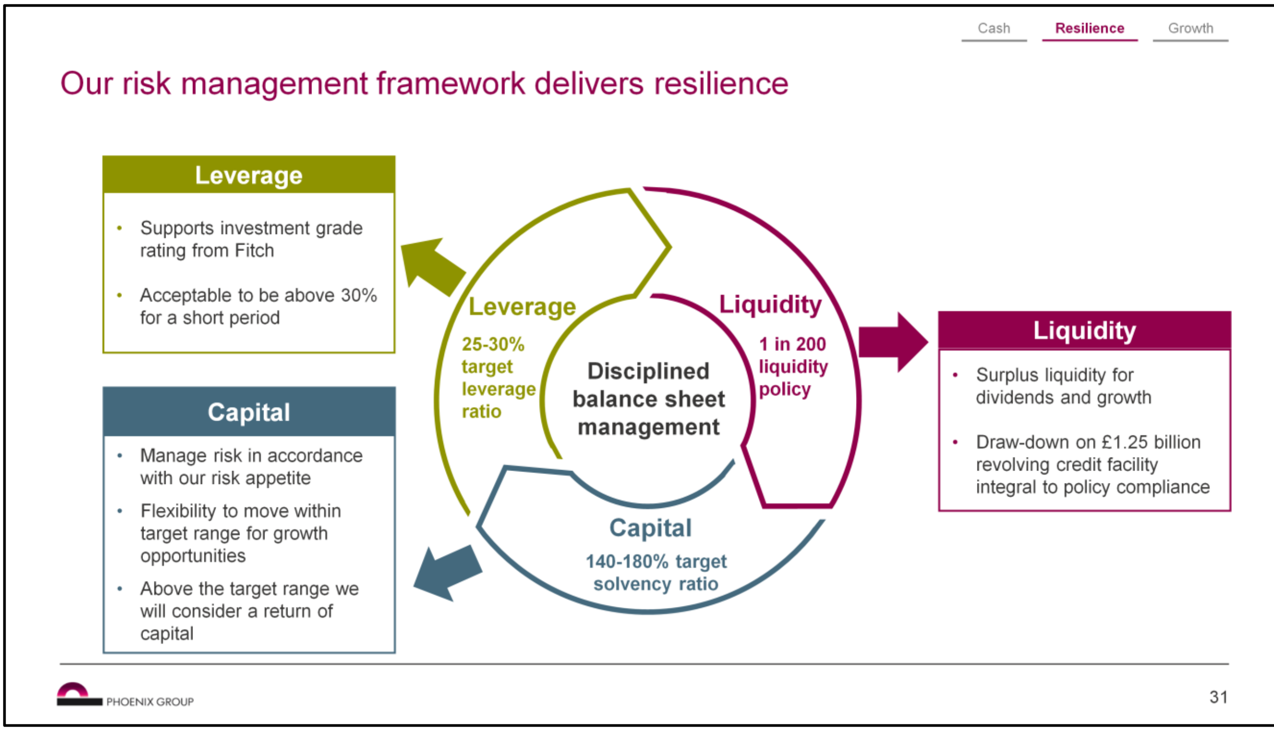
To improve the clarity of our reporting, we are introducing an additional new metric called long-term free cash.

This will quantify the amount of cash within the group that will become available for growth and shareholder returns.

As a Group-wide metric it therefore has the advantage of netting out the impact of moving cash from the operating company to the holding company.

It also excludes shareholder debt, and therefore provides a quantification of the total cash available to meet group costs and shareholder returns.

We will report on this new metric at each reporting period.



Moving on now to resilience.

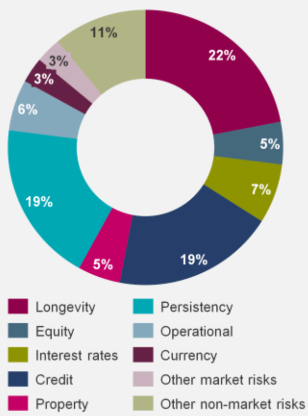
Phoenix has a disciplined approach to balance sheet management, which is articulated through our risk management framework.

This framework is unchanged from my presentation at our Capital Markets Day last year.

We continue to manage capital within a target solvency ratio range of 140 to 180%, to manage Fitch leverage within a target range of 25 to 30%, and to manage liquidity by ensuring that we maintain an appropriate buffer.

We manage risk in accordance with our risk appetite

Estimated Q320 SCR by risk type



Risk	Approach to risk management
Longevity risk	• Reinsure circa 50% - 60% of longevity risk with external counterparties
Equity Risk	• Hedge 80-90% of shareholder exposure to equity risk through futures and options
Interest Rate Risk	• Manage exposure to protect SII surplus by use of swaps and swaptions • Active management during volatile periods
Credit Risk	• A rewarded risk that we manage through dynamic portfolio management and a high quality and diversified portfolio with BBB<20%

Turning first to capital.
We manage our risk in accordance with a risk appetite, which is approved by our Board.

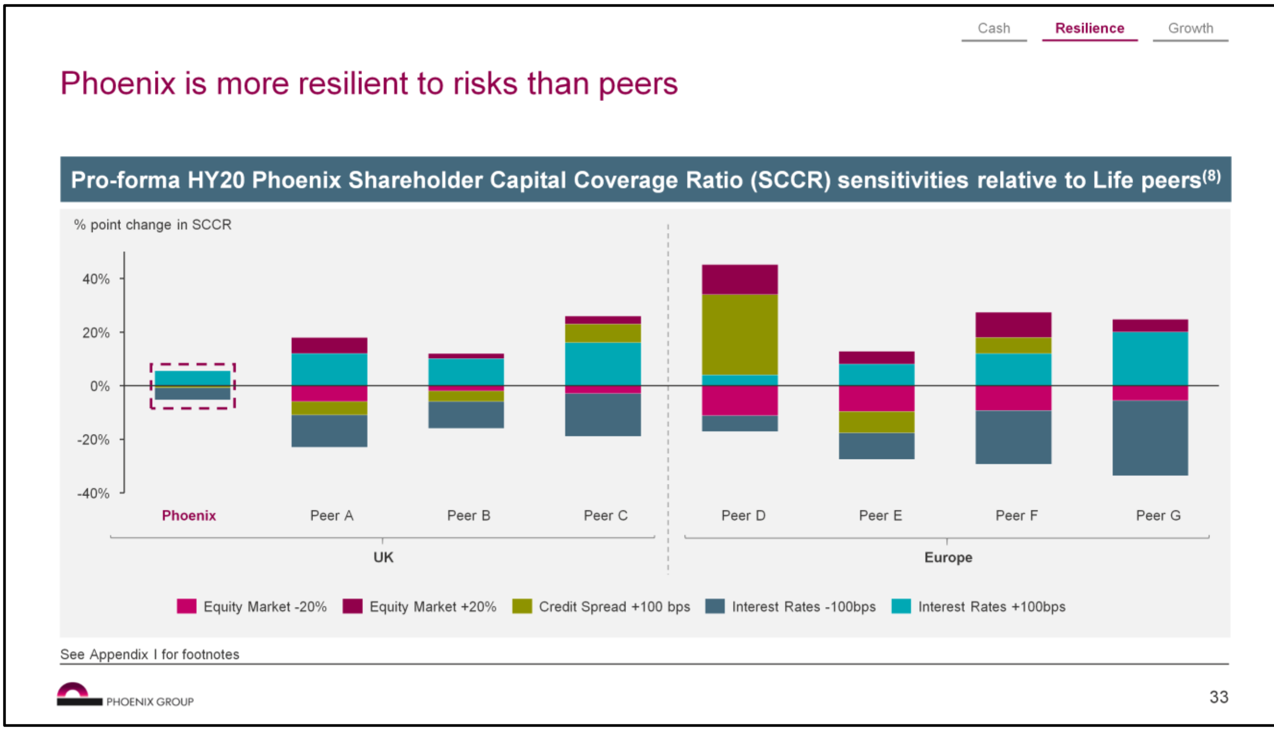
We have a particularly low appetite to equity, currency and interest rate risks, which we see as unrewarded.

We therefore have a comprehensive and dynamic hedging programme in place, which hedges 80 to 90% of the shareholders exposure to equity risk, and uses swaps and swaptions to protect the Group's Solvency II surplus to changes in interest rates.

We see credit risk as rewarded and actively manage our portfolio to ensure that it remains high quality and diversified, and operates within our risk appetite.

We also manage our longevity risk through reinsurance.

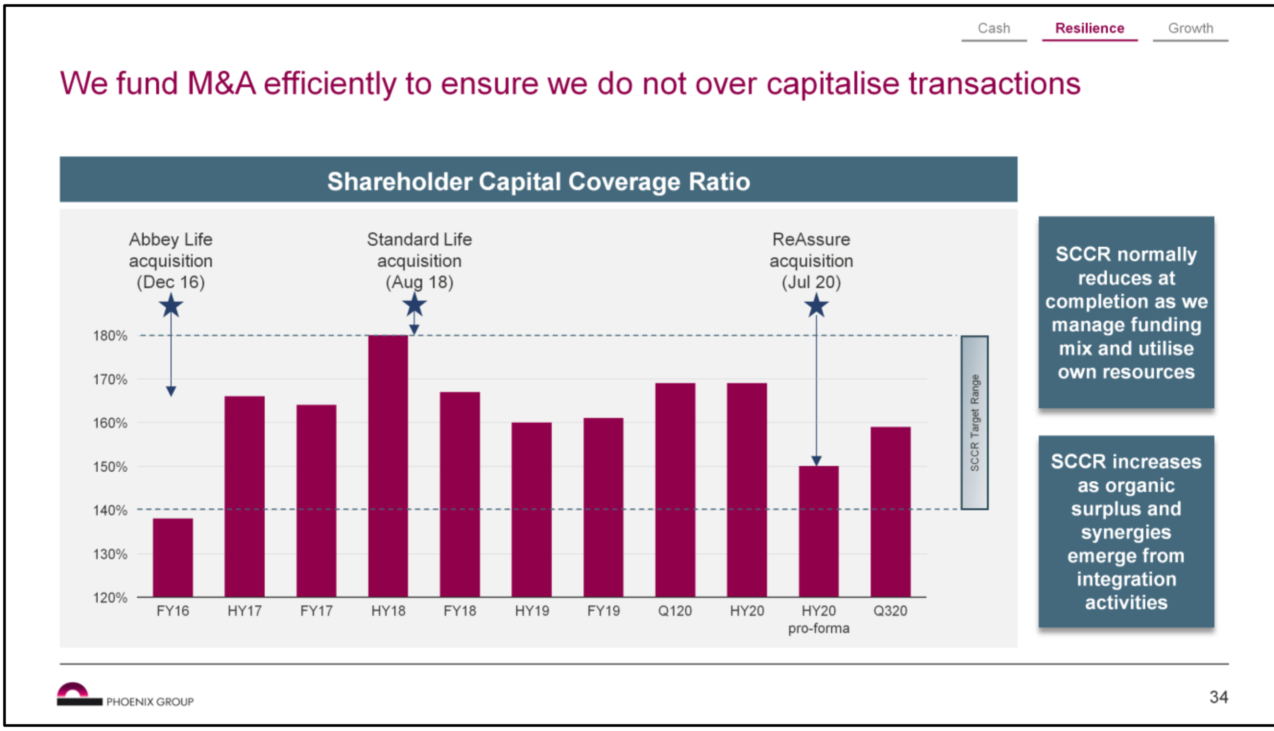
Mike will talk in more detail later about our approach to managing market risks.



This differentiated approach to risk management means that we are more resilient to market risk than our peers.

This is evidenced in this exhibit which shows the impact of movements in equity rates, credit spreads and interest rates on the solvency ratio of Phoenix and a number of our main UK and European life peers.

It is this resilience that has driven the very low £0.2 billion economic variance during the year that I explained earlier, and which sets us apart from other insurance companies.



Our target solvency ratio range is 140 to 180%, and we are happy to operate at any point within this range.

Our priority is always to ensure our policyholders are extremely well protected, but we do not want to hold excess capital in the business for long periods of time.

This becomes particularly relevant when we think about funding M&A , where it is important that we do not over capitalise transactions.

An integral part of our M&A due-diligence processes is building a view of how Group solvency will develop over time.

Typically we therefore see our solvency ratio reduce at completion, as we aim to utilise own funds to minimise the amount and mix of capital being raised, and increase as organic surplus and synergies begin to emerge from the acquired business.

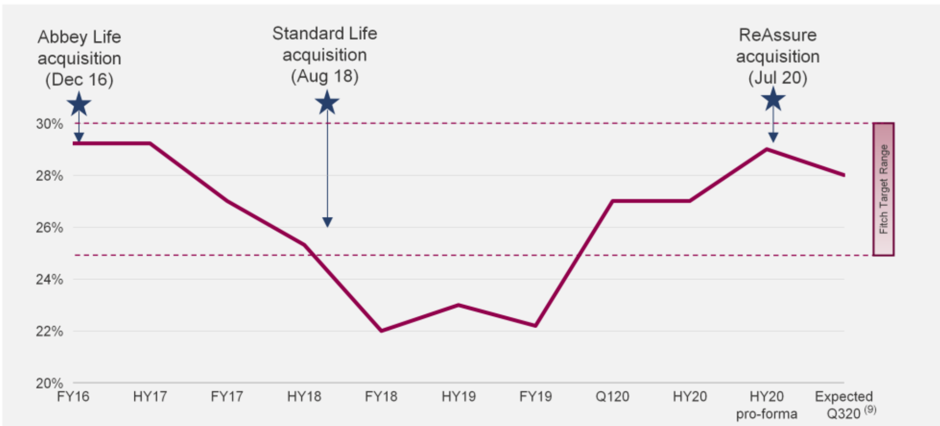
This slide shows how we have used the full 140 to 180% target range to efficiently fund recent acquisitions.

As noted earlier, we have seen this play out for the ReAssure transaction, with the group ratio increasing by 9 basis points since the “low” of 150%

immediately upon completion at 30 June, to 159% at the end of Q3, the midpoint of our range.

And we also utilise the full target leverage range

Fitch leverage



Leverage increases at completion as we use debt to fund the deal

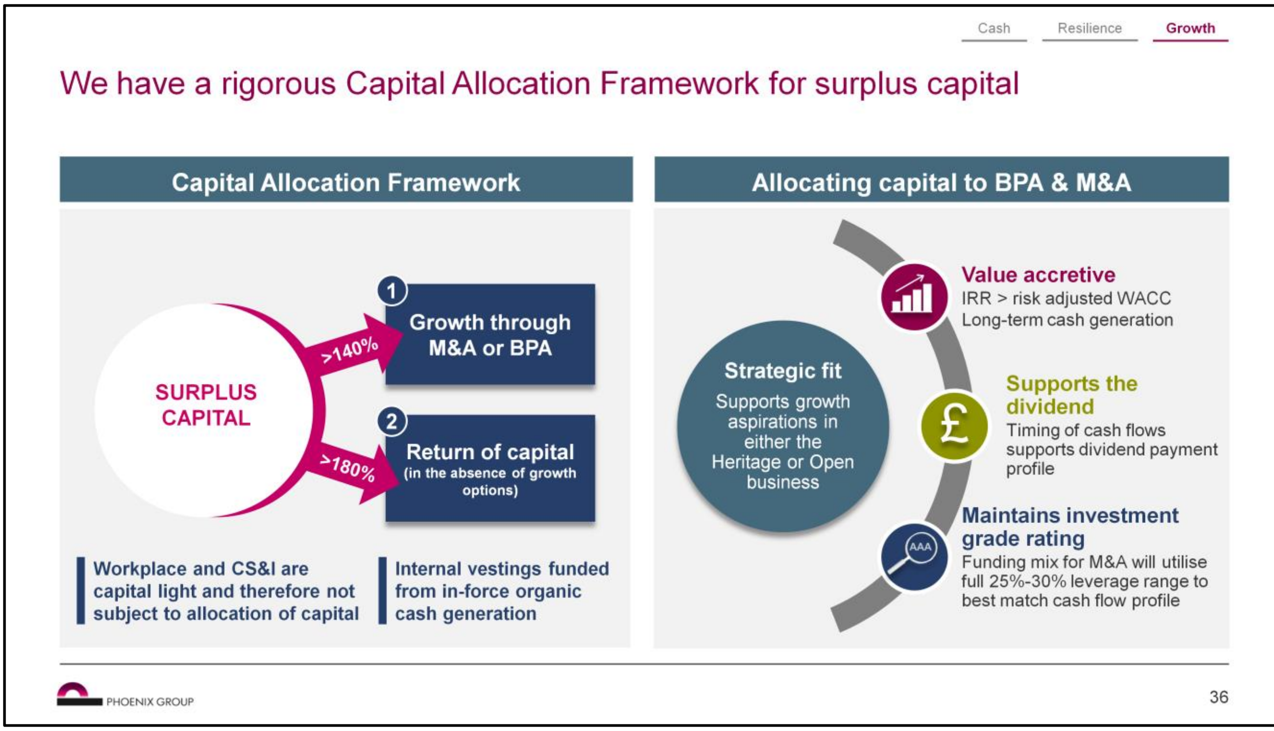
Leverage reduces after each acquisition as synergies emerge and debt is repaid

See Appendix I for footnotes

We adopt a similar approach with leverage, where we seek to utilise the full Fitch leverage target range of 25 to 30% when considering the funding mix for each acquisition.

The ReAssure acquisition has seen Group leverage increase to 28%, similar to the levels following the AXA and Abbey acquisitions back in 2016.

We expect leverage to reduce over time as synergies emerge and we utilise surplus cash and capital to repay debt to operate well within our range.



We have a rigorous capital allocation framework, which we use to allocate surplus capital first to growth, and in the absence of growth, as a return of capital.

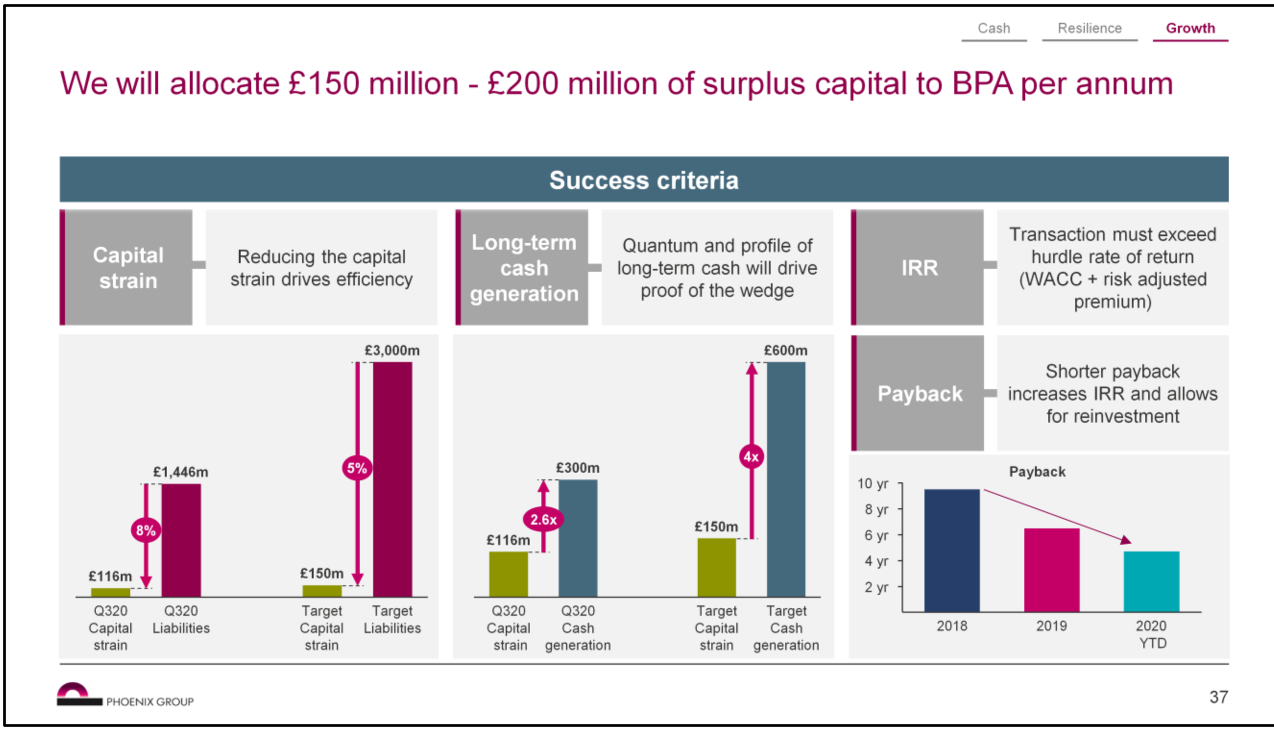
It is worth noting that other than BPA, our Open business is capital light and is therefore not subject to an allocation of capital.

We also fund internal vestings from in-force organic cash generation.

Therefore our capital allocation framework applies to the allocation of surplus capital to BPA and M&A.

We are looking for deals that are value accretive, support the dividend and maintain our investment grade rating.

As Andy explained earlier, we are also looking for M&A that provides a good strategic fit to the group, and supports our aspirations for growth across both our Heritage and Open businesses.



Our BPA business is growing, and is in the capable hands of Andy Curran who will talk more about this business later.

My success criteria for the BPA business are crystal clear, and our approach to this business continues to be selective and proportionate.

Currently we are achieving a capital strain on BPA business of 8%, which we measure inclusive of an allowance for capital management policy.

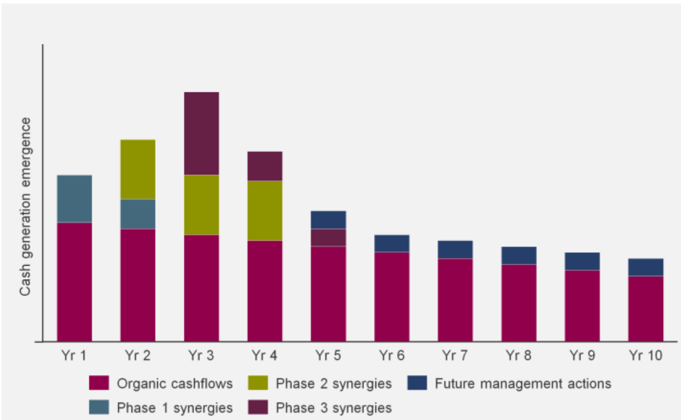
Andy is focused on reducing this to 5%.

At these levels of strain, we will allocate between £150 to £200 million of surplus capital to BPA per annum.

And expect a £150 million capital investment to deliver circa £600 million of incremental long-term cash generation.

We evaluate M&A targets by identifying the total cash generation they deliver and applying the appropriate funding mix

Incremental cash generation from target



IRR and payback	• Derived from cash flows emerging from the target including synergy benefits and future management actions
Dividend	• Cash flow profile used to confirm quantum of dividend increase and / or duration increase
Solvency	• Utilise Solvency II ratio range with a view of synergies benefit trajectory
Leverage	• Cash flow quantum and timing determines funding mix and term that utilises leverage range over short term

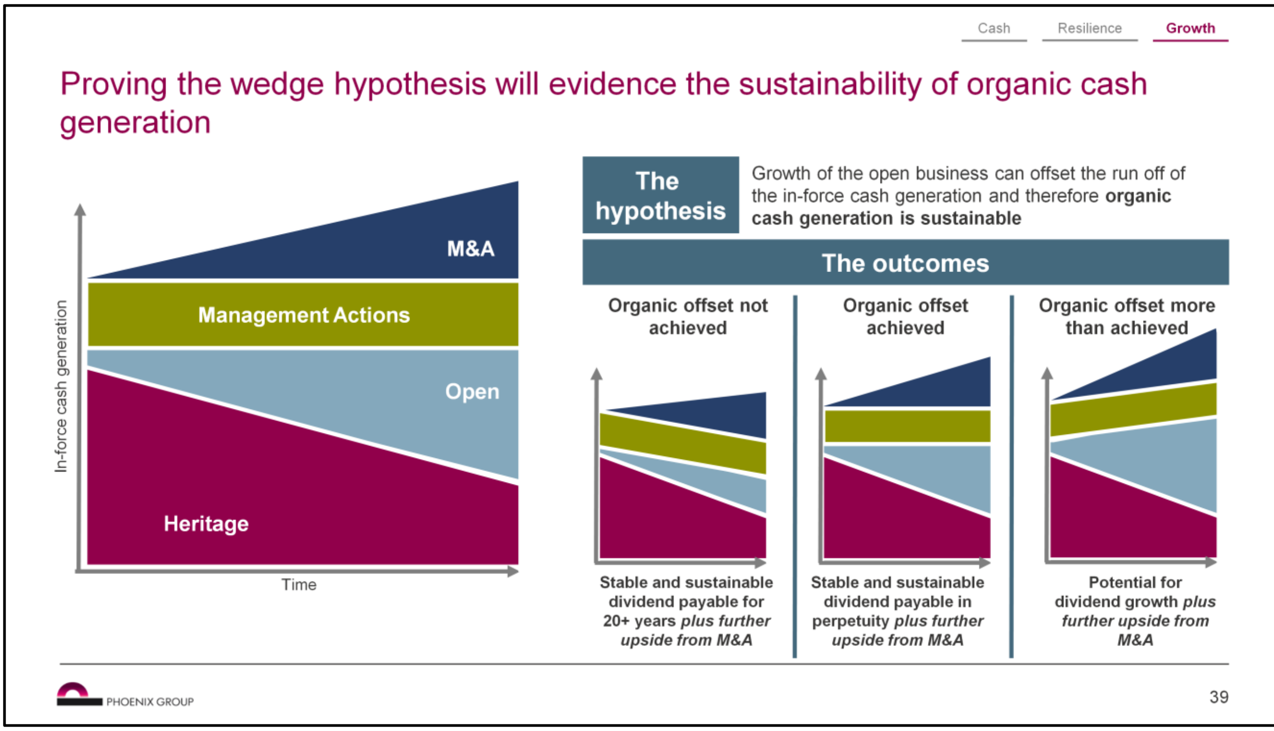
This slide illustrates how we evaluate M&A opportunities.

Essentially we identify the cash generation that the acquisition will deliver.

This cash generation will be a combination of organic cash generation as the business runs off, together with the incremental cash generation that will be delivered from both integration activities and wider management actions.

Analysing the cash generation in this way enables us to determine the IRR and payback of the deal.

It also enables us to identify whether the acquisition supports an increase in the quantum of our dividend, and enhances dividend sustainability.



Finally, I want to talk to you about growth, and the wedge.

I first presented the concept of the wedge at our capital markets day back in 2018 - a simple hypothesis that the growth of the open business can offset the run off of the in-force business, and bring sustainability to organic cash generation.

This hypothesis is unchanged.

Before we talk in more detail about how the hypothesis translates into actual numbers, I wanted to set out the possible outcomes of the wedge hypothesis.

The first thing to remember, is that the wedge hypothesis focuses on growth.

It is therefore looking at cash generation that is incremental to the £19 billion we expect our in-force business to generate, which I have already illustrated can support our dividend at the current stable and sustainable level out to 2040.

So even if the growth of our Open business is less than needed to achieve an offset of organic cash generation, it will extend the ability of the group to pay its current level of dividend for more years.

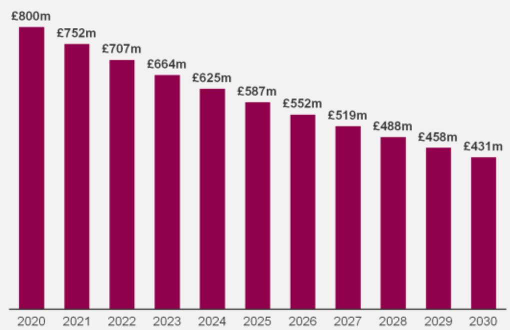
If a “perfect” offset were to be achieved, this would mean that we could pay our current stable and sustainable dividend in perpetuity.

But if we over achieve the offset, and organic cash generation is growing over time rather than staying flat or decreasing, – Phoenix can consider growing its dividend.

And please remember, there is always the expectation that M&A will create further upside, and remains core to our strategy.

Step 1: Illustrative organic cash generation of £800 million from in-force business declines as business runs off

Organic cash generation



In-force business typically runs off at 6% per annum

Cash generation £m		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LT cash gen from new business	In-force organic cash generation	800	752	707	664	625	587	552	519	488	458	431
In-year cash generation from Open new business	2020											
	2021											
	2022											
	2023											
	2024											
	2025											
	2026											
	2027											
	2028											
	2029											
	Open growth											
	Total	800	752	707	664	625	587	552	519	488	458	431

PHOENIX GROUP

We always get asked lots of questions about the maths that sits behind the wedge, and how the acquisition of ReAssure, and our evolving strategy, has changed this maths.

I am therefore going to spend some time today running you through how we model the wedge internally.

The wedge hypothesis continues to be focused on organic cash generation only.

Management actions and M&A are additional to this.

And it does not include free surplus.

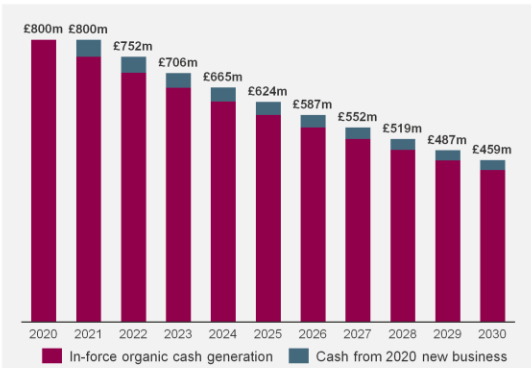
I explained earlier that we expect our in-force business to generate circa £14 billion of long-term organic cash generation.

In 2020, we will see £800 million of this organic cash generation emerge, and we expect this level of organic cash generation to reduce at around 6% per annum as the in-force business runs off.

This slide shows the “gap” that the open business needs to fill through growth to maintain £800 million of organic cash generation each year.

Step 2: Open new business delivers incremental organic cash generation

Organic cash generation



New open business also runs off at circa 6% per annum

Cash generation £m			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LT cash gen from new business	In-force organic cash generation		800	752	707	664	625	587	552	519	488	458	431
800	In-year cash generation from Open new business	2020		48	45	42	40	37	35	33	31	29	28
		2021											
		2022											
		2023											
		2024											
		2025											
		2026											
		2027											
		2028											
		2029											
	Open growth		0	48	45	42	40	37	35	33	31	29	28
	Total		800	800	752	706	665	624	587	552	519	487	459

When we write new business, we quantify on Day 1 the amount of incremental long term cash generation that it delivers over the lifetime of the business.

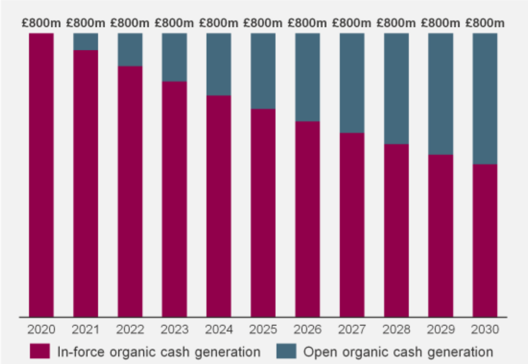
The emergence of this cash generation over time is driven by the type of business being written.

With BPA now integral to our Open business, and expected to be a material proportion of new business each year, our wedge illustration assumes that 6% of the cash generation emerges in year one, and this amount runs off at 6% per annum, consistent with the assumptions we are using for our Heritage business.

You can see therefore that if we delivered £800 million of long term cash generation from new business, this would emerge as £48 million of incremental organic cash generation in 2021, running off at 6% per annum thereafter.

Step 3: Successive years of Open new business replenishes in-force organic cash generation

Organic cash generation



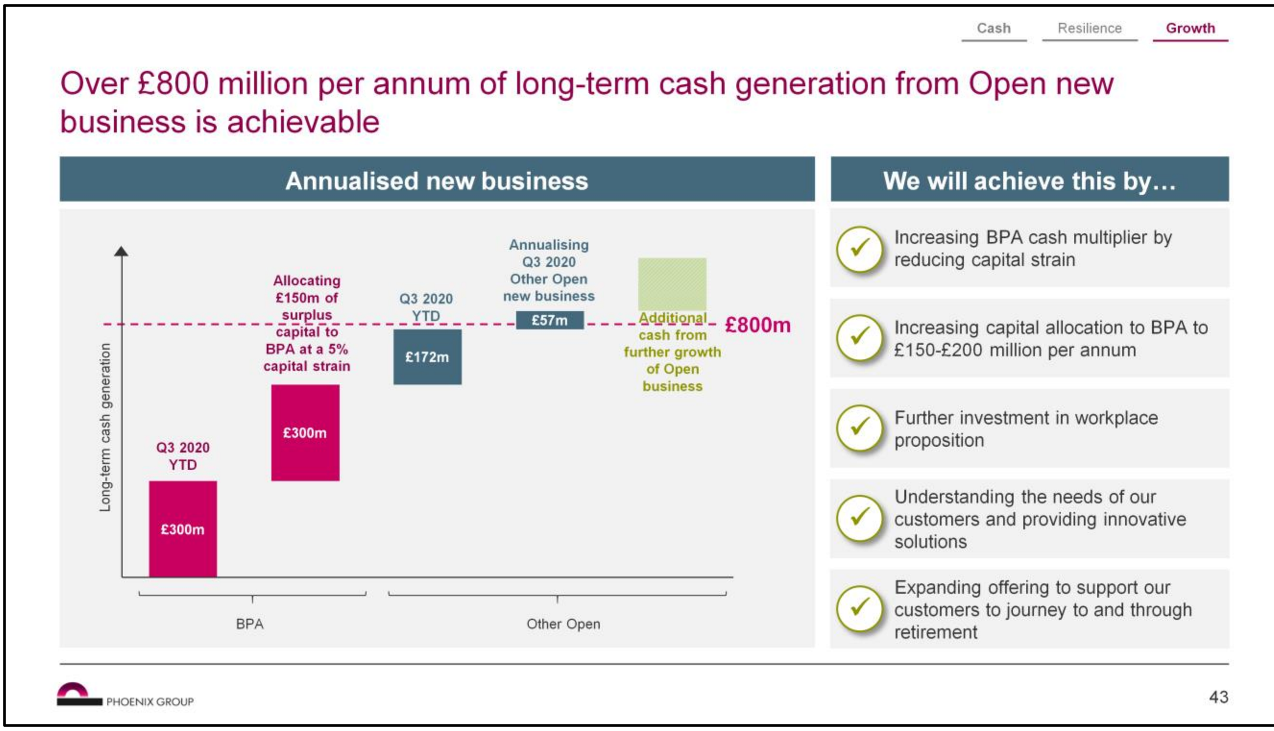
Delivering £800 million of long-term cash generation per annum from Open new business will achieve the organic offset

Cash generation £m		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
LT cash gen from new business	In-force organic cash generation	800	752	707	664	625	587	552	519	488	458	431
800	In-year cash generation from Open new business 2020		48	45	42	40	37	35	33	31	29	28
800	2021			48	45	42	40	37	35	33	31	29
800	2022				48	45	42	40	37	35	33	31
800	2023					48	45	42	40	37	35	33
800	2024						48	45	42	40	37	35
800	2025							48	45	42	40	37
800	2026								48	45	42	40
800	2027									48	45	42
800	2028										48	45
800	2029											48
	Open growth	0	48	93	136	175	213	248	281	312	342	369
	Total	800	800	800	800	800	800	800	800	800	800	800

Modelling this forward over consecutive years shows that the wedge hypothesis is proven if our Open business can deliver £800 million of incremental long-term cash generation each year.

Delivering less than £800 million of long-term cash generation is still additive to cash generation, but will not achieve a full offset of the in-force business run off.

And delivering more than £800 million will more than offset the in-force business run off, and would satisfy one of the two criteria needed for us to consider growing the dividend.

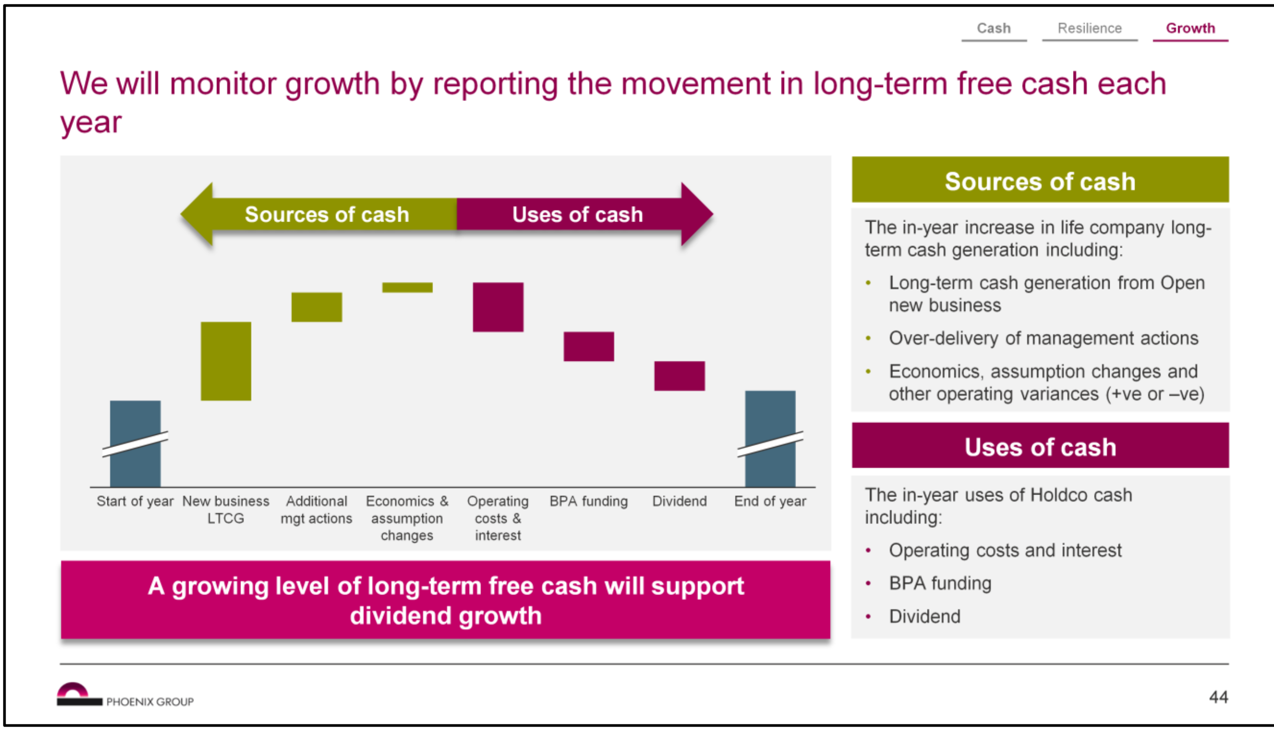


So the next question is whether £800 million of incremental long-term cash generation from new business is achievable?

The simple answer is "yes"

Andy Curran will talk through our open business in more detail later, but by reducing the capital strain on BPA, and increasing the capital we are allocating to BPA to £150 million, we expect to generate £600 million of long-term cash generation per year.

And by investing in our workplace proposition and supporting our customers as they journey to and through retirement, we can build on the solid foundations of our existing workplace and CS&I businesses, and deliver in excess of £800 million of long-term cash generation from new business.



Earlier, I explained that we will be introducing a new cash metric – long-term free cash.

This is a group level metric that quantifies the amount of cash available in the business for growth and returns to shareholders.

Each year, we will report to you how the amount of long-term free cash has changed.

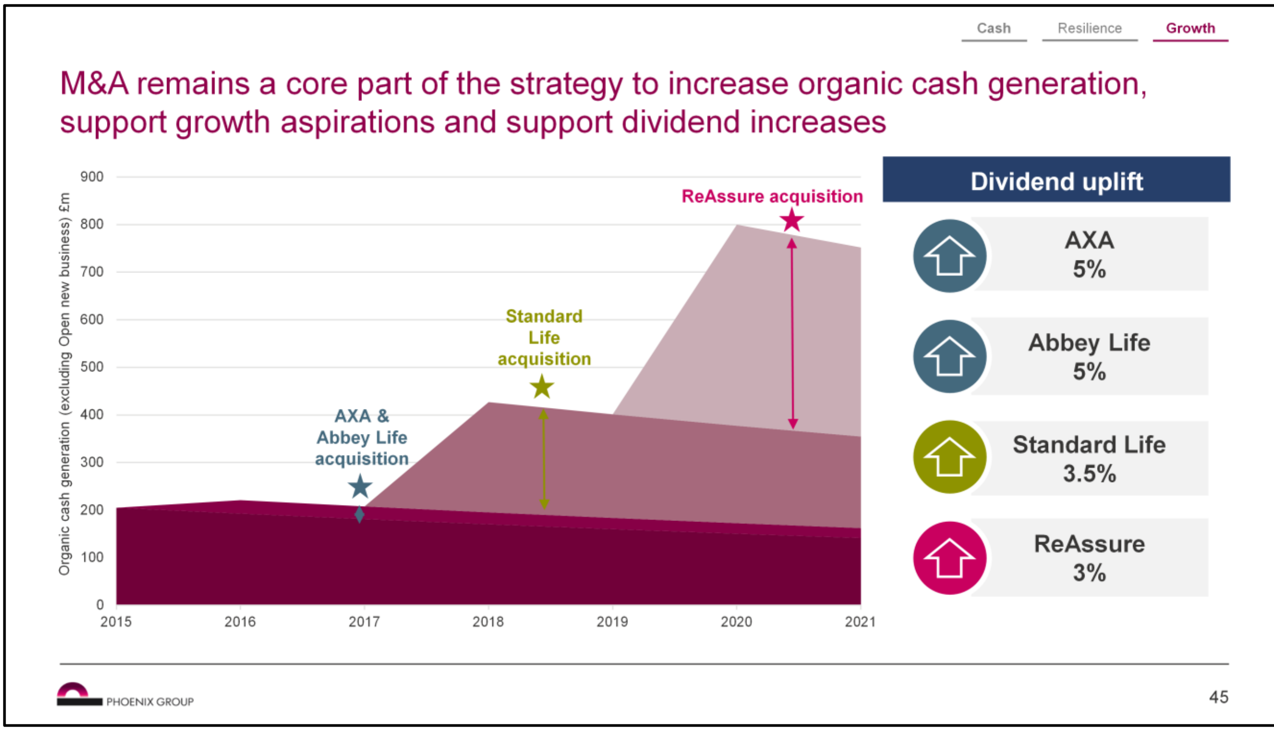
Increases will be driven by the sources of long-term cash i.e. new business and over-delivery of management actions.

And decreases will reflect the uses of cash at holdco level, including expenses, interest and dividends.

This reconciliation will highlight whether the group is replenishing the cash that it uses year on year.

It is not exactly the same as proving the wedge, as it does not focus solely on organic cash generation.

However, it will evidence whether the business is growing, and in conjunction with growing organic cash generation, will be the criteria for determining whether the business supports a growing dividend.



Before I conclude, I wanted to share with you one final exhibit.

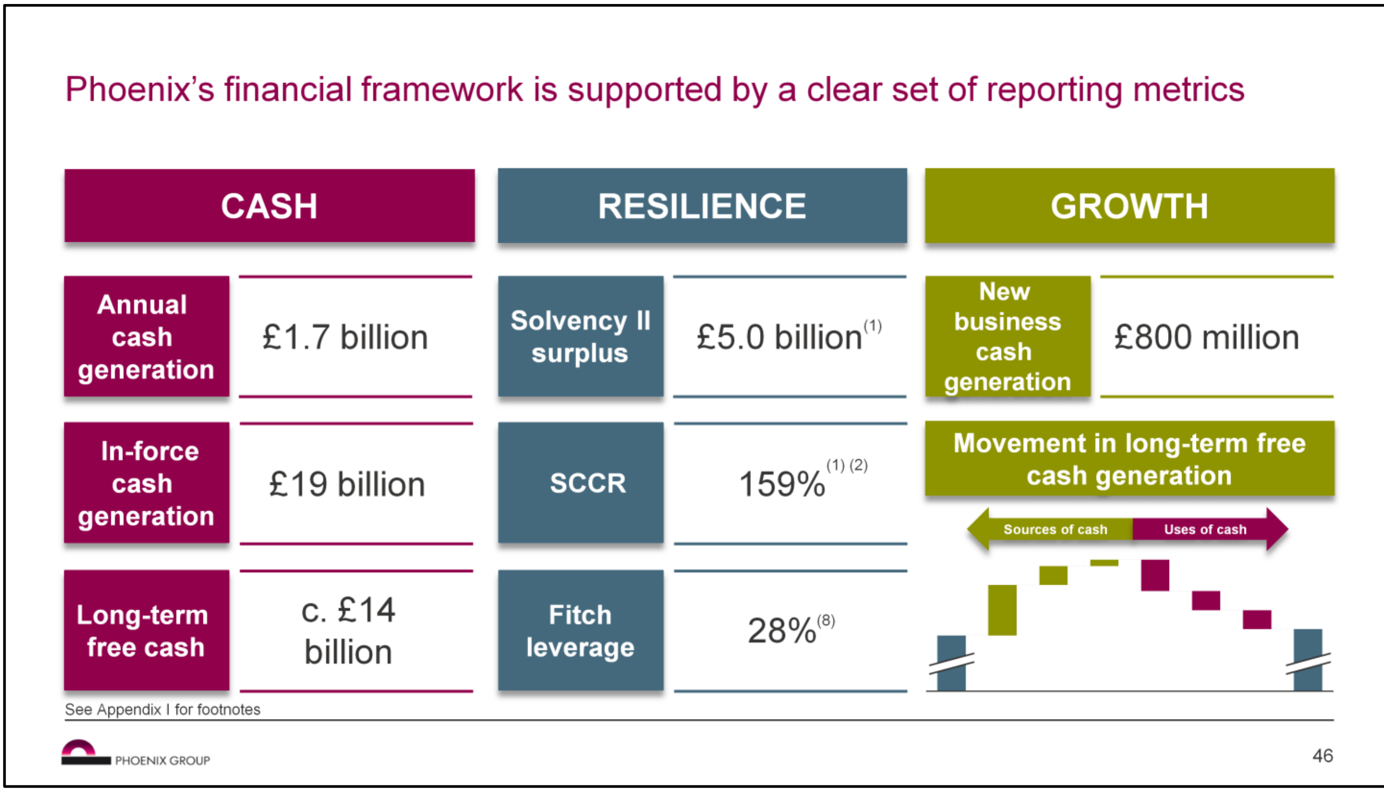
I am often asked whether we would turn away further Heritage M&A because it "weakens" the wedge hypothesis and undermines our desire to deliver growth.

This could not be further from the truth.

This slide shows how M&A has delivered significant growth to both organic cash generation and to our dividend.

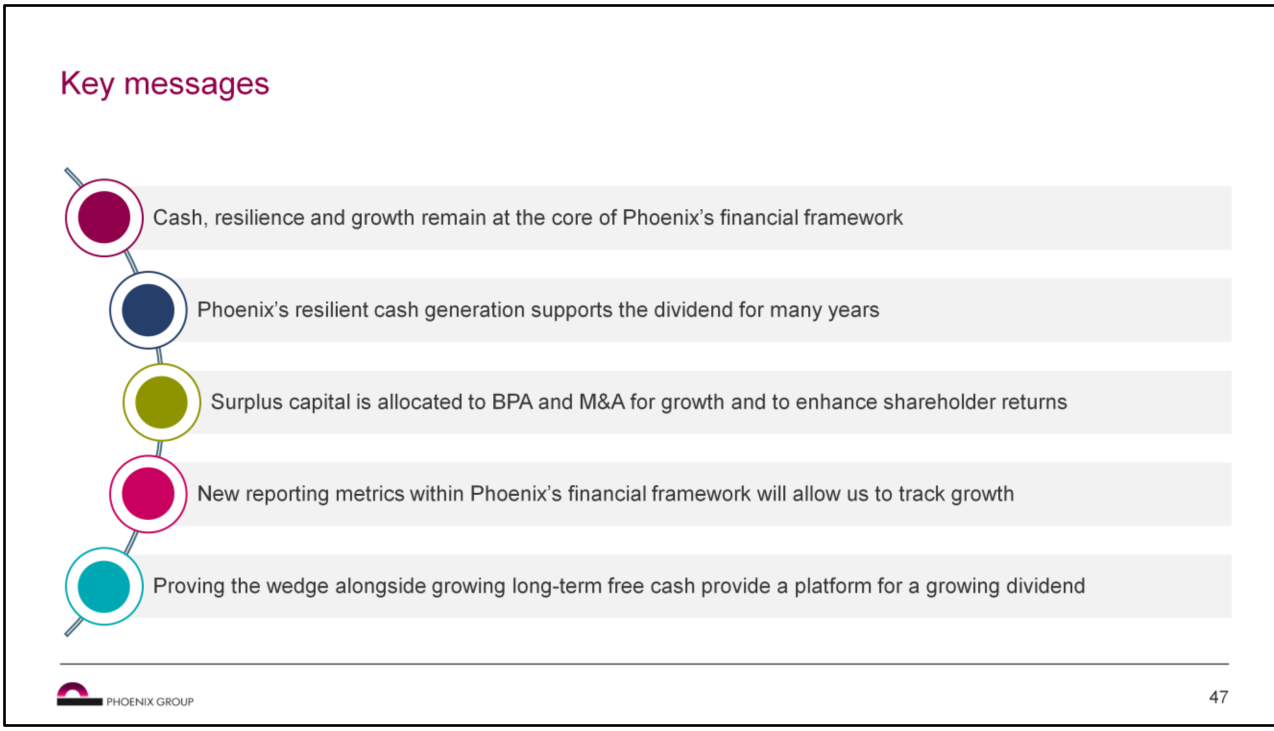
Heritage M&A will increase how much incremental cash generation we need the Open business to deliver each year to offset the in-force run off.

But Heritage M&A also provides the surplus capital needed to fund that growth – enabling us to become a growth compounder.



Our financial framework is supported by a clear set of reporting metrics aligned to our key attributes of cash resilience and growth.

We are supplementing the metrics, with the addition of a new "long-term free cash" metric, and we will reconcile the movements in this year on year, to illustrate whether our business is growing or not.



To conclude.

Cash, resilience and growth remain at the core of Phoenix's financial framework.

Phoenix's resilient cash generation from the current in-force business supports the dividend for many years.

We have clear criteria for allocating surplus capital to growth through BPA and M&A and to enhance shareholder returns in the absence of growth opportunities.

New reporting metrics within Phoenix's financial framework will allow us to track the businesses growth.

And proving the wedge alongside growing long-term free cash would allow us to consider dividend growth.

I will now hand over to Claire who will talk to you about Sustainability.

Appendix I: Footnotes

1) The 30 September 2020 Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals for the Group's Life companies. Had the dynamic recalculation not been assumed, the Solvency II surplus and the Shareholder Capital Coverage Ratio would increase by £0.2 billion and 3% respectively.
2) The Shareholder Capital Coverage Ratio excludes Solvency II own funds and Solvency Capital Requirements of unsupported with-profit funds and unsupported pension schemes.
3) The pro-forma position for the Combined Group assumes the acquisition of ReAssure took place on 31 December 2019. The position reflects a regulator approved recalculation of transitionals as at 31 December 2019 for all Group companies.
4) The pro-forma position for the Combined Group assumes the acquisition of ReAssure and the novation of equity hedging instruments from the Group's holding companies to ReAssure Assurance Limited took place on 30 June 2020. The 30 June 2020 Solvency II capital position is an estimated position and reflects a dynamic recalculation of transitionals for the Life companies.
5) Includes £136 million strain from Open new business and £4 million strain on internal vestings.
6) Illustrative combined group operating expenses of £45 million p.a. over 2020 to 2023. Phoenix pension scheme contributions estimated in line with current funding agreements, comprising £70 million in respect of the Pearl Scheme and £39 million in respect of the Abbey Life Scheme. Assumes integration costs of c. £200 million net of tax, split c. £150 million on Standard Life integration and c. £50 million on Reassure integration. Includes interest on the combined Group's listed debt and senior debt, but excludes interest on the PLL Tier 2 bond which is incurred directly by Phoenix Life Limited.
7) Illustrative dividend allowing for the issue of equity and 3% increase.
8) All sensitivities based on HY20 disclosures. The sensitivities for Phoenix are pro-forma for the acquisition of ReAssure Group plc which completed on 22 July 2020.
9) Estimate based on internal management information.

Agenda: Phoenix Group Capital Markets Day 2020

1 Overview	Introduction	Nicholas Lyons - Chairman
	Strategy	Andy Briggs - Group Chief Executive Officer
	Financial framework	Rakesh Thakrar - Group Chief Financial Officer
2 Deep dive	**Sustainability**	**Claire Hawkins - Director of Corporate Affairs & Investor Relations**
	Heritage business	Andy Moss - Heritage Chief Executive Officer
	Open business	Andy Curran - Chief Executive Officer, Savings & Retirement UK & Europe
	Asset Management	Mike Eakins - Chief Investment Officer
3 Wrap up	Summary	Andy Briggs - Group Chief Executive Officer
	Q&A	Panel

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Thank you Rakesh, and welcome to the first of today's deep dive sessions.

Phoenix published its first sustainability report in March, and set out its vision of "committing to a sustainable future".

We have made significant progress against the broad range of commitments set out in this report, and are on track to complete all 2020 actions on time.

However, the world we operate in, and the needs of our stakeholders are changing.

And as a result, our sustainability strategy, is evolving at pace.

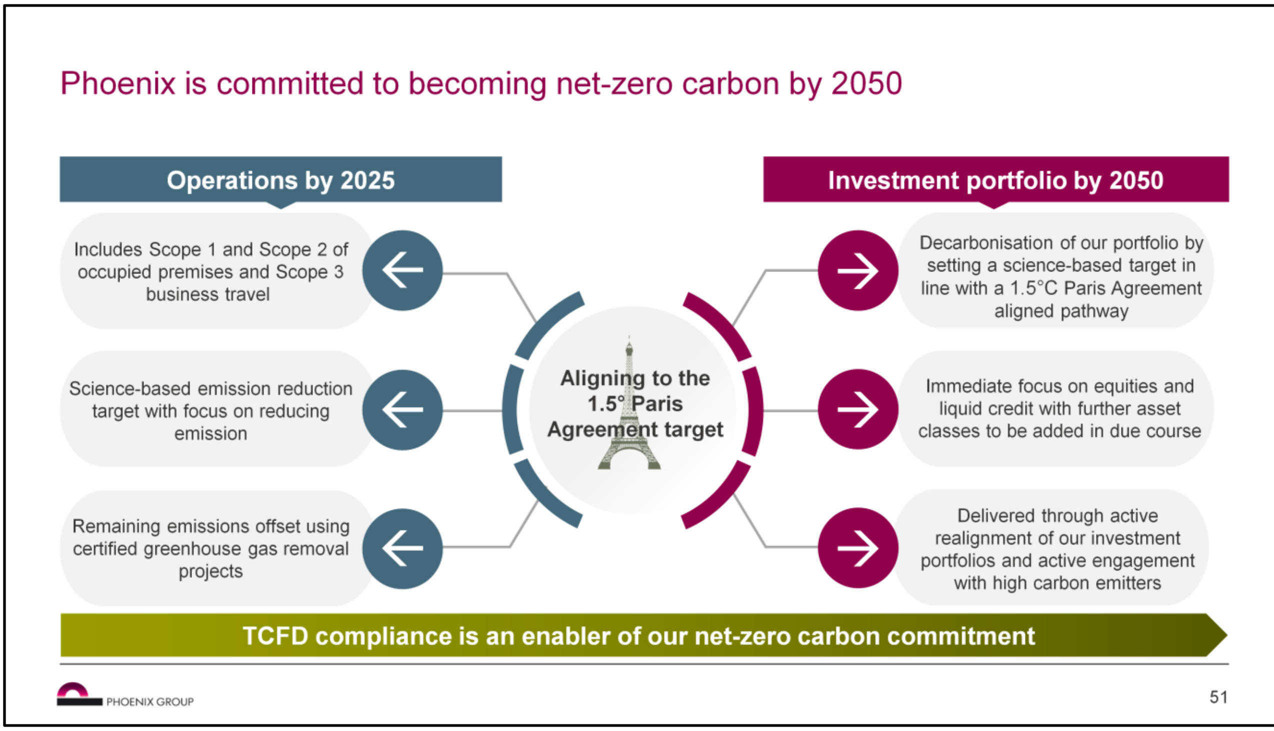
It addresses the critical trends impacting our industry, including the aging population and the responsibility to address global environmental challenges.

Our strategy focuses on delivering for our 14 million customers, and investing our £323 billion of assets under administration, in a sustainable manner.

It is fully embedded into our business activities, integral, to how we interact with our stakeholders and underpinned, by good governance, and risk management.

As Andy explained, we see sustainability as being at the core of our new purpose of helping people secure a life of possibilities, and a key enabler, of our strategy.

And by meeting the needs of our stakeholders, we will attract more customers, retain and attract the best talent and deliver better returns to investors.



The impact of climate change is one of the biggest, global issues, and Phoenix is committed to supporting the goals of the Paris Agreement.

Today, we have announced our commitment to becoming net-zero carbon by 2050, using science based techniques.

Our commitment has two key components.

The first, relates to the impact of our operations, where we are setting a target of being net-zero carbon by 2025.

The second, relates to our investment portfolio, where we are setting an overarching target of being net-zero carbon by 2050.

We recognise that there are many considerations in delivering this investment target, and our immediate focus will be on our equity and fixed income portfolios, which comprise around one third of our total assets under administration.

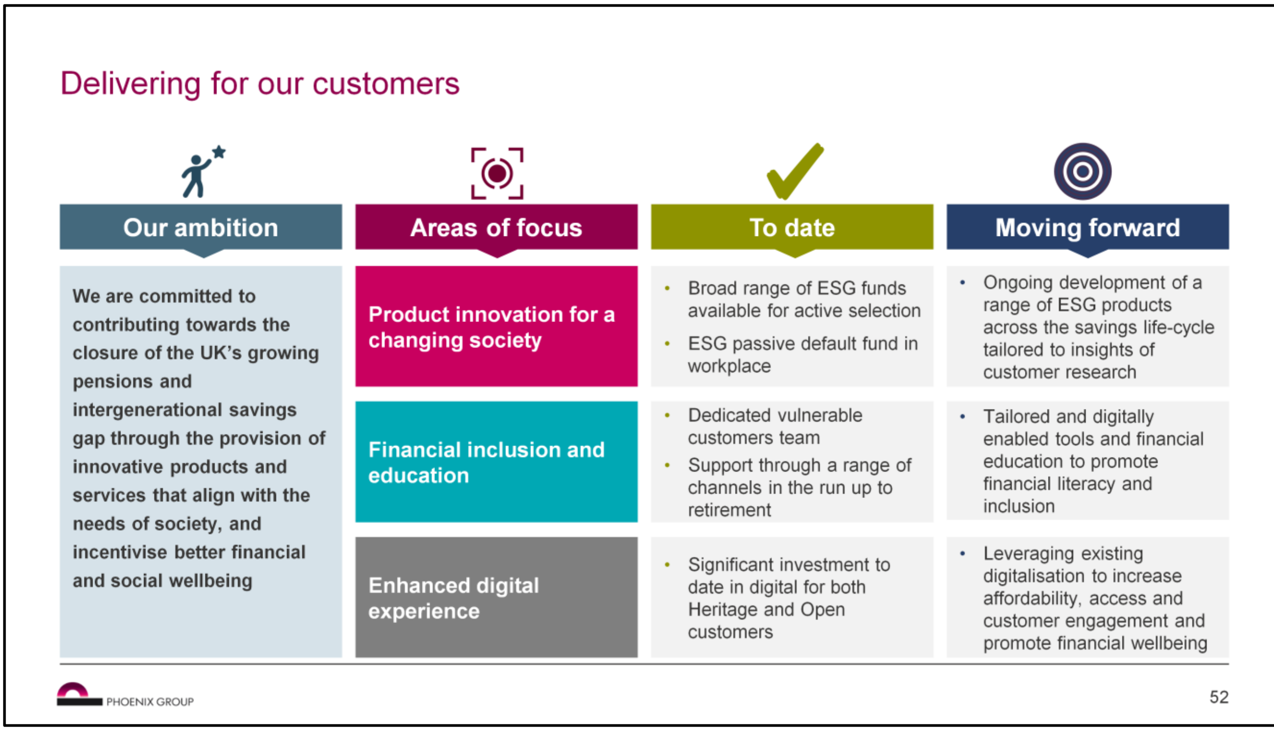
Our strategy for decarbonisation will focus on:

- Reducing the carbon intensity of our portfolios;

- Increasing investment in ‘climate solutions’, such as renewable energy, and energy efficient technologies; and

- Paris-Aligned Stewardship, to influence investee companies to transition to a low carbon economy.

Having set these commitments, we will focus on developing interim targets which will be reported in due course.



As you have heard, our enterprise strategy focuses on deepening our relationship with our existing customers, and acquiring new customers, by meeting needs, across the savings life-cycle.

Our sustainability strategy aligns fully to this, and is focused on helping close the growing pensions savings gap.

To achieve this, we will focus on product innovation, and promoting financial inclusion and education across demographics, with particular focus on supporting vulnerable customer groups.

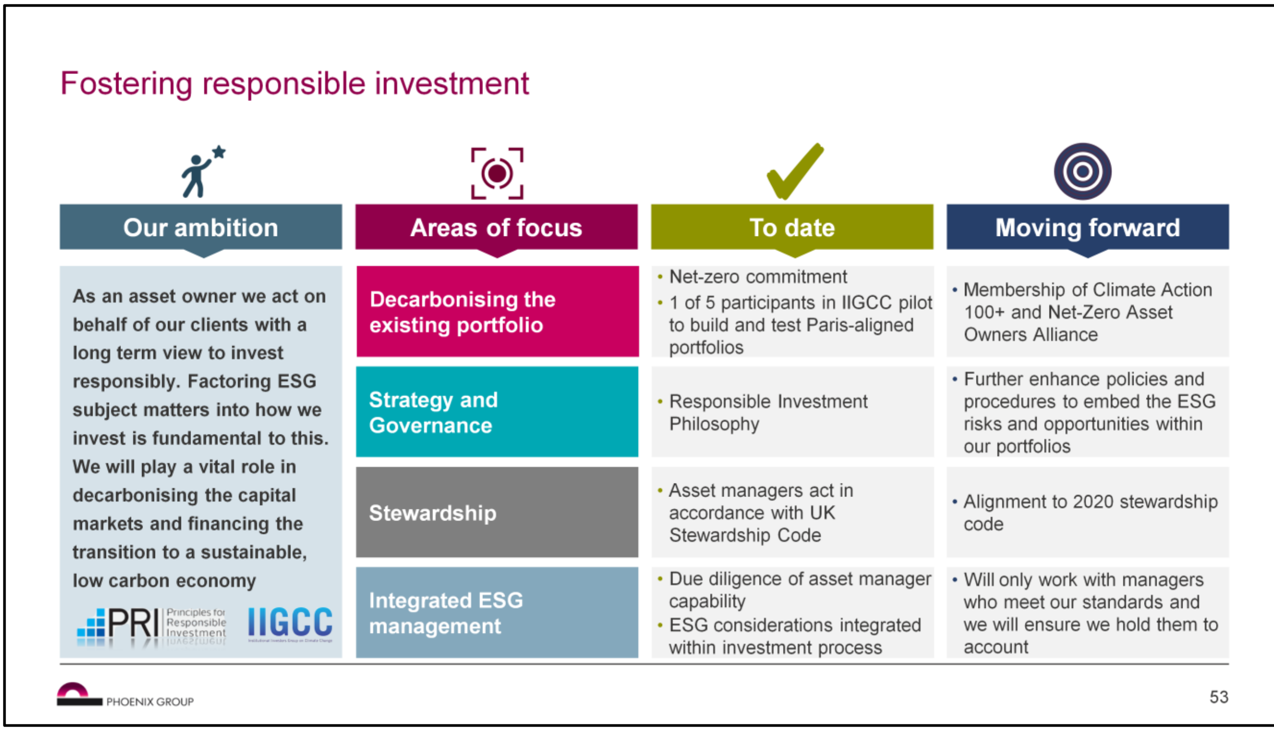
We are in the process of concluding a customer research project, aimed at better understanding the needs of our existing customers in relation to sustainability.

This research will support the ongoing development of a range of ESG products across the savings life-cycle, with the go-live of our workplace ESG passive default fund on the 15th of December.

We already support customers in the run up to retirement through telephony, digital, face to face events and webinars. We will broaden and extend the reach of our financial wellness offering in the future, across life stages and needs.

Finally, Andy Moss and Andy Curran will talk later about our investment in digital across both our heritage and open businesses.

We will be increasingly focused on driving forward our digital strategy, with the aim of increasing education and engagement, and promoting financial wellbeing.



As an asset owner, we act on behalf of our customers to invest responsibly and with a long-term view.

Mike will talk later about how it is essential for us to factor sustainability considerations into our investment decisions.

Our net-zero commitment demonstrates our focus on decarbonising our portfolios.

Through our membership of the IIGCC, we were one of five insurers who took part in a pilot to build and test Paris aligned portfolios. This has provided valuable insight into how we will implement our net-zero commitment.

In 2019, we set out our philosophy for responsible investment. Clearly, this requires a different approach, for those assets where we have the ability to directly influence investment decisions, and those assets which remain at the sole discretion of our customers.

We are committed to establishing robust policies and procedures for understanding and addressing the ESG risks across all portfolios.

Active stewardship is critical to the delivery of our ambitions, and to meeting our net-zero carbon commitment.

So we are working in partnership with our asset managers to include sustainability considerations within their mandates.

And this will enable an integrated approach to ESG management and investment decision making.

Reducing the environmental impact of our operations

We continue to make good progress	Our 2025 net-zero carbon target is market leading
✓ 100% renewable energy electricity contracts across all sites in 2021	→ Baselined 2019 greenhouse gas emissions of all 22 occupied premises within the Group
✓ Gas offsetting programme for Phoenix UK sites effective Q12021	→ Focus is on greenhouse gas emission reduction
✓ 100% of waste diverted away from landfill during 2021	→ Officially committed to the SBTi Business Ambition for 1.5°C
✓ Targeting removal of single use plastics from all UK site catering facilities in 2021	→ Emissions reduction plan in line with SBTi requirements, with key milestones to be set in Q12021

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We continue to make good progress towards reducing the environmental impact of our operations, and believe our commitment to achieve net-zero carbon by 2025, is market leading.

We are preparing a challenging emission reduction plan, in line with science based techniques, to form our route to Net-zero.

Which begins from a base line of emissions from all 22 occupied premises within the Group.

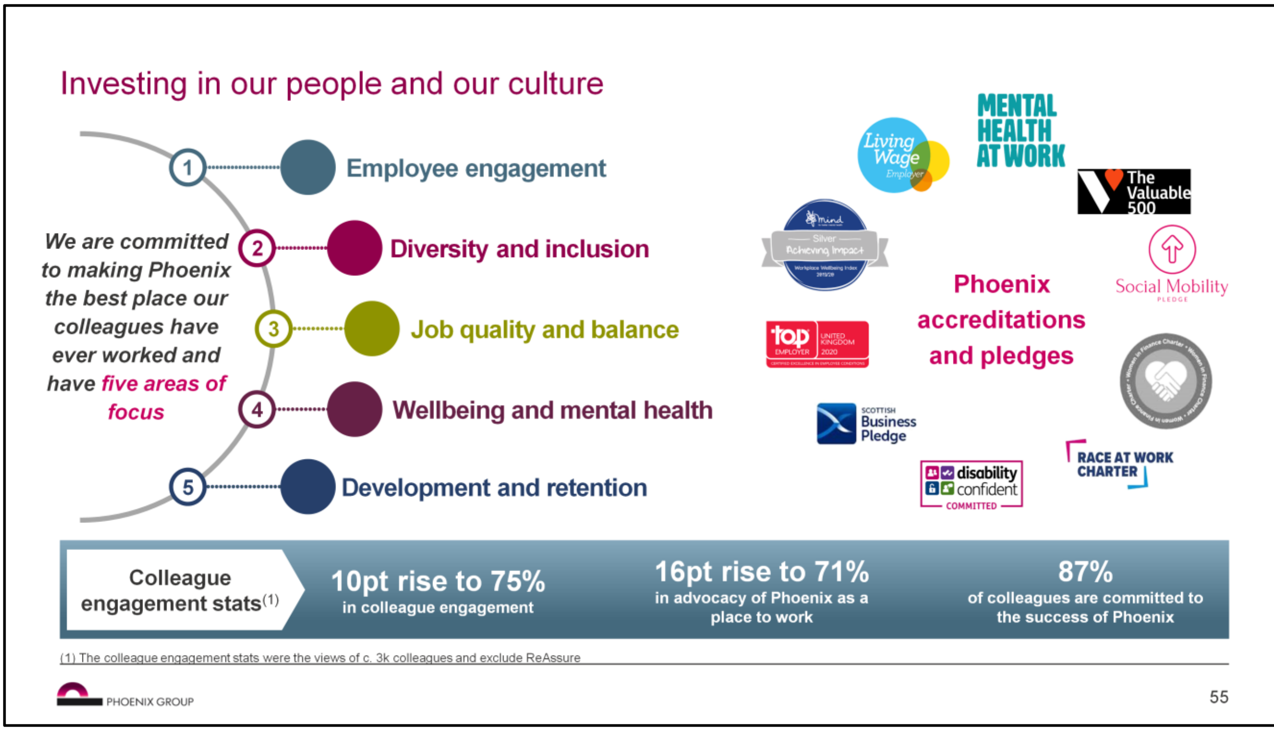
Our focus will be to reduce carbon emissions, before we engage with any offsetting.

We have started our journey by supplying our Phoenix UK sites with electricity contracts that are 100% renewable energy, and we will bring all of our occupied premises online during 2021.

Where renewable energy is not available, we will use offsetting projects. These are already in place for Phoenix UK sites and will soon be extended to cover all sites, making sure that the programmes we choose are impactful, certified and focussed on carbon removal.

Similarly for waste, we will be working to eliminate waste to landfill across all sites through 2021.

And having already removed single use plastics for some of our UK catering facilities, we will continue the work to cover all UK sites next year.



We are committed to making Phoenix the best place our colleagues have ever worked.

To achieve this, we want to be an organisation where diversity of thought and perspective is genuinely embraced.

We have made strong progress across each of our five areas of focus and our wide range of pledges and accreditations across social mobility, race, disability, mental health and gender, evidences our commitment.

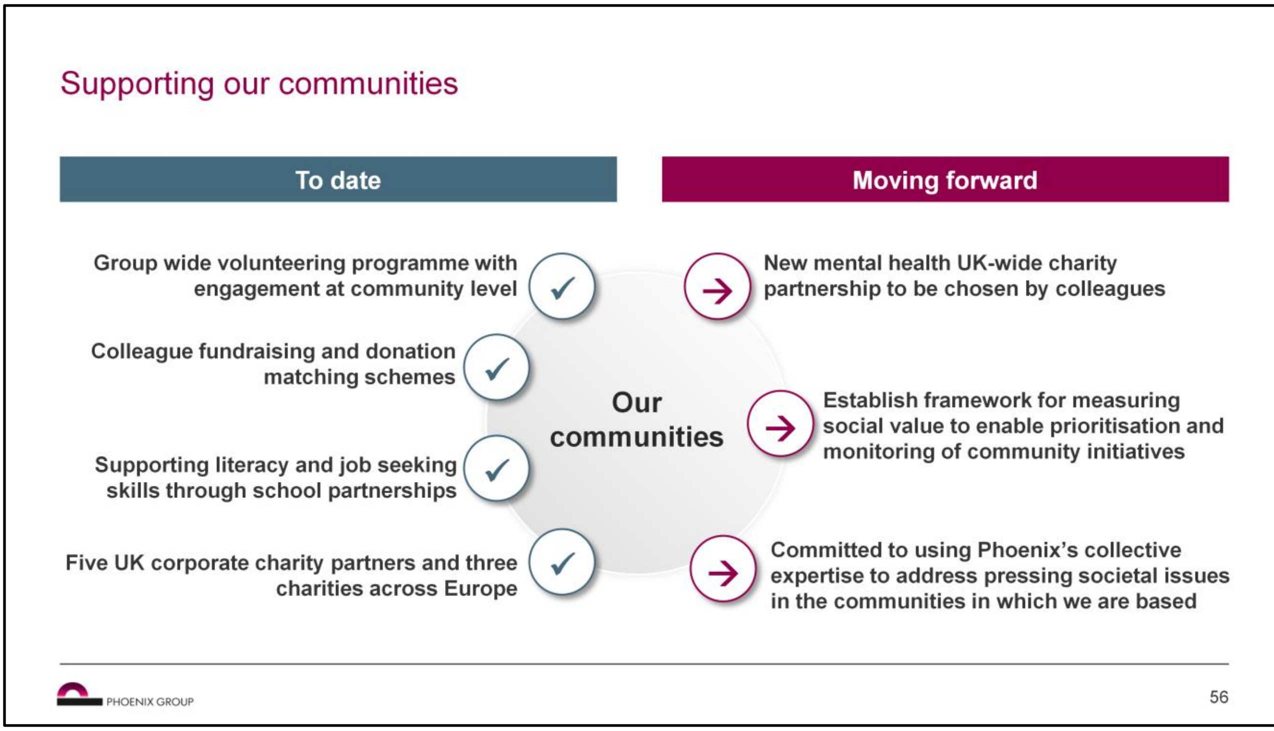
As ways of working change, we are committed to adapting quickly, and providing solutions in the best interests of all colleagues.

We have seen this aspiration tested during the pandemic, when our priorities have been to protect colleagues and customers. Whilst our offices have remained open, we continue to have around 90% of our colleagues working from home.

And we are in the process of conducting a group wide, employee engagement exercise, to determine our future ways of working.

2020 has clearly been a difficult year for our colleagues and we are extremely grateful to them for the hard work and commitment they have shown.

Despite these challenges, we have been delighted that the recent annual engagement survey, reported an increase of 10% in overall engagement year on year.



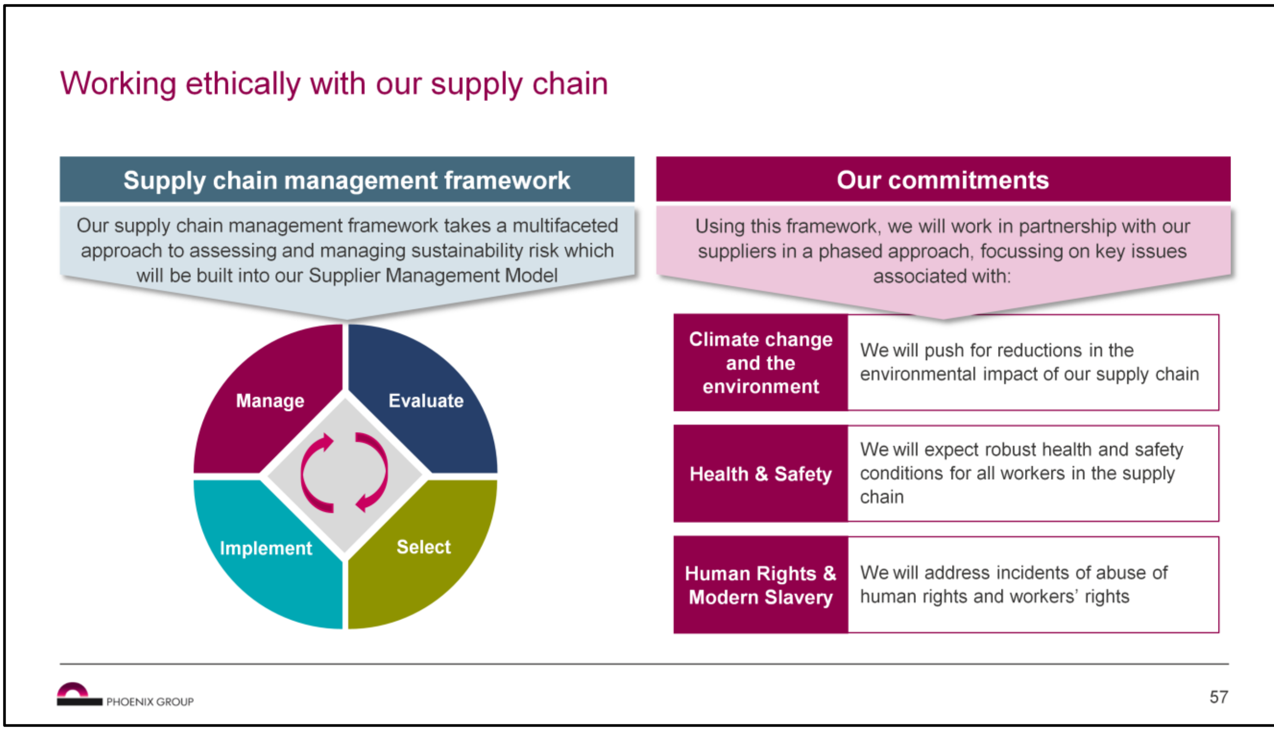
We remain deeply committed to supporting our communities, and continue to have a comprehensive community engagement programme.

At the heart of this programme are our colleagues, who continue to commit both their time, and their skills to making a difference.

These programmes have needed to flex during COVID, embracing remote volunteering and fundraising.

Moving forwards, our colleagues will be voting to form a new partnership with a UK-wide, mental health charity.

And we will be focused on better understanding the needs of the different communities in which we are based, ensuring that we prioritise our activities by measuring the social value that each initiative delivers.



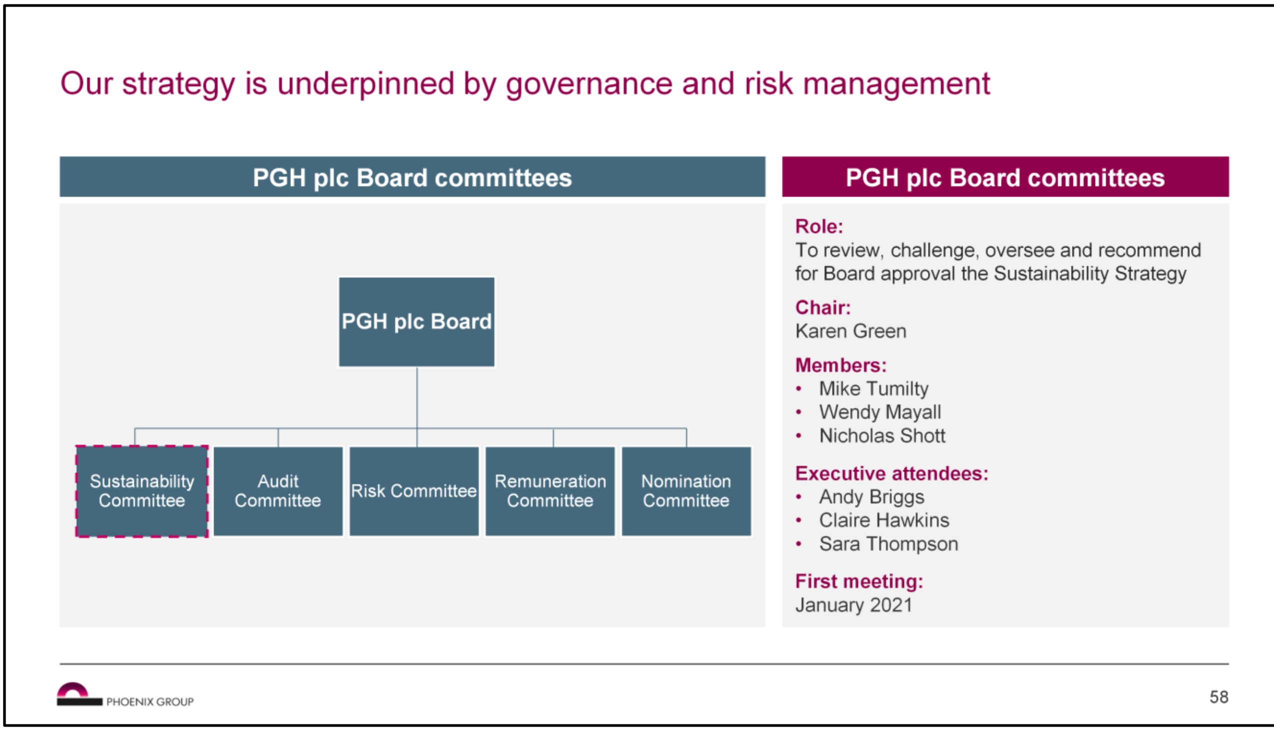
Working ethically with our supply chain is integral to our sustainability strategy.

Our supply chain management framework takes a multifaceted approach to assessing and managing sustainability risk.

Using this framework, we will work in partnership with our suppliers to focus on the issues which we see as key.

These will include the environmental impact of our supply chain, including decarbonisation and health and safety.

This work will be done in a phased approach during 2021, based on the importance of each supplier to the Group, and our assessment of the risk that each supplier poses to the supply chain.



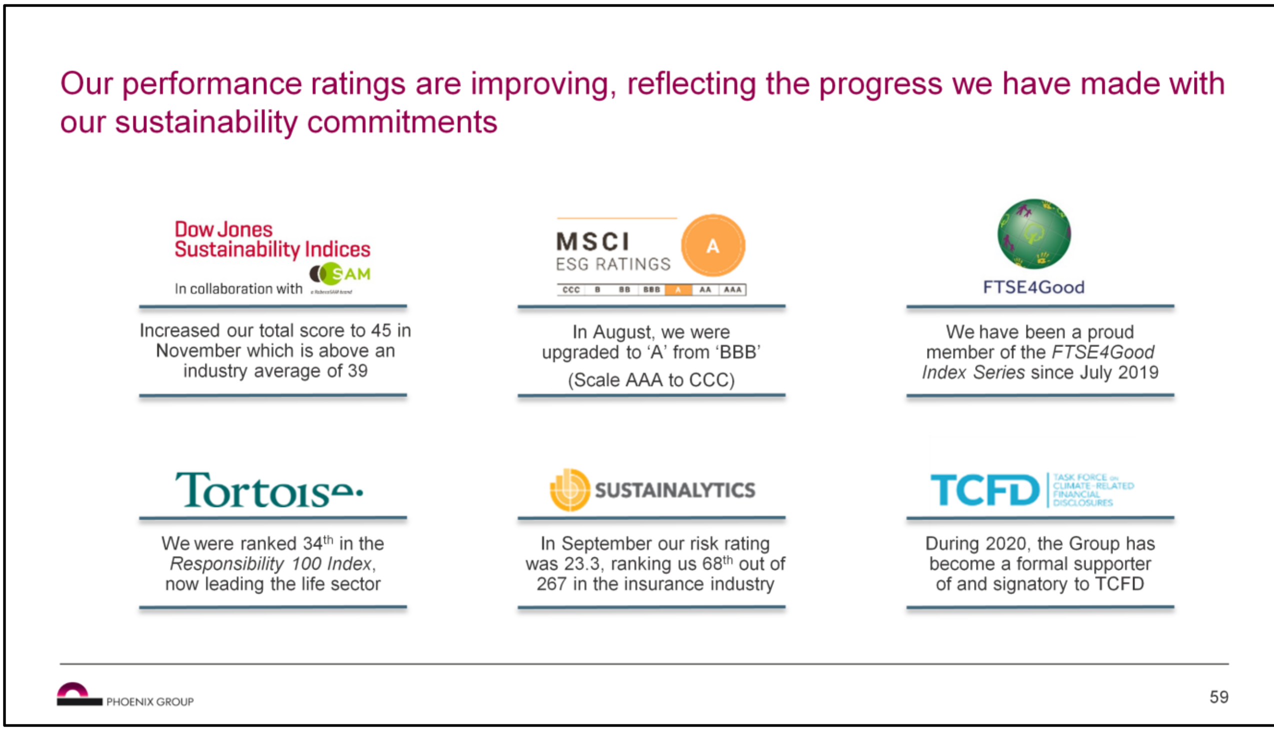
Our sustainability strategy is underpinned by good governance, and sustainability risk is fully integrated into our risk management framework.

In recognition of the importance of sustainability to the long-term success of the Group, the Phoenix Group Board have established a new sustainability sub-committee.

Chaired by Karen Green, and comprised solely of non-executive directors, this committee will be responsible for the review, challenge and oversight of the Group's sustainability strategy.

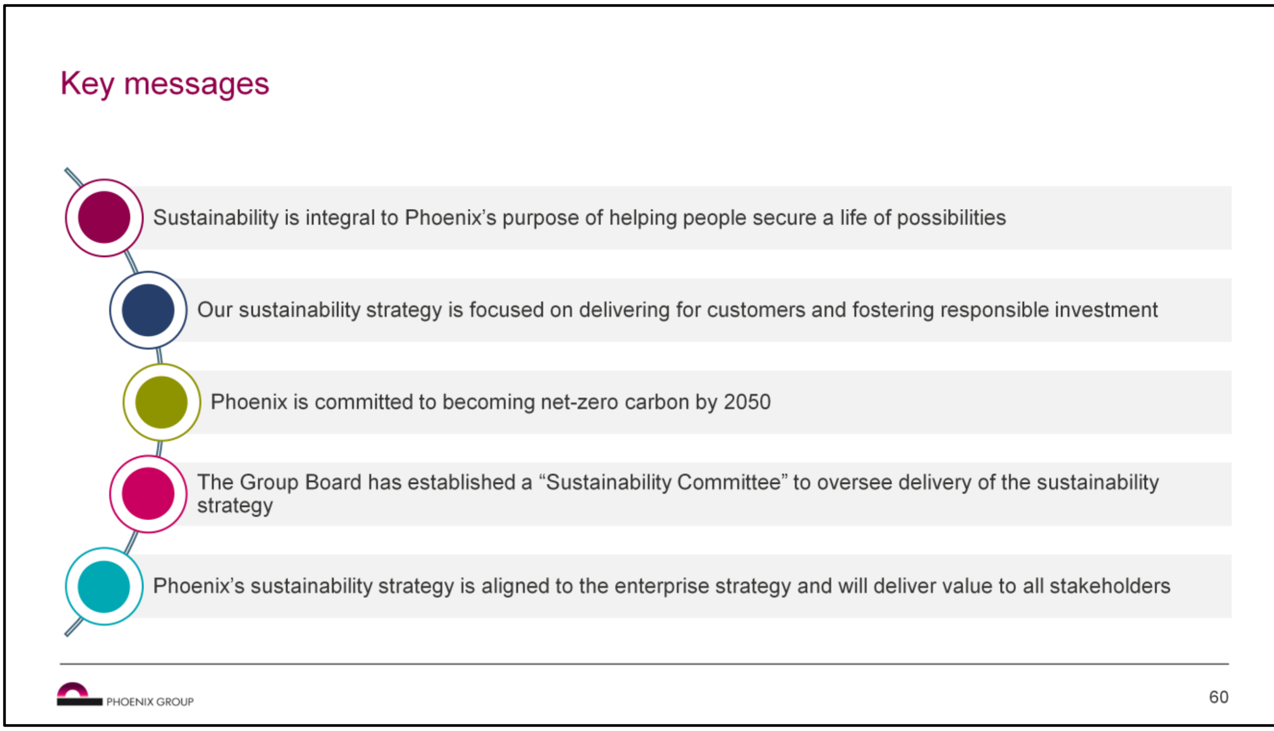
I am really looking forward to being an executive attendee of this committee.

I believe it will provide the challenge needed to ensure our sustainability strategy creates value for stakeholders.



And our increased commitment to sustainability is translating into improvements in our ESG ratings, with recent upgrades from MSCI and the Dow Jones Sustainability Index.

Whilst these improvements are encouraging, we still have a long way to travel, and expect our ratings to improve further, upon delivery of the ambitions I have shared today.



To conclude

Sustainability is integral to Phoenix's purpose, of helping people secure a life of possibilities.

Our strategy is focused on delivering for customers, and fostering responsible investment.

And we are committed to becoming net-zero carbon by 2050, targeting the significantly earlier date of 2025 for our operations.

The newly created Board "Sustainability Committee" will provide oversight of our ambitions.

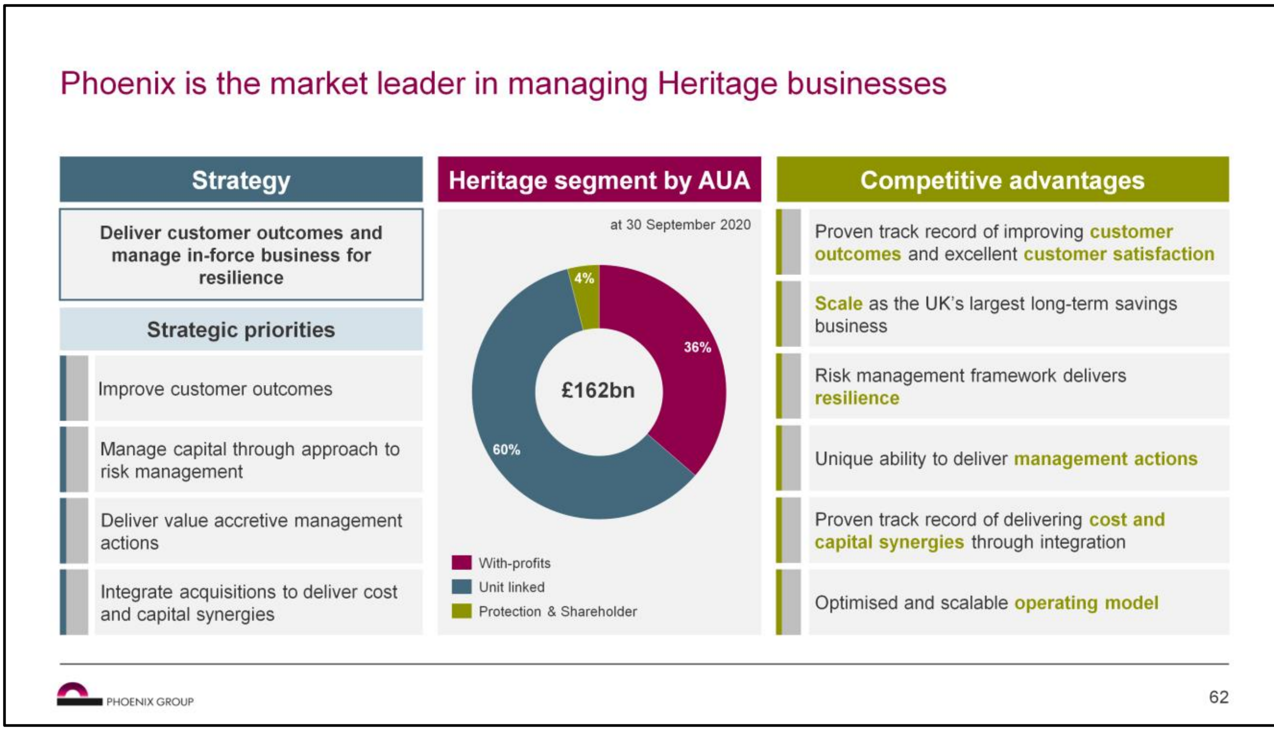
And by closely aligning our sustainability strategy to our enterprise strategy, I am confident that we will deliver value to all stakeholders.

I will now hand you over to Andy Moss, who will talk to you about our Heritage business.

Agenda: Phoenix Group Capital Markets Day 2020

1 Overview	Introduction	Nicholas Lyons - Chairman
	Strategy	Andy Briggs - Group Chief Executive Officer
	Financial framework	Rakesh Thakrar - Group Chief Financial Officer
2 Deep dive	Sustainability	Claire Hawkins - Director of Corporate Affairs & Investor Relations
	Heritage business	**Andy Moss - Heritage Chief Executive Officer**
	Open business	Andy Curran - Chief Executive Officer, Savings & Retirement UK & Europe
	Asset Management	Mike Eakins - Chief Investment Officer
3 Wrap up	Summary	Andy Briggs - Group Chief Executive Officer
	Q&A	Panel

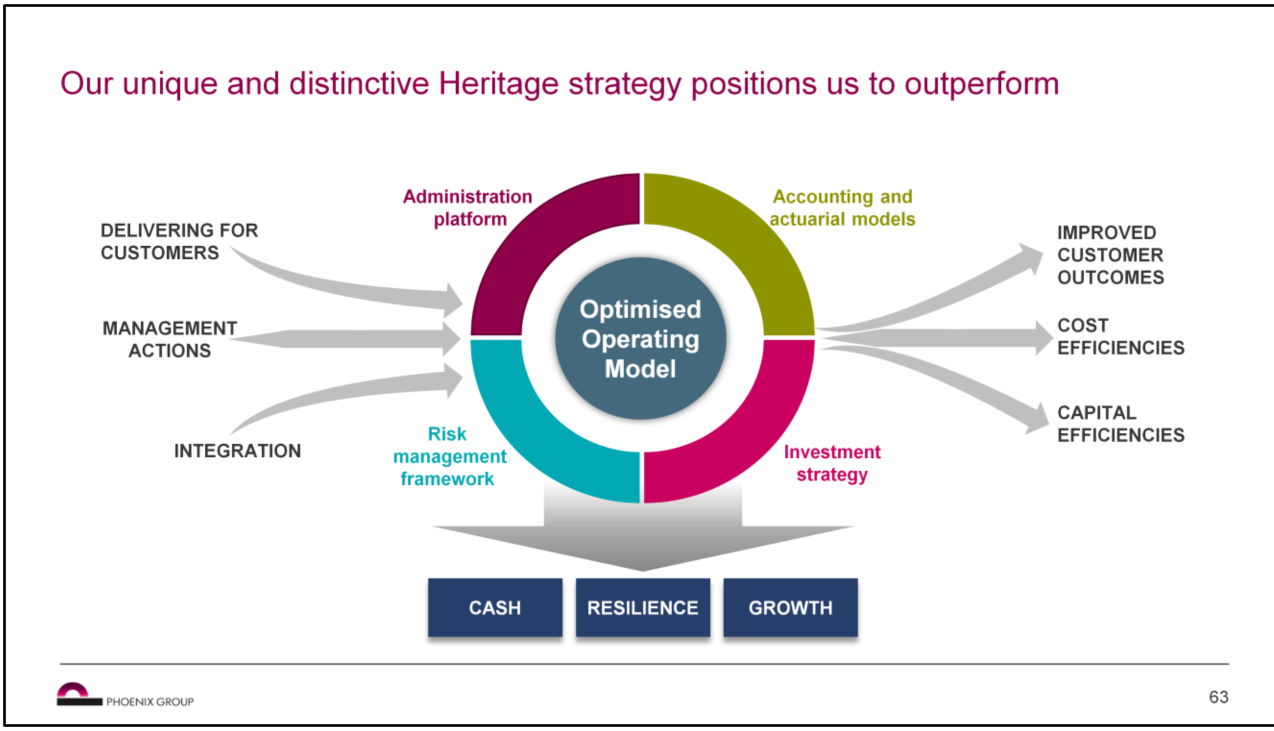
Thank you Claire and good afternoon



Phoenix the market leader in managing Heritage businesses. We have a number of competitive advantages driven from the optimised operating model we have developed over a number of years.

The Business covers a broad range of unit linked, with profits and protection products that are no longer actively marketed to new customers and comprises circa 50% of our
in-force book with 8.3 million policies and £162 billion of assets under administration.

Our strategy here is unchanged – To deliver customer outcomes and manage our in-force business for cash and resilience.



The unique and distinctive nature of our Heritage strategy positions us to outperform.

At the heart of our in-force business is our optimised operating model. This model comprises:

- A core, digitally enabled, customer administration platform
- A single set of actuarial and accounting processes and platforms including a single internal model;
- A harmonised approach to risk management which delivers resilience to the business; and
- A single investment strategy.

As a Team, our time is therefore focused on further optimising this operating model which we do by delivering for customers, executing management actions and integrating the businesses that we acquire.

As a result we deliver improved customer outcomes, and cost and capital efficiencies.

This strategy delivers cash, resilience and growth and supports three of the key components of our wedge illustration being Heritage, management actions and the integration synergies which are realised from M&A.

As Claire explained, delivering for our customers is central to our sustainability strategy and is fully aligned to our purpose of helping people secure a life of possibilities.

By putting customers at the heart of all that we do in our Heritage business we have developed a long track record of improving customer outcomes, consistently delivering high quality customer service and by investing in our digital proposition, have improved the ease of interaction for customers.

Customers | Management actions | Integration

We have a strong track record of improving outcomes for our Heritage customers

Strong value for money framework

Making proactive changes to fees and reduction in investment management fees of £13 million per annum over 5 years

Remediation of legacy reviews

Proactive approach to remediating inherited legacy issues

Proactive tracing for outstanding claims

Repatriated policyholder estates with c. £13 million of unclaimed life insurance policies (to date) through the proactive tracing of customers

Championing customer concerns

Taking an active role with government and industry influencers on the topics that matter most to our customers

Pension fraud prevention

We have prevented over £30 million of potential pension fraud since the issue 2013

Ongoing improvements in customer communications

Development of innovative customer centric communications to underpin improved engagement

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Turning to our track record of improving customer outcomes.

Our actions here are wide ranging and show the breadth of our customer service activities. Not only have we delivered strong value for money for customers by reducing charges and investment management fees on their policies we have also traced and repatriated policyholders with unclaimed life insurance policies.

I am particularly pleased that we have taken a proactive role in preventing pensions fraud and continue to take an active role with government and industry influencers on topics that matter most to our customers – like the pensions dashboard.

We have also demonstrated that we are a safe pair of hands in the remediation of legacy reviews – for example Abbey Life which was a business we acquired whilst it was under FCA enforcement.

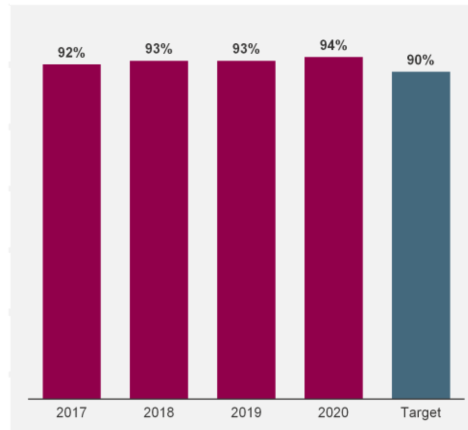
Our Heritage customers recognise our high quality service as we continue to support them through COVID-19

Response to Covid-19

Phoenix has proactively managed the numerous challenges caused by the pandemic for our customers

- Proactive offering of premium flexibility to support financial hardship
- 1.2 million customers contacted by letter encouraging them to move to digital
- Customer call centres remained open across in-house and outsourced partners
- Annuitants encouraged to accept bank transfers rather than receive cheque payments
- Delivered over 80 online enhancements to support customers during Covid-19
- Covid-19 customer support and help page on website
- Introduction of online financial glossary and advice on how to protect your online security

Phoenix Group customer satisfaction(1)



(1) Customer satisfaction data is Phoenix heritage only

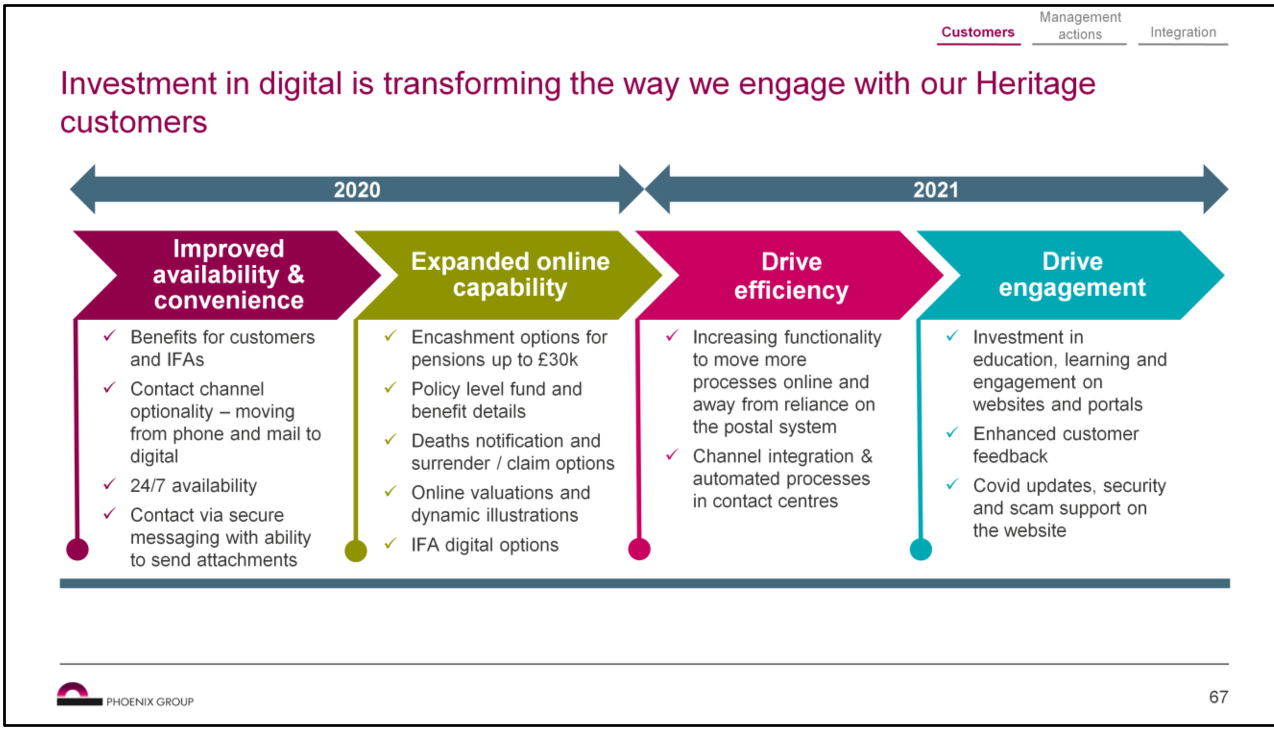
We continue to target a 90% level of customer satisfaction and have been delighted to have delivered ahead of this target for a number of years.

This has been particularly pleasing this year when we have proactively managed the many challenges arising from COVID-19.

In responding to the pandemic we contacted 1.2 million customers, encouraging them to move to digital interactions and delivered over 80 on-line enhancements.

We introduced COVID-19 dedicated customer support and help pages online and kept our call centres open at all times.

In addition we encouraged annuitants to accept bank transfers rather than their traditional method of receiving a cheque, and offered premium flexibility to support those suffering from financial hardship.



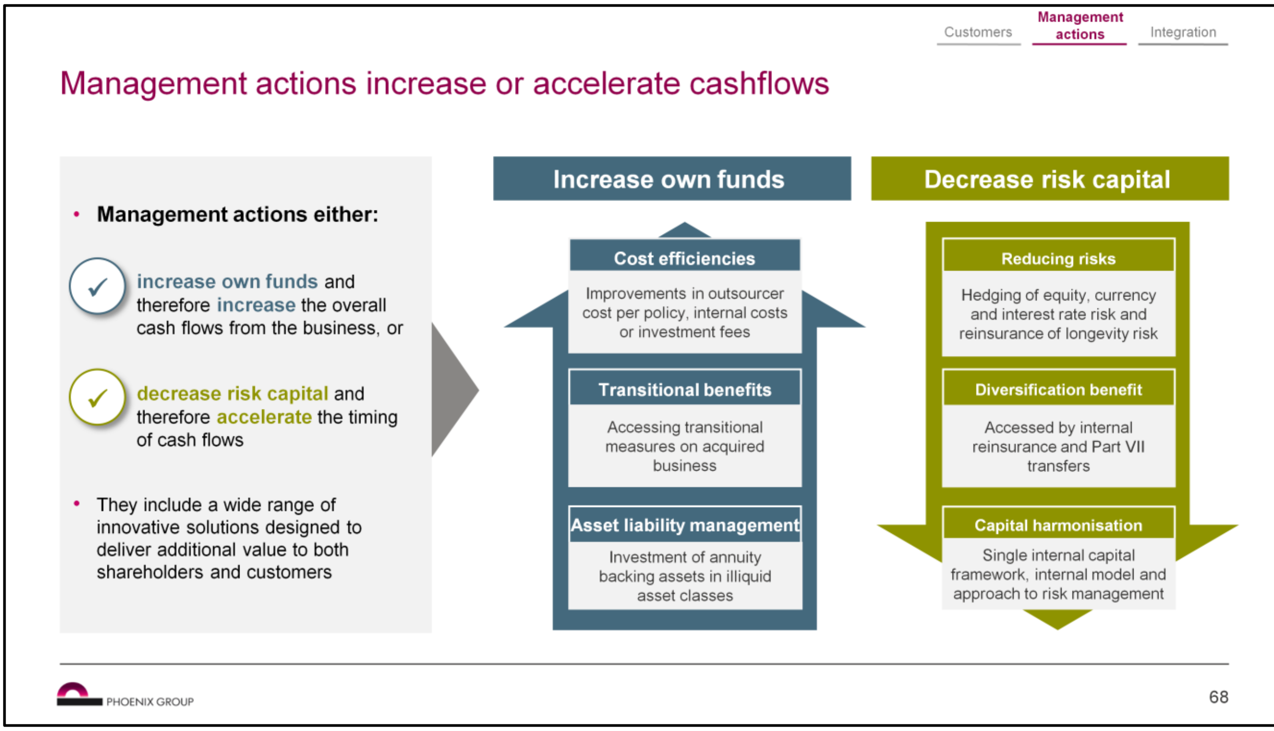
Phoenix has been investing in the development of its digital platform for Heritage customers. Our focus to date has been on improving availability and convenience whilst expanding the journeys that can be completed online.

All legacy Phoenix customers can now access our website which provides information, help and education to support decision making.

We have also developed the logged in environment “MyPhoenix” where our priority has been the introduction of digital journeys for the convenience of our customers.

Moving forward we will continue to expand this offering with our focus being to provide a service to meet our customers needs, to engage more easily with customers and to improve efficiency.

We are excited about the future opportunities that this presents to both the Group and our customers.

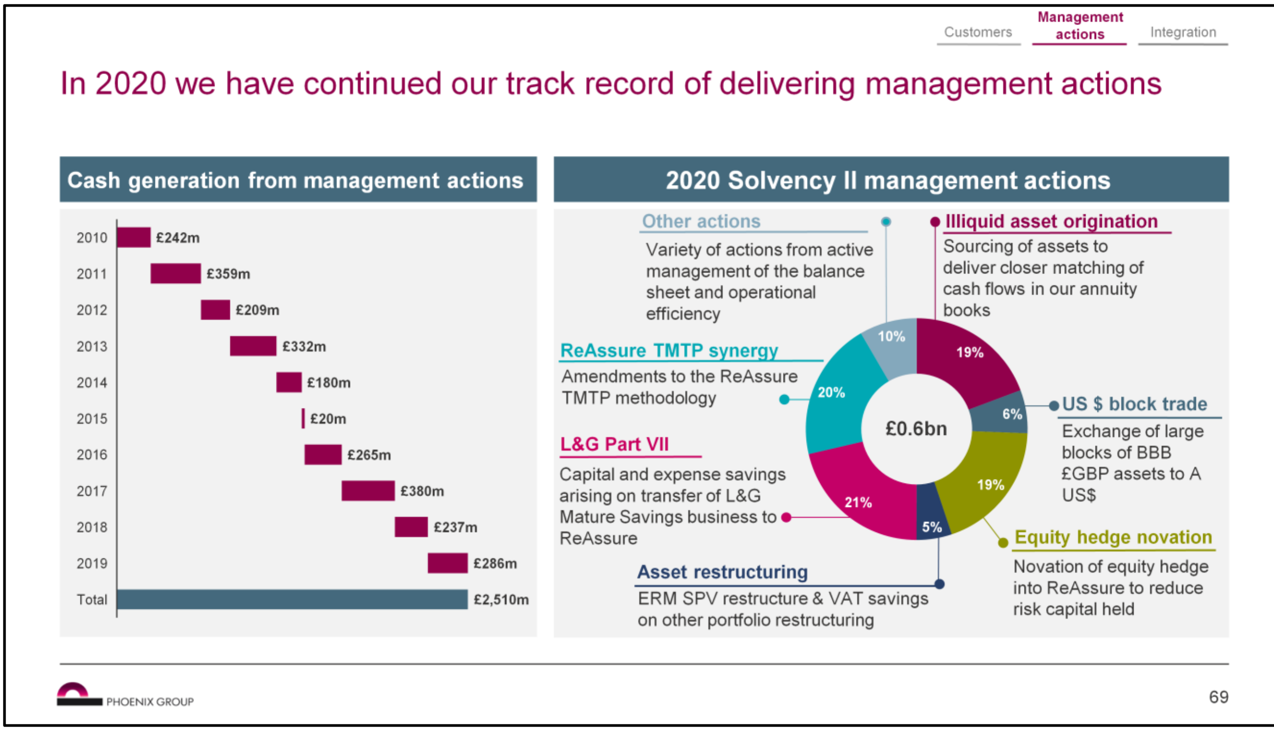


Moving now to management actions - the bedrock of Phoenix's Heritage capabilities.

The majority of our cash generation comes from the emergence of surplus as our in-force business runs off over time and capital unwinds. We call this ORGANIC cash generation.

However, at Phoenix we also deliver management actions which are incremental to the organic unwind.

These actions either increase own funds and therefore increase the overall cash flows from the business or reduce risk capital and therefore accelerate the timing of cash flows.

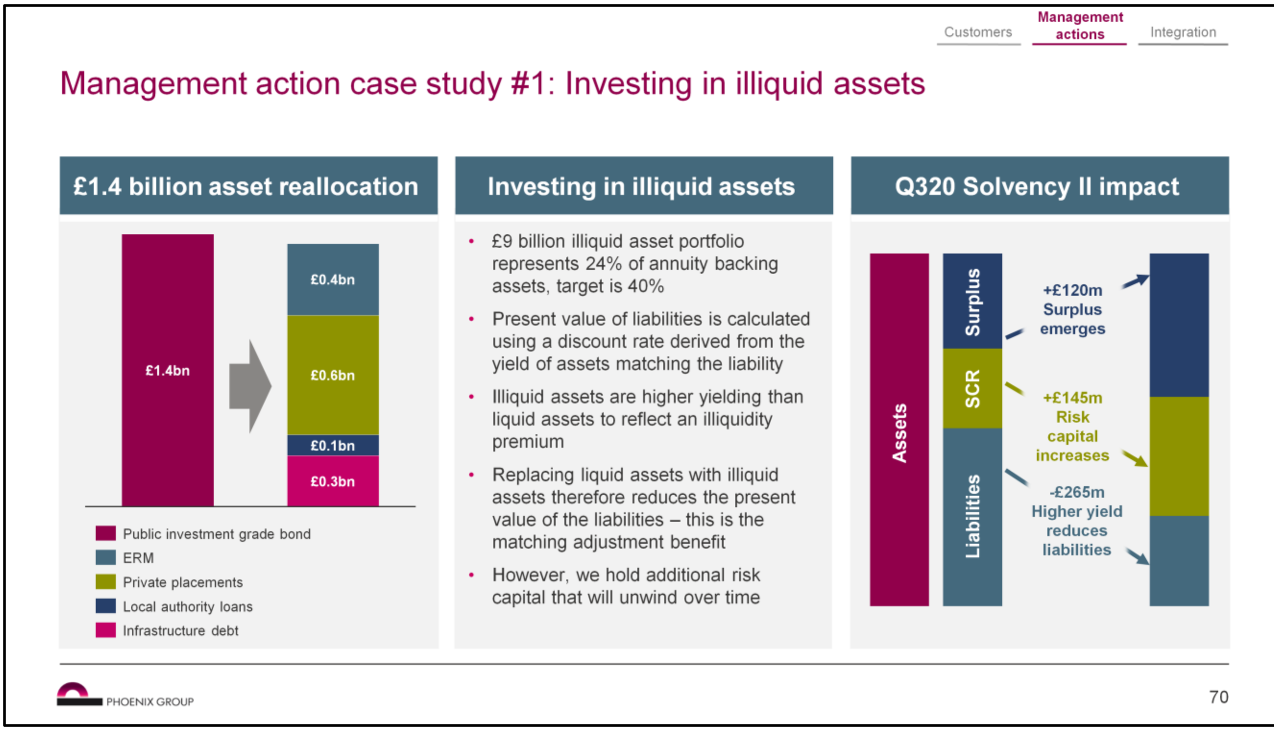


Our track record of delivering management actions is unique.

We have delivered £2.5 billion of additional cash generation from management actions between 2010 and 2019 with a further £0.6 billion of Solvency II surplus generated by the end of Q3.

Typically management actions comprise a third of cash generation and our long track record illustrates their dependable nature. Management actions are lumpy and we do typically see more delivered in the period immediately following M&A as we integrate businesses together. But they are not dependent on M&A as our long track record illustrates.

Our 2020 management actions also evidence this point with a wide range of items including illiquid asset origination, credit management, asset restructuring, and equity risk hedging. Equity hedging is the only action directly attributable to M&A.



I wanted to spend a few minutes looking at a couple of management actions in detail to better explain how we deliver value.

The first example examines the Solvency II benefit driven by illiquid asset origination.

We calculate the present value of our annuity liabilities using a discount rate derived from the yield on the assets that are cash-flow matching the liability.

Long dated, or “illiquid” assets better match the long dated nature of our liabilities and typically have a higher yield to reflect an illiquidity premium.

Replacing liquid assets with illiquid assets therefore increases the discount rate and reduces the present value of our annuity liabilities. This is the matching adjustment benefit. Against these assets, we prudently hold additional risk capital which will unwind over time.

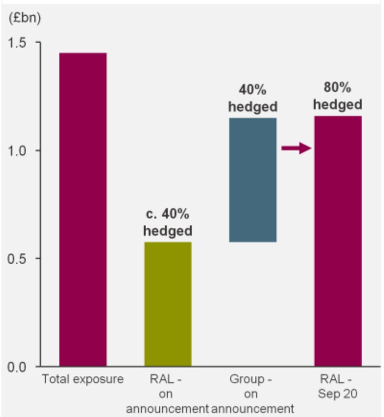
This year we have seen a £265 million increase in own funds from the £1.4 billion of illiquid assets originated.

Mike will talk later about our appetite for illiquid assets. But we do expect to deliver significant, further value in future years as we move from 24% to 40%

of illiquid assets against our £39 billion annuity book.

Management action case study #2: Hedging of ReAssure equity risk

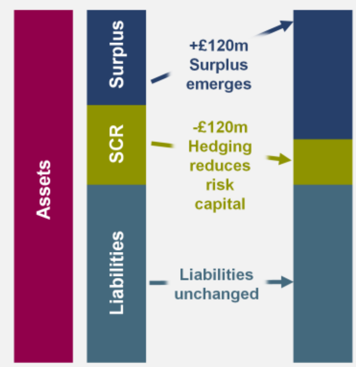
ReAssure ViF equity risk exposure



Hedging of risk

- Prior to announcement of Phoenix's acquisition, ReAssure was hedging circa 40% of the equity risk exposure arising from unit linked ViF
- Phoenix views equity risk as un-rewarded and hedges 80-90% of equity risk exposure
- Phoenix therefore placed additional Group hedges to bring the total ViF hedge ratio to c. 80%, in line with Phoenix policy
- At completion, this hedge was passed down into ReAssure and enabled equity risk capital to be released

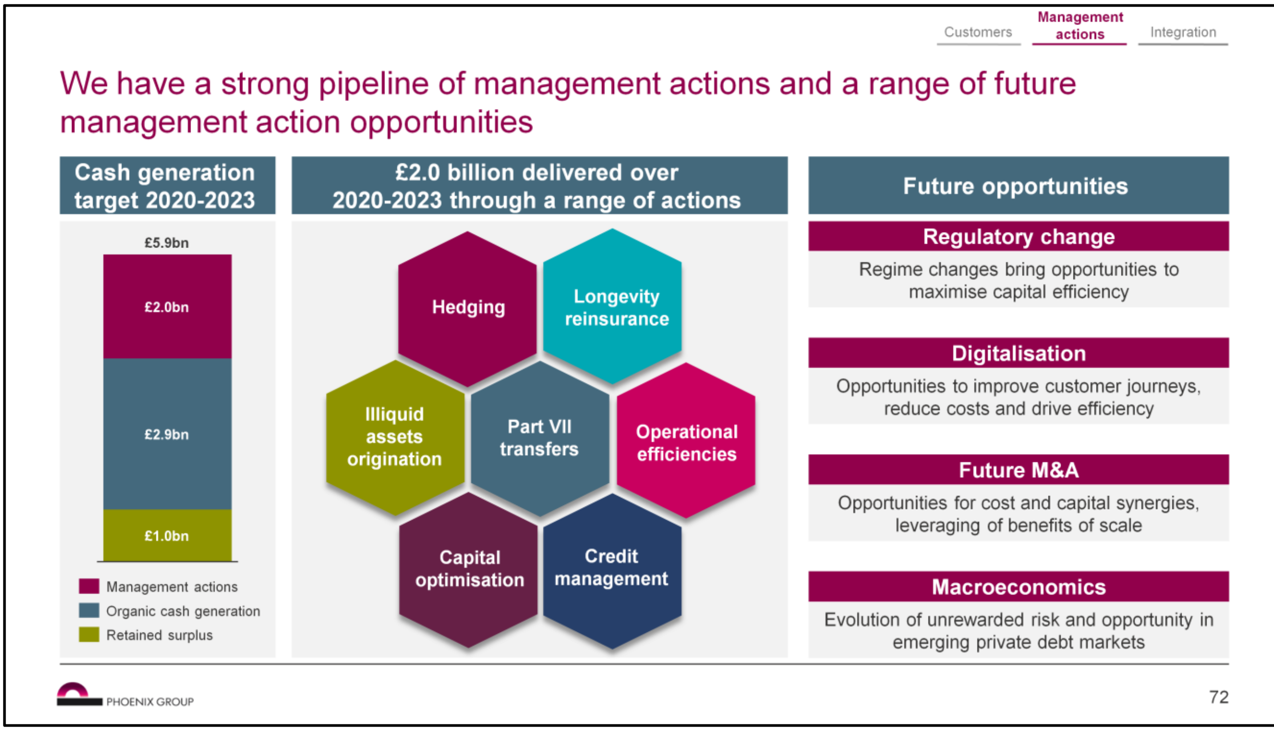
Q320 Solvency II impact



The second management action explores the benefit delivered by hedging ReAssures equity risk.

Phoenix views equity risk as an unrewarded risk and uses hedging to manage its exposure. It is therefore commonplace for Phoenix to extend its approach to hedging across future acquisitions from the date of announcement.

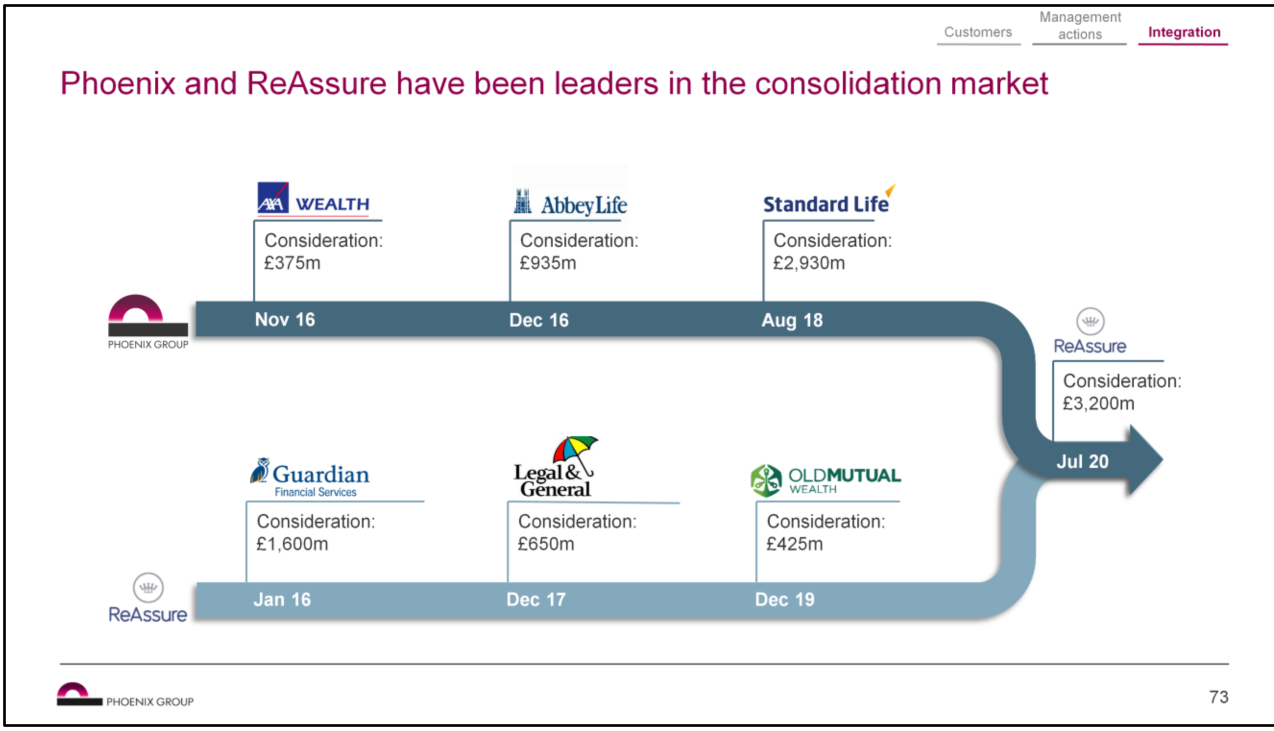
In the case of ReAssure, we took out hedges to increase the hedging of ReAssure equity risk from 40% to 80%. These hedges were initially held at the Phoenix group level but have subsequently been passed down to ReAssure. By hedging this exposure, £120 million of equity risk capital has been released.



Looking to the future, our £5.9 billion cash generation target for 2020 to 2023 includes £2.0 billion of management actions.

We continue to have a strong pipeline of actions that underpin our confidence in this target including longevity reinsurance, illiquid asset origination, Part VII transfers and further operational efficiencies. We only place value on management actions out to 2023, however, we expect there to be opportunities for management actions over the life of our in-force business.

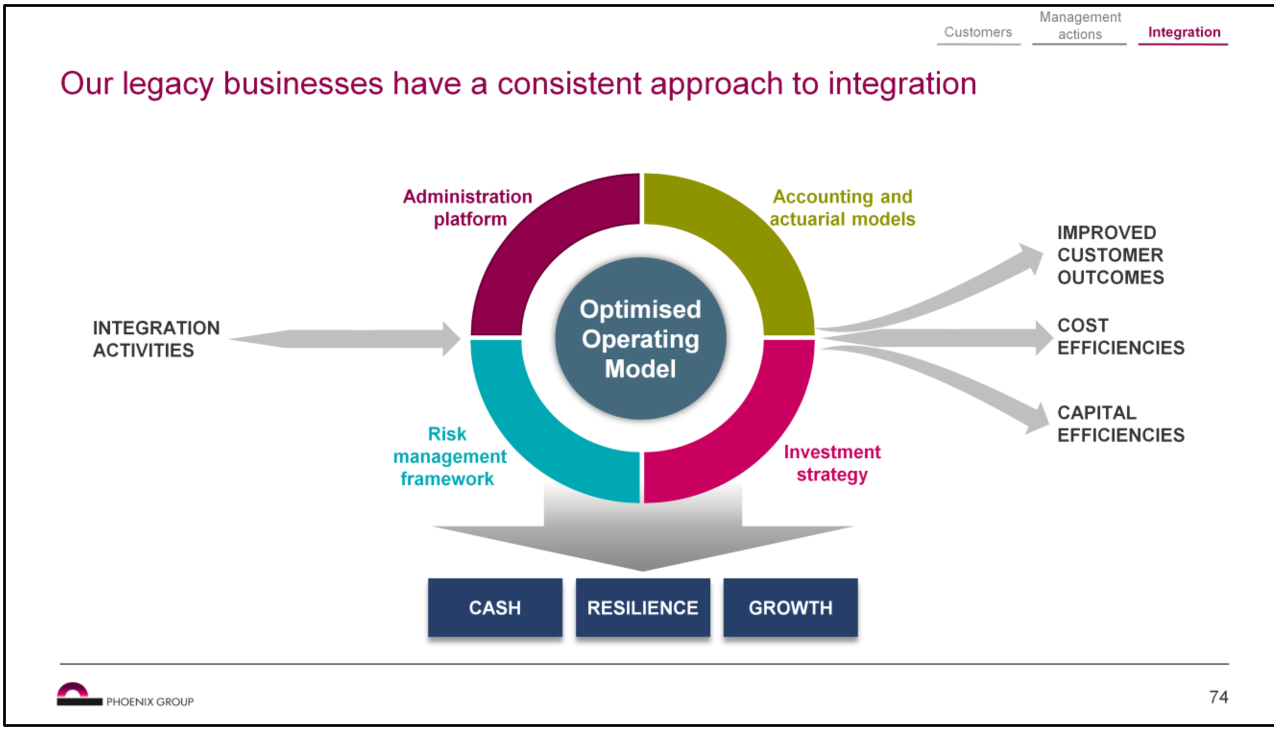
New opportunities for management actions also arise as our environment changes. Future M&A is an obvious example of an opportunity for cost and capital synergies, but we also see regulatory change, digitalisation and our macro economic environment as potential sources of value generation.



Turning finally to our integration capabilities.

Phoenix and ReAssure have been leaders in the consolidation market with six acquisitions split evenly between us over recent years prior to the businesses coming together in July.

ReAssure bring additional skills to the Group which complement our own, and additional capacity which means we will be ready to undertake further M&A more quickly.

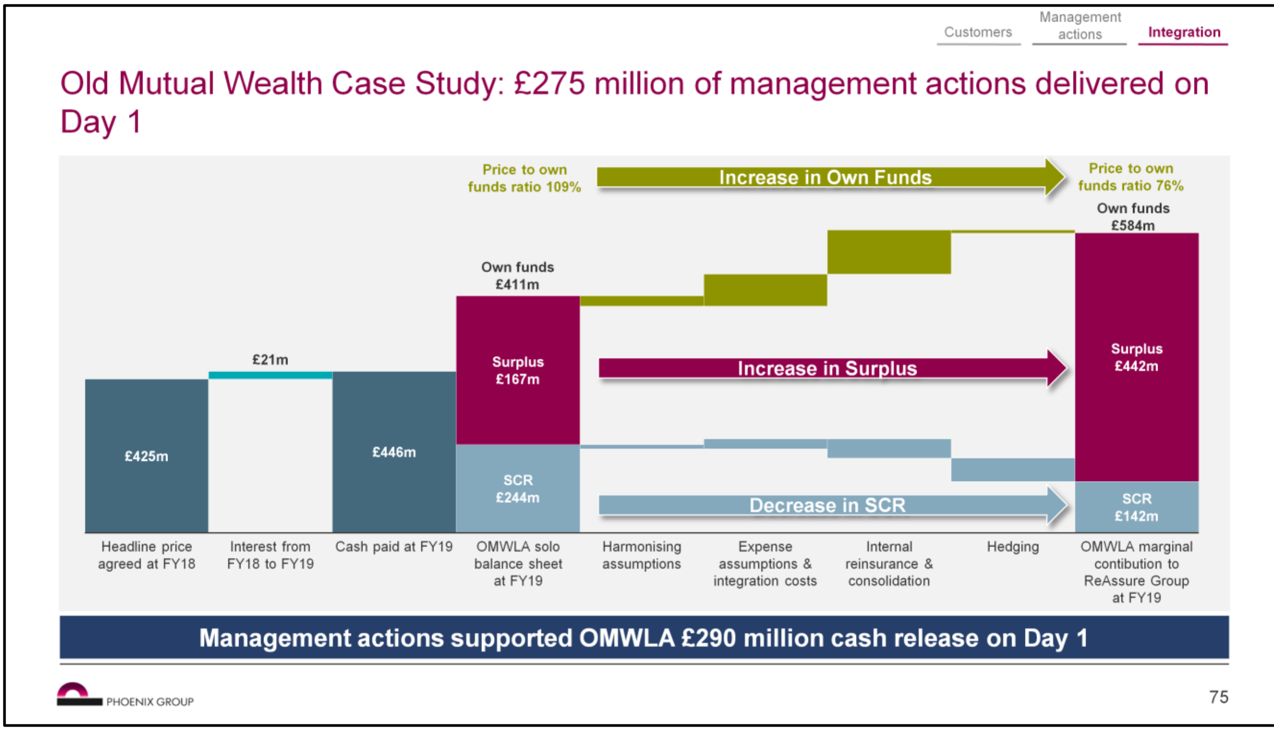


Whilst our legacy businesses are different, our approach to integration is consistent.

Both Groups have focused on accessing cost efficiencies by delivering scale to their operating model and unlocking capital efficiencies through accessing diversification benefits and applying a harmonised approach to risk management.

In addition, we have both sought to optimise investment returns through a single investment strategy and prioritised delivering improved customer outcomes.

Whilst our operating models are different – Phoenix favouring an outsourced model for customer administration using the TCS Diligenta Bancs platform and ReAssure having an insourced model using the Alpha platform - we have both driven cost efficiencies by migrating policies onto a single platform and utilised reinsurance and Part VII transfers to access capital synergies.



The similarities in approach are highlighted through this case study of ReAssure's acquisition of the Old Mutual Wealth business.

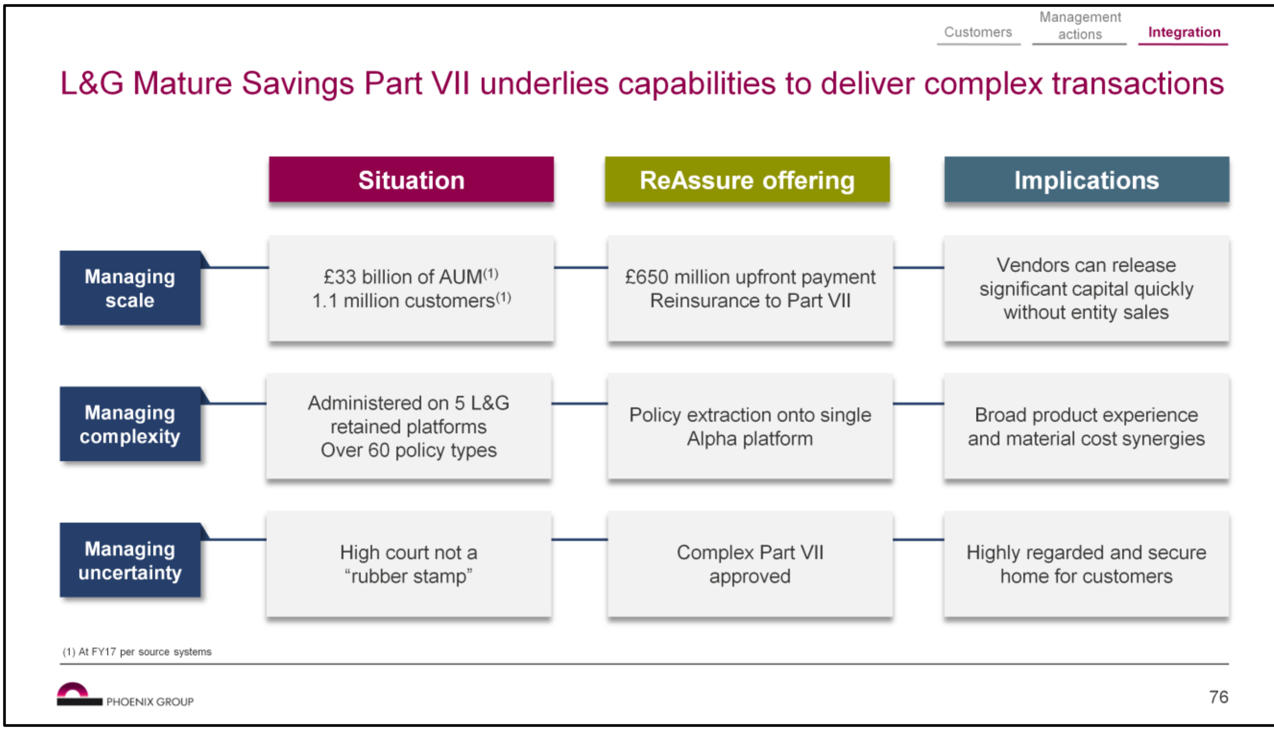
For those of you who remember our 2018 capital markets day, this case study is extremely similar to that of Phoenix's acquisition of the AXA wealth business.

ReAssure paid £446 million for the Business. It had own funds, measured in accordance with the Old Mutual underlying assumptions, of £411 million and a surplus of £167 million.

By harmonising assumptions for the Business to those of ReAssure and in particular, reflecting the reduced per policy cost of administration from migrating policies onto the ALPHA administration platform, additional own funds were created. Further synergies were accessed by reinsuring the business into ReAssure and applying the Group's hedging policy.

These Day 1 management actions increased the acquired own funds to £584 million and increased the surplus to £442 million, supporting a cash release of £290 million.

Thus a deal that looked like it was being conducted at 109% of own funds, became a transaction at 76% of own funds and illustrates the value that can be created by specialist consolidators of Heritage books.



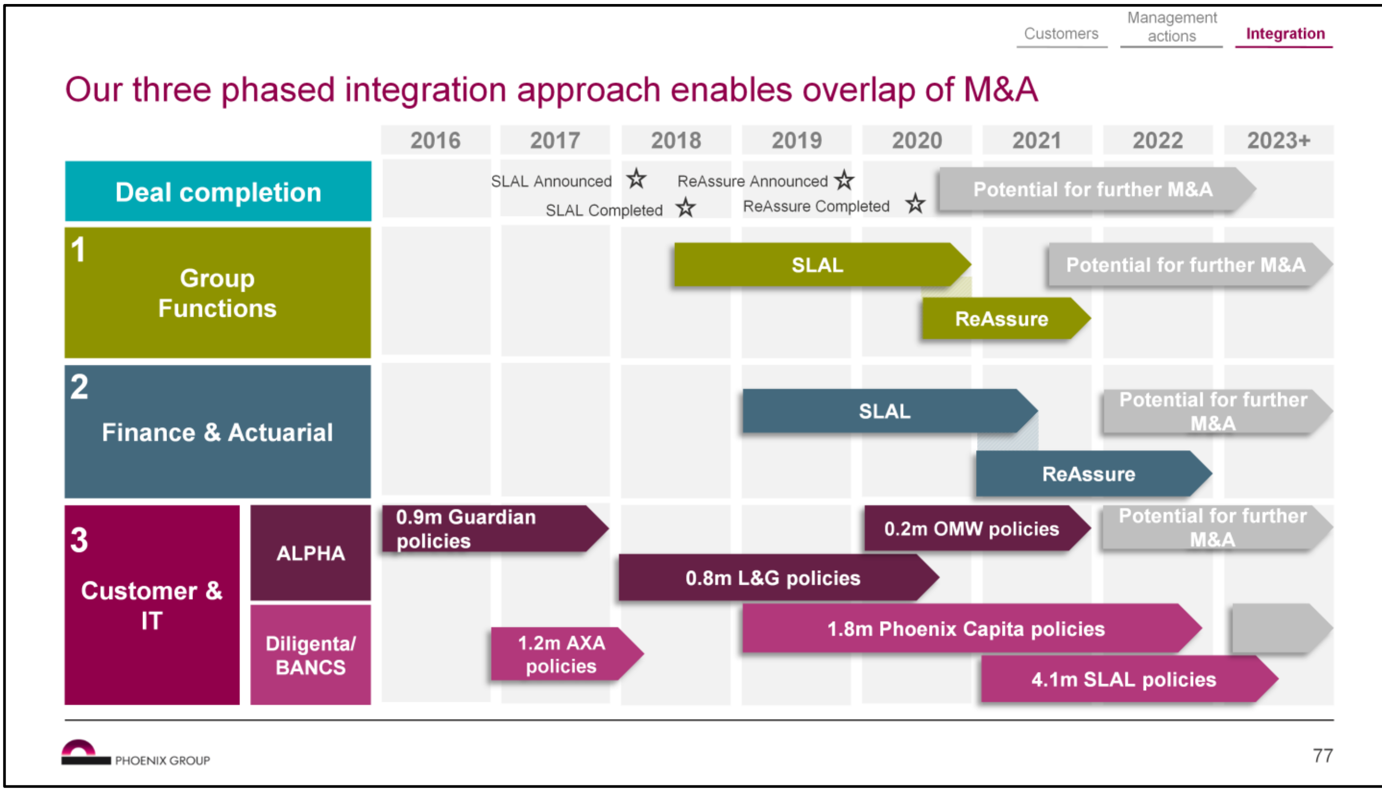
Part VII transfers are a key value enabler to consolidators.

By moving policies into a single legal entity, we deliver economies of scale and ensure that customers are serviced from the most efficient and optimised operating model.

However, Part VII transfers require both regulatory and High Court approval and therefore require significant expertise to execute successfully.

The Part VII of the L&G mature savings business completed in September. This was an extremely complex transaction migrating 1.1 million customers £33 billion of assets under administration from 5 L&G retained platforms and with over 60 different policy types.

Migrations of this nature are extremely difficult to deliver successfully. The ability of the Alpha platform to perform this extraction of policies evidences our ability to manage both complexity and uncertainty and deliver value for customers and investors.



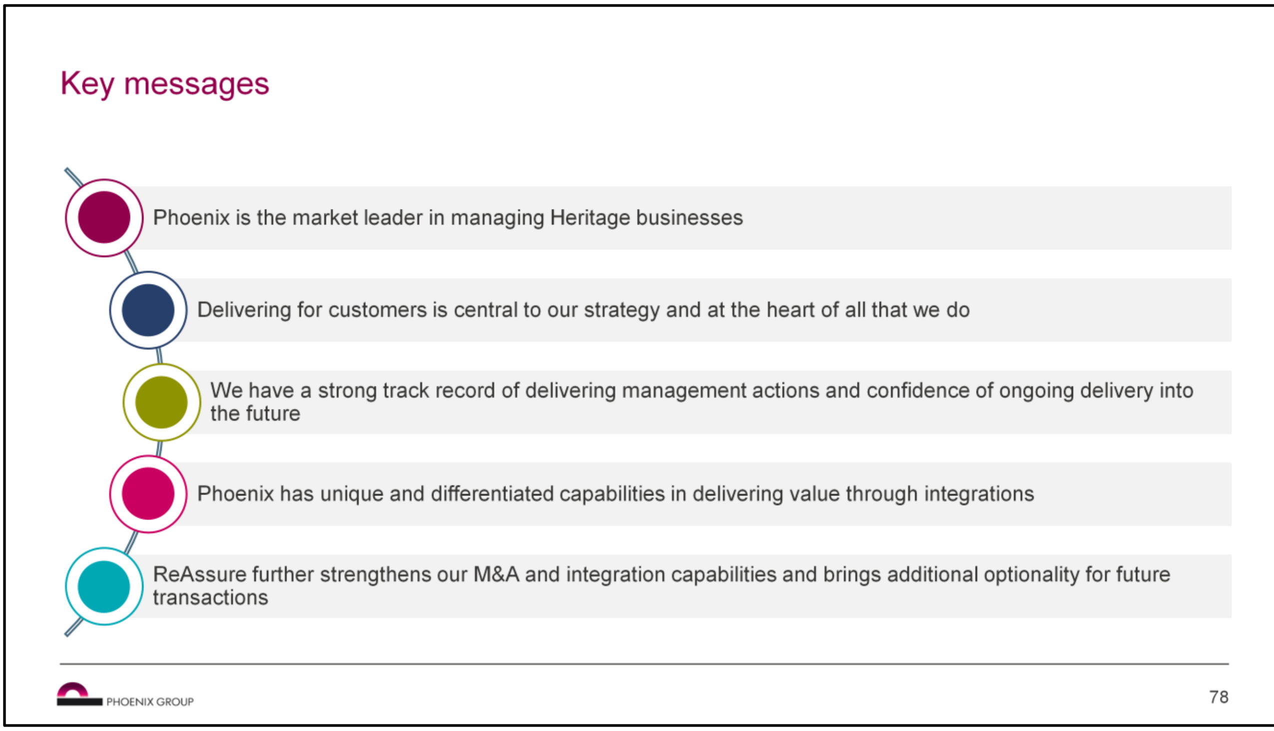
Our integration approach has three phases. Which are approached sequentially – so when one integration is complete, capacity is created for the next integration to start.

Phase 3, the migration of customer policies onto our administration platforms, is the hardest and longest phase of any integration as shown in the timeline and can be the biggest barrier to being ready to undertake further M&A.

Having two administration platforms in the form of Alpha and Bancs is therefore an enabler to the faster integration of acquired businesses.

This slide illustrates that we have the capacity to consider further M&A opportunities now.

‘PHOENIX IS VERY MUCH OPEN FOR BUSINESS.’



Phoenix is the market leader in managing Heritage businesses, driven from our distinctive operating model and unique competitive advantages.

Our strategy places customers at the heart of all that we do and we are focused on improving customer outcomes.

We have a strong track record of delivering management actions, with £2.5 billion over the last 10 years and will continue to deliver management actions into the future.

Phoenix is also a market leader in M&A and integrations, delivering value by integrating businesses onto our optimised operating model.

And finally, ReAssure strengthens our capabilities, both in the management of Heritage businesses, and for M&A and integration where they bring complementary skills and additional capacity.

Thank You for your attention.

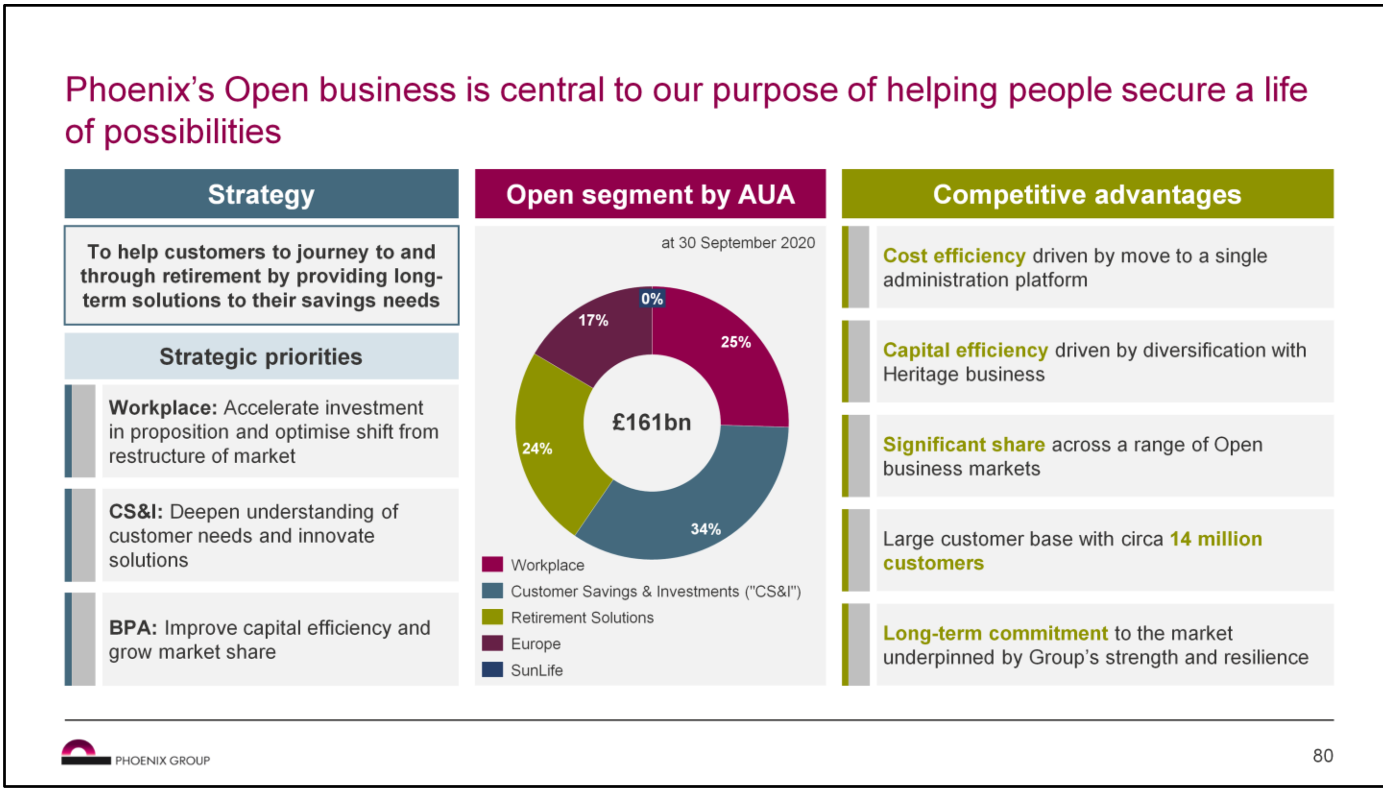
I will now pass you over to Andy Curran, who has been unable to travel due to COVID restrictions and joins us today from Glasgow.

Thank you Andy.

I joined Phoenix this summer, and took up the role of CEO of our Savings and Retirement Business in October.

This has given me a great opportunity, to really understand the open business and assess, our opportunities to deliver growth.

It is clear to me, that our Open business has strong foundations and is central to our purpose of…

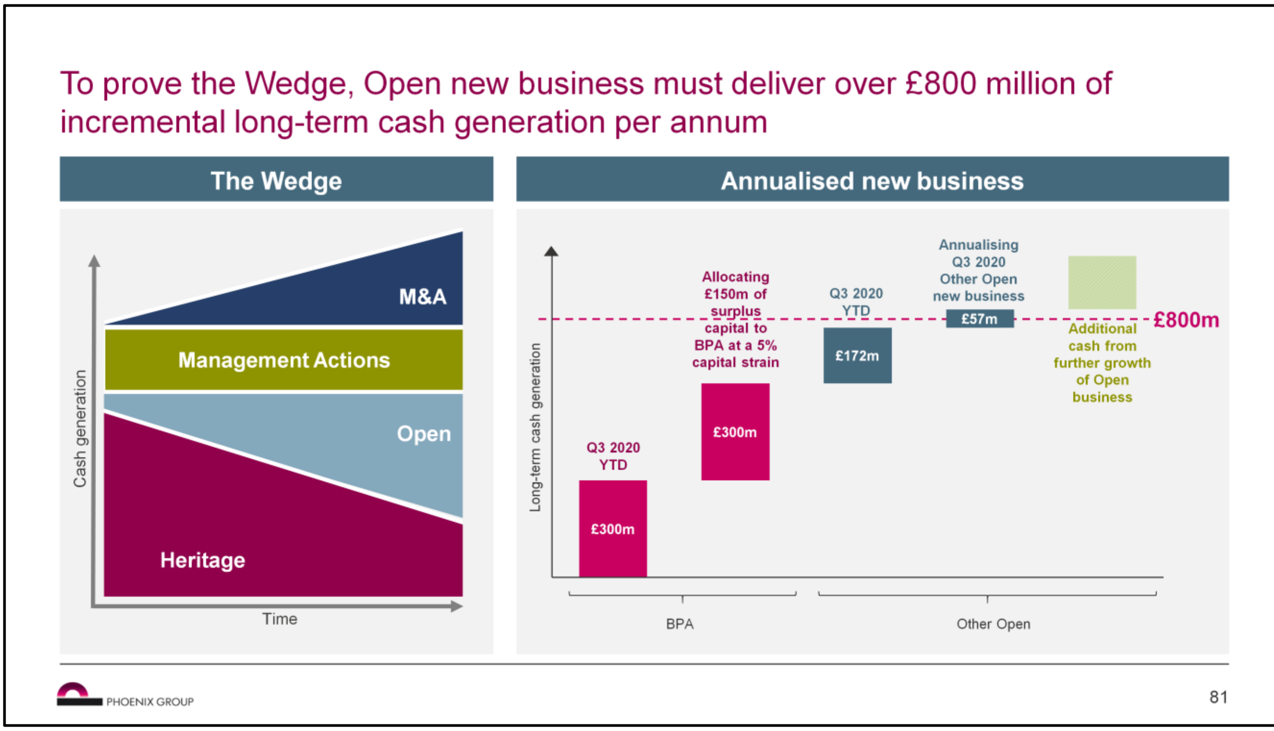


… helping people secure a life of possibilities.

The Open Business covers five business units and comprises around half of our in-force book with 5.6 million policies and £161bn assets under administration.

My focus today, is on the 3 Business Units, which we expect to be our major drivers of growth. I will share with you, how we are thinking about our Workplace, Customer Savings and Investment and Retirement Solutions business units, all of which, give us a great opportunity to grow.

We have the chance, to leverage the competitive advantages we have today but, I do recognise we have work to do to realise these opportunities we have set ourselves - clear strategic priorities to achieve our ambition.



Speaking of ambition, Rakesh has outlined the maths that underpins the wedge.

To offset the run off of our existing in-force book, and bring sustainability to, our organic cash generation, our Open Business must deliver over £800m pounds of incremental long term cash per annum. This target is ambitious. But It is also achievable. In the first 9 months of this year the Open business delivered £472m of incremental cash generation from new business. While this is lower than the £800m level needed, we expect to be able to close this gap in future years by increasing the capital allocated to BPA, while at the same time reducing the capital strain and by growing our workplace and CS&I businesses, through investment in our products, proposition and people.

Phoenix's Open business has three core growth drivers

Industry drivers of growth		Phoenix's Open business	Phoenix share of market AUA	Phoenix share of market flows	Phoenix's strategy
Strong AE Workplace growth	£40bn p.a.	Workplace	c.11%	c.11%	**Strategy:** To Protect and Grow **Delivered by:** Continuing to invest in strengthening our proposition and digital platform
Individuals are retiring	£30bn p.a.	Customer Savings & Investments	c.16%	c.4%	**Strategy:** Engage and Develop **Delivered by:** Engaging our c. 14 million customers to better understand their needs and provide innovative solutions
Corporates are de-risking	£40bn p.a.	Retirement solutions	c.9%	c.5%	**Strategy:** To Grow and Expand **Delivered by**: Improving capital efficiency and expanding illiquid asset capabilities

Delivering a similar share of flows, to our share of stocks, will drive significant growth

Three of the key drivers of growth in the long-term savings and retirement industry will help to drive growth in our Open business.

Growth in workplace is driven by auto enrolment, the ageing population and the move from DB to DC. We currently have an 11% share of the workplace market and our strategy here is to protect and grow.

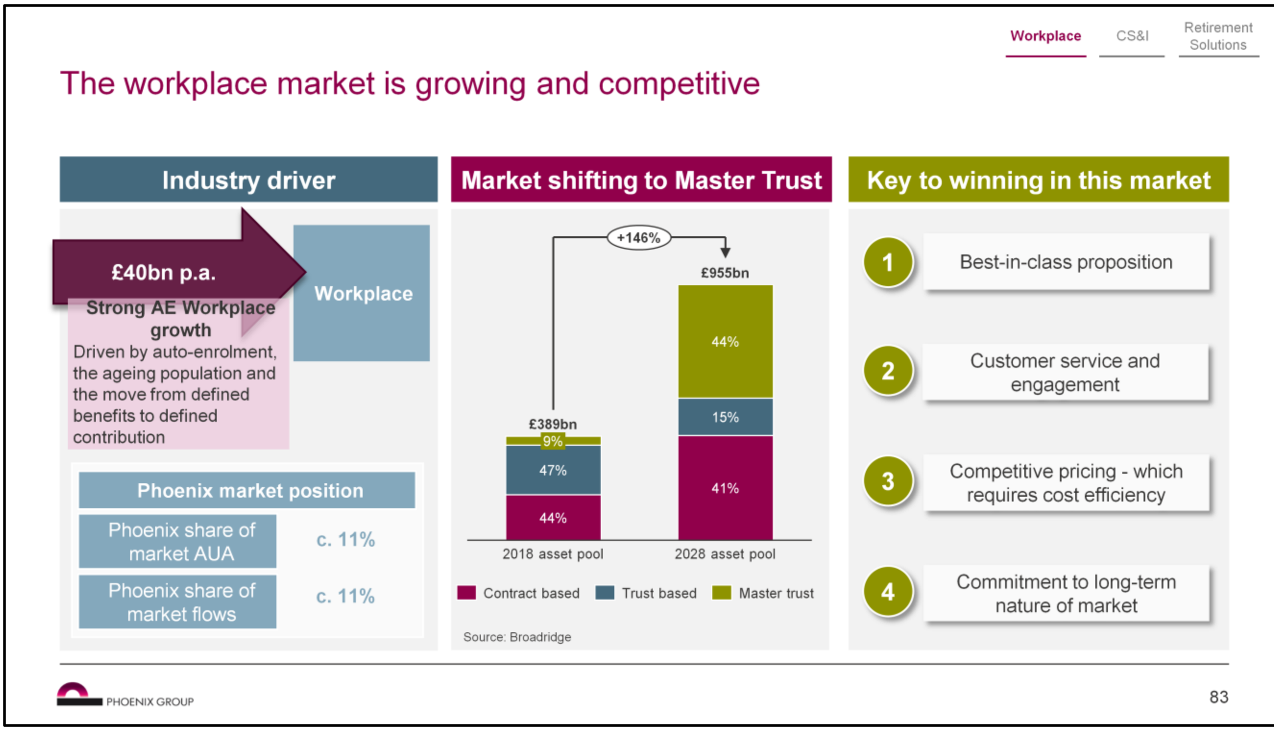
Naturally as the UK population ages, more and more people will be on a journey to and through retirement. We estimate annual flows of around £30bn into products supporting this stage of the savings cycle, which aligns to our CS&I business.

Currently, we have less than 5% of these flows today. We do however, have approximately 14m customers. The strategy here is to engage and develop relationships, with these customers, with the ambition that they will consolidate with us, and stay with Phoenix for longer.

And finally, Corporates are de-risking, with around £40bn of DB scheme liabilities transferring to the insurance sector each year. We currently have a 5% market share and our strategy here is to grow and expand.

A deep understanding of how each of these markets work, will be critical to our success. And of course, we will only allocate resources where they will deliver strong returns.

Looking at these markets in a bit more detail I will now turn to Workplace.



The workplace market, will become the main vehicle for retirement savings in the UK.

And is forecast to grow, from around £400m to around £1trillion pounds, over the next decade.

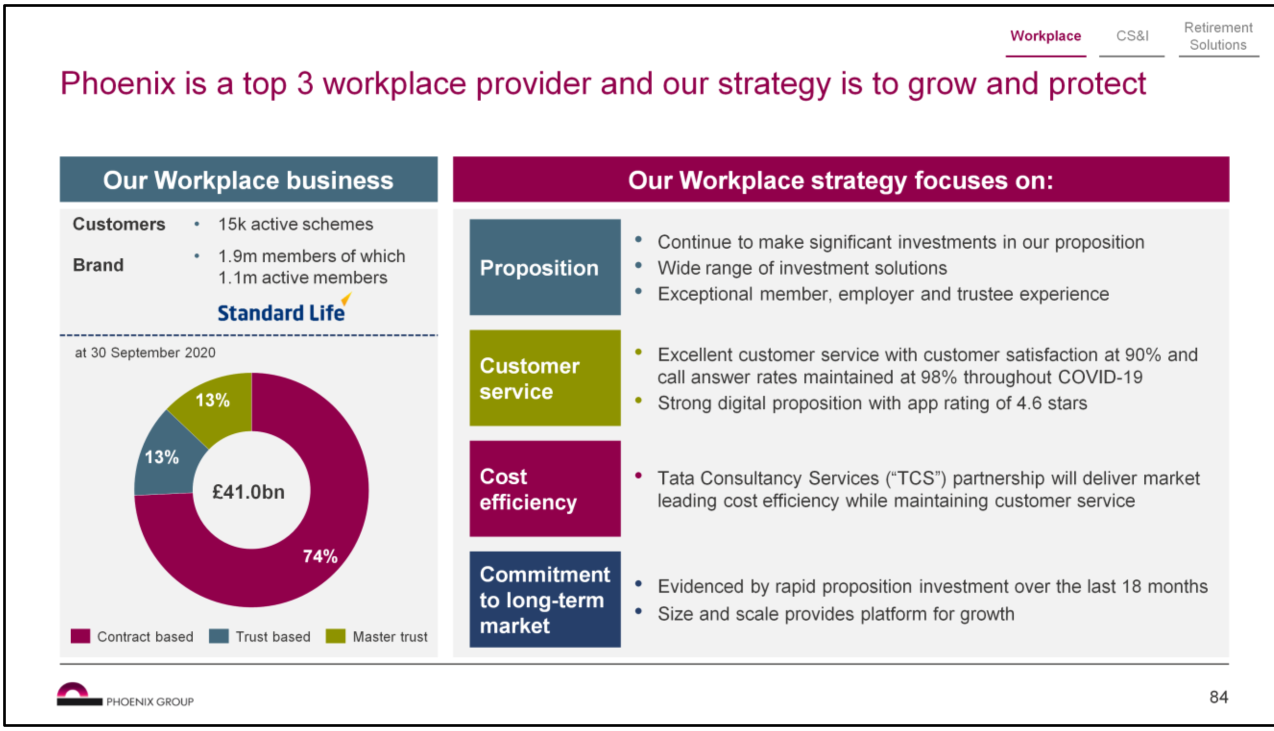
Within this market, there will also be a major shift to Master Trust,....

driven by a raft of changes in pension legislation.

This presents a fantastic opportunity for Phoenix. To pick up existing and new pension schemes.

But To be successful....

You first:
- must have a deep understanding of how this market operates.
- You need a strong modern proposition
- You need excellent customer engagement
- You also need leading cost efficiency
- All, underpinned, by commitment to the longer term.



As you will already be aware, we operate in the corporate market under the Standard Life brand.

We are already a scale player, with £41bn of assets under administration.

In this capital light, thin margin market, scale and ongoing propositional investment, are key attributes to being successful. Our commitment, here, is evidenced, by our rapid propositional development, over the last year which we will continue to accelerate into 2021.

Our proposition, now offers a wide range of investment solutions, across active and passive funds.

Our digital platforms, interactive tools and our automated member communications, all ensure excellent employer, employee, adviser and trustee experience.

Our reputation in the market for excellent customer service is well deserved.

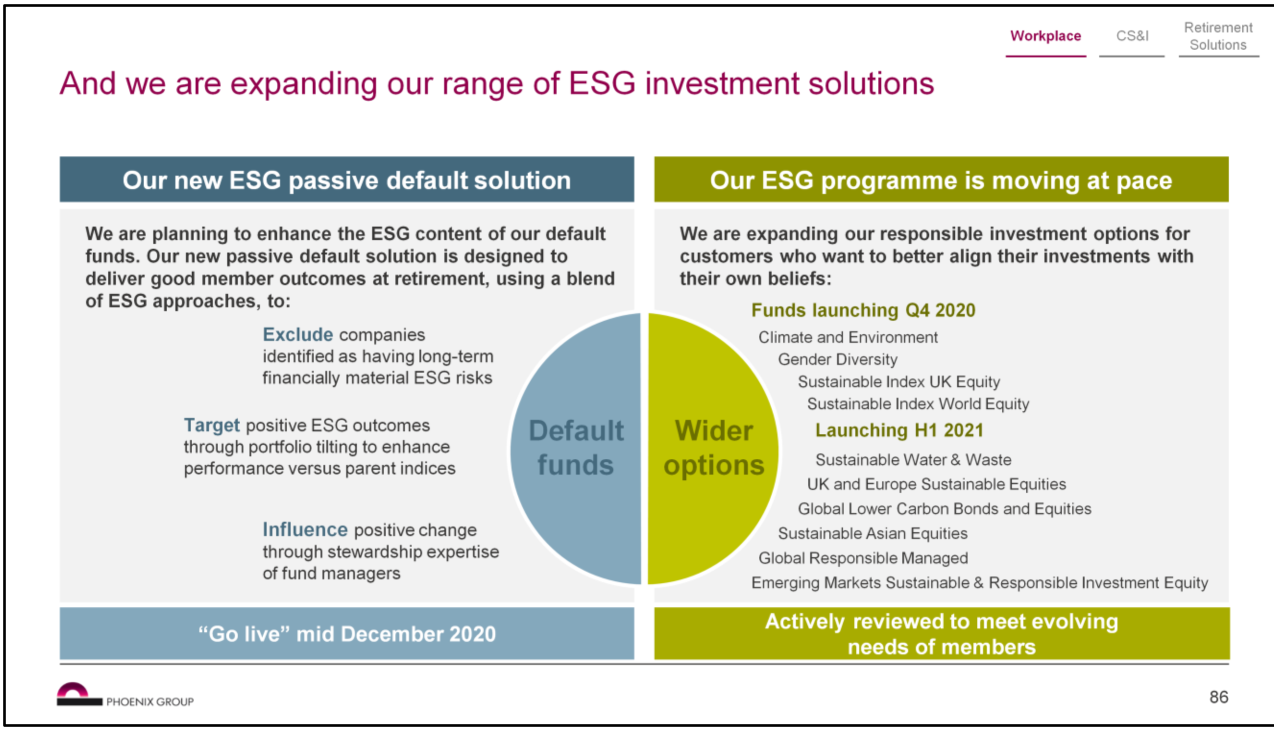
And our relationship with TCS will help us deliver market leading cost efficiencies, without compromising on service levels.

Our strategy, is to protect and grow our Workplace business from these, strong foundations.

As I've mentioned, our proposition has improved considerably and we will not stop there. Up and coming enhancements include:

- retirement income focussed funds,
- providing a digitally enabled retirement advice service, and
- a salary deductible ISA.

As a whole, it is clear that our proposition today, stands comparison, with any other in the Corporate market.



Claire, set out our sustainability strategy earlier, which puts our customers, right at it’s heart.

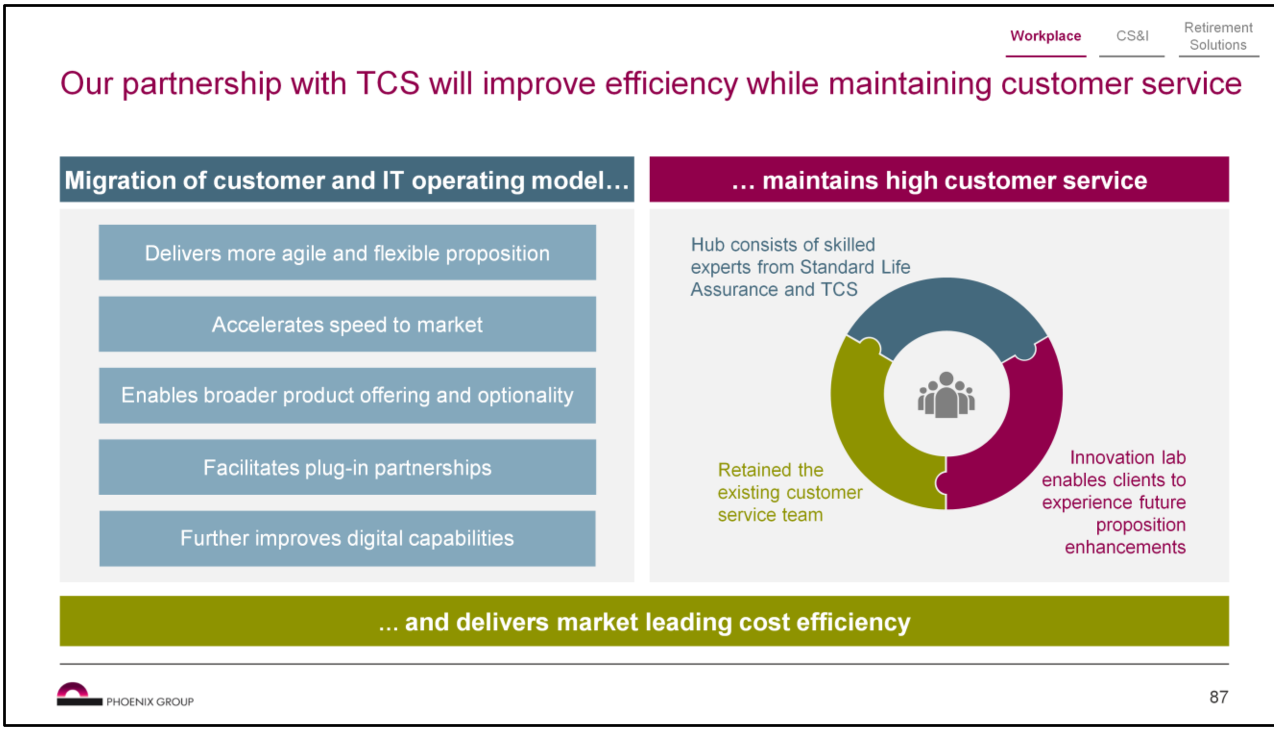
Aligned to this strategy, we have made great progress in expanding our range of ESG investment solutions.

Our new ESG passive default fund launches this month. The fund has been designed, to deliver good member outcomes at retirement using a blend of approaches, including:

- Exclusions,
- Targeting, and
- Influence.

On top of this, we are also launching a range of ESG themed active funds.

These funds will help support Phoenix in meeting our net-zero carbon target commitment.



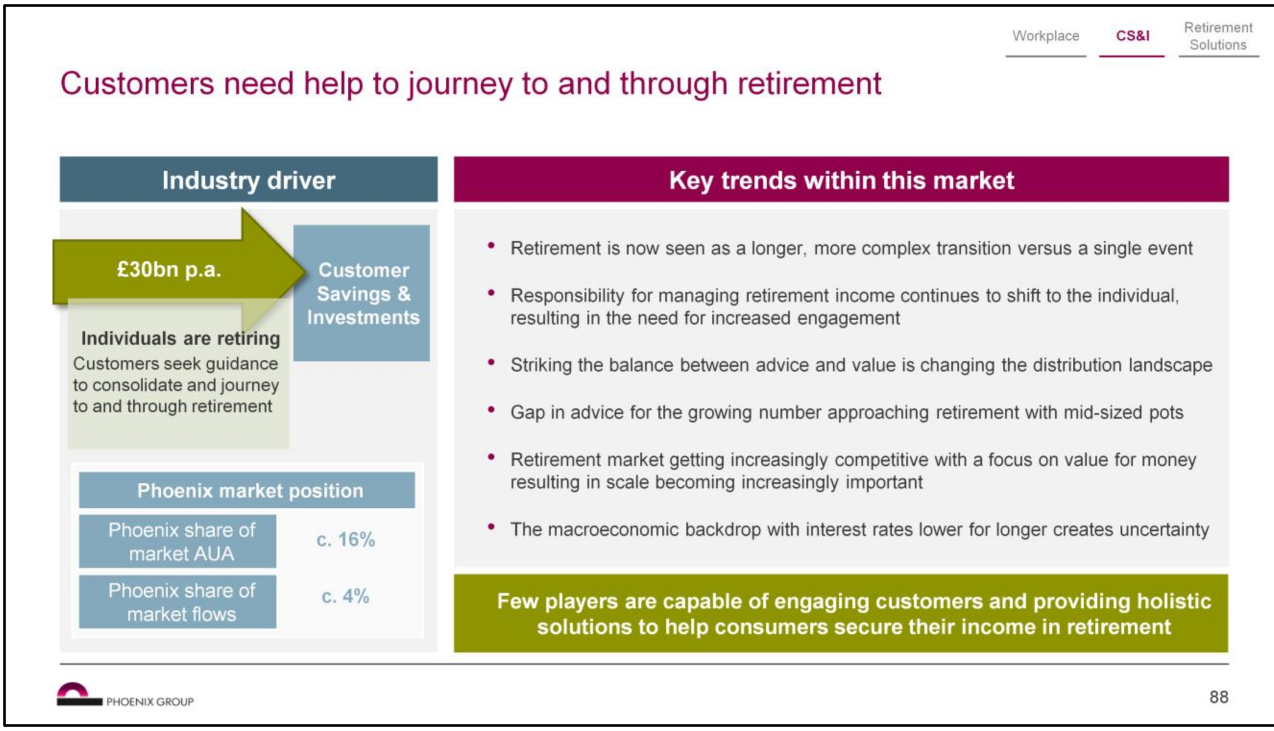
Pricing in the workplace market is competitive so efficiency is crucial.

Here we have unique advantages from operating our Open business alongside our Heritage business and through our unique partnership with TCS. We will migrate to the digitally enabled BANCS platform, which will help future proof our business.

It will deliver a modern, flexible platform, and supports our continued excellent customer service. And gives us market leading, cost efficiency.

To summarise, we are already a scale player in the corporate market and are well positioned to deliver our PROTECT AND GROW strategy.

Moving on now, to our CS&I business unit.



There are a number of key trends driving change across the long-term savings and retirement industry.

In particular, pension freedoms have given consumers significantly more choice.

With more choice, the industry has found it hard to strike the right balance for the consumer, on the need for more education, information and advice, when making important financial decisions.

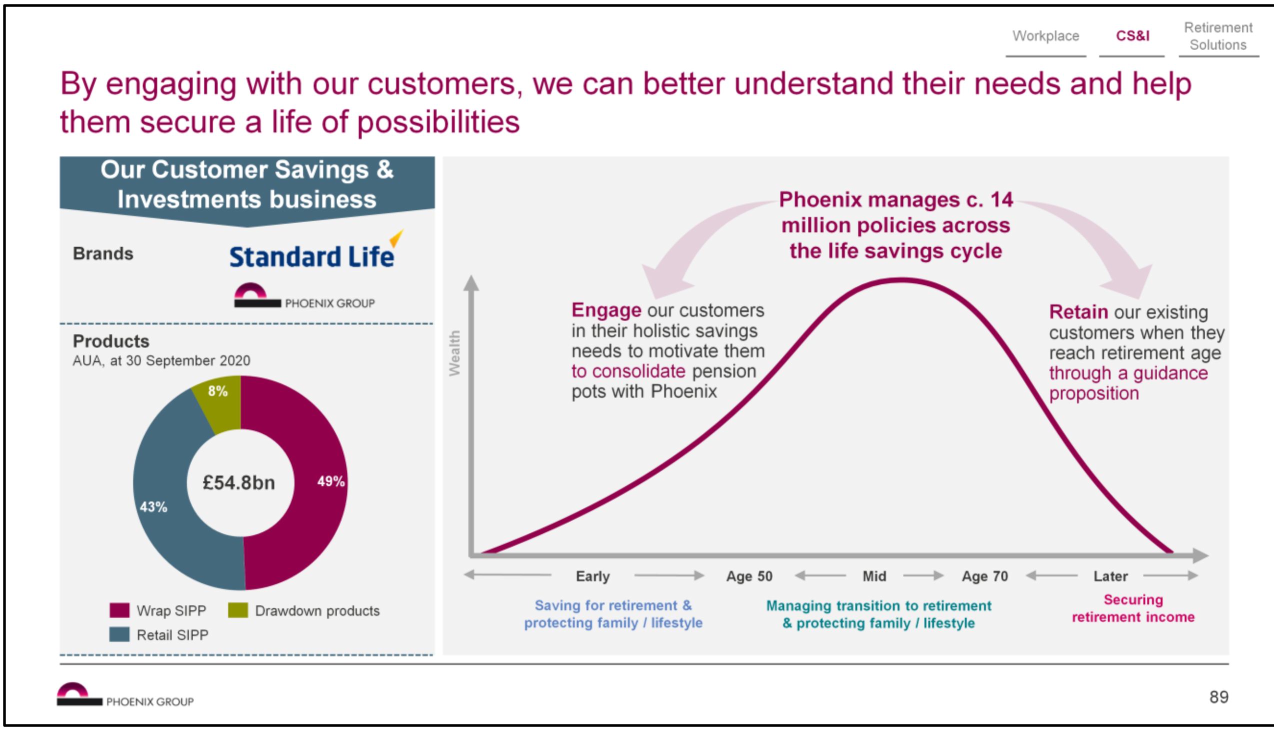
At Phoenix, we will build on our existing capabilities, and become an organisation that gives the customer the support it so badly needs.

As an example, retirement is no longer a single event; it’s a more complex transaction for which responsibility has shifted to the individual.

Our customers tell us that they find the journey to and through retirement confusing and that advice is often too expensive for their needs.

And while a digital journey may get the ball rolling, many would value guidance to help them understand their options, and validate their own thinking.

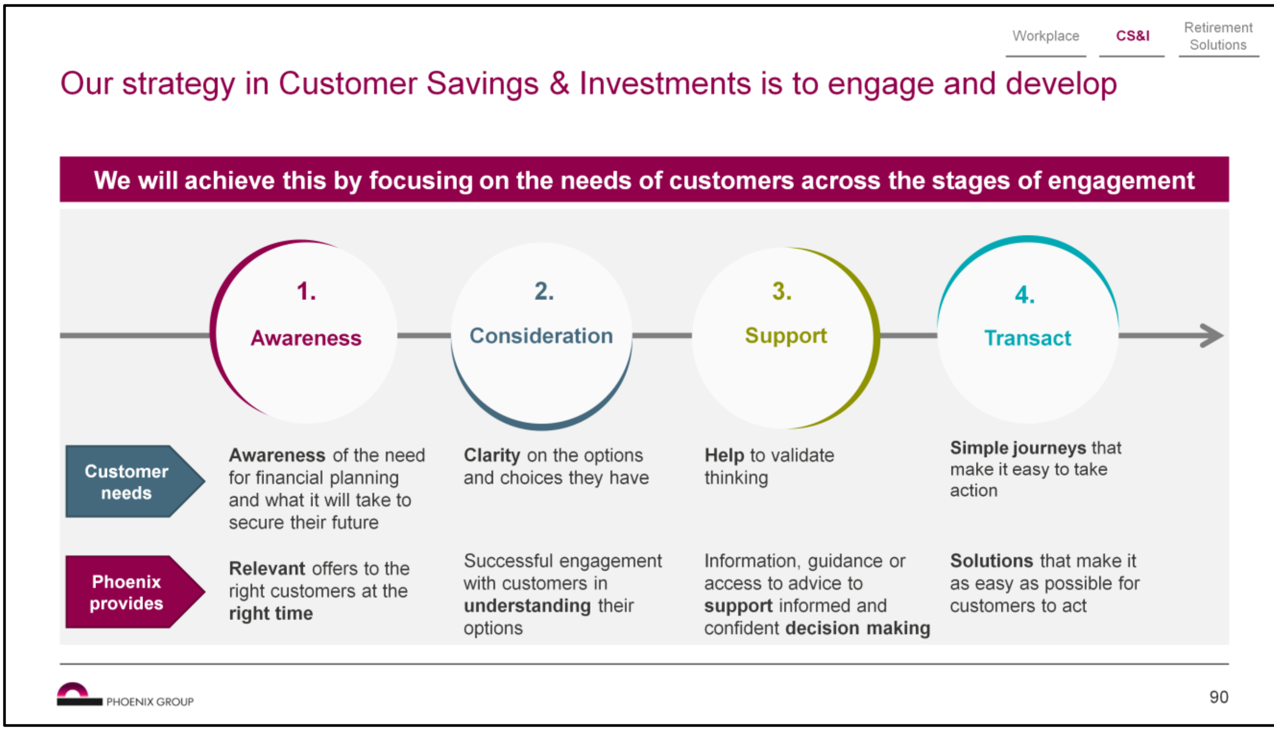
Few players are capable of engaging customers and providing holistic solutions to help consumers secure their income in retirement.



Our CS&I business includes what we have previously referred to as our retail business and Wrap SIPP. For Wrap SIPP, we provide an insurance wrapper to the Standard Life Aberdeen platform. This is high volume, thin margin business for Phoenix.

We also have drawdown products, individual SIPP and bonds within this business unit. Whilst Phoenix's market share is currently modest it is an area of significant potential growth and is directly aligned to our Purpose of HELPING PEOPLE, SECURE A LIFE OF POSSIBILITIES.

With around 14 million customers, Phoenix has a unique opportunity to deepen our understanding of customer needs, and respond to those needs with innovative solutions throughout the retirement lifecycle.

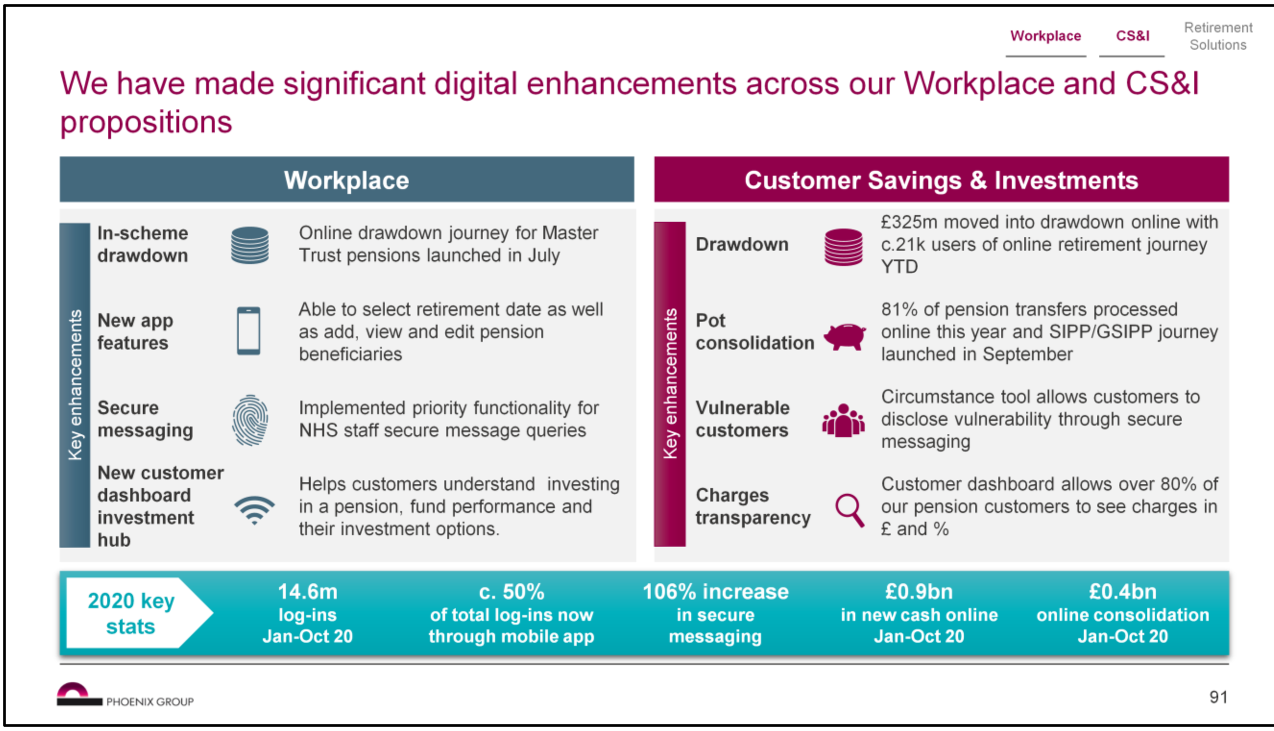


Our strategy here, is to ENGAGE and DEVELOP. We will achieve this by focussing on the needs of our customers across the four stages of engagement.

This begins with the need for financial awareness, moves to consideration where customers need clarity on the options they have, then on to support where help is needed to validate thinking, and finally to transaction.

We will engage with our customers:

1. helping them make consolidation onto our platform, simple and straightforward,
2. developing more innovative solutions as customers move to and through retirement, and
3. where complex decisions need to be made, directing them to advisers.



Andy Moss, earlier spoke about our digital capability in our Heritage business, the same very much applies in our Open Business.

We have introduced new app features, implemented a secure-messaging priority functionality for NHS staff and launched a new investment hub.

Encouragingly, we have seen increased usage of our digital drawdown solution, with over 21,000 customers using the online retirement journey by the end of October. This year we have seen circa 15 million log ins so far over 50% of which have been through the app and we are on track to achieve £1billion of new cash through digital channels this year.

In summary, the Customer Savings and Investment market is very large and through improved customer engagement and product development, we see this as a significant growth opportunity for Phoenix.

Workplace CS&I **Retirement Solutions**

The BPA market is substantial and growing as corporates continue to de-risk

Industry driver

£40bn p.a.

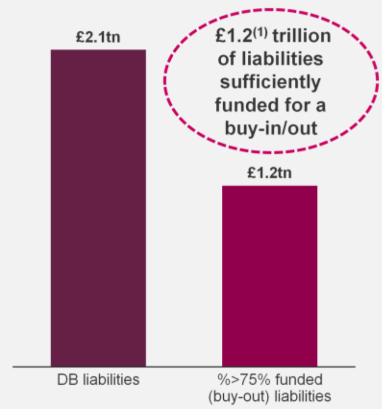
Retirement solutions

Corporates are de-risking
Driven by the offloading of Defined Benefit schemes to focus on core business

Phoenix market position	
Phoenix share of market AUA	c. 9%
Phoenix share of market flows	c. 5%

Room for further growth

Stock of corporate BPAs as at 31 March 2019



Source: The Purple Book 2019

Key market trends

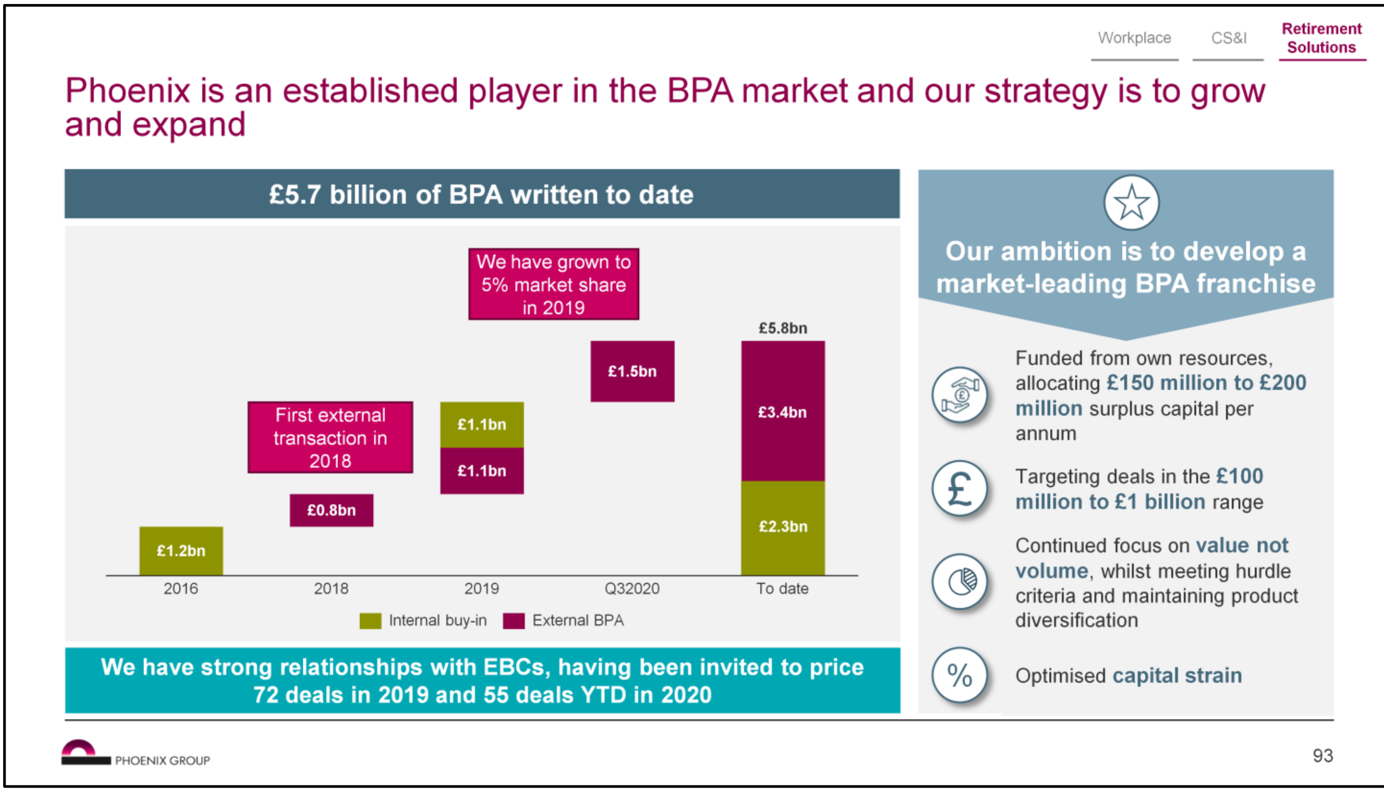
Increased volumes	28% CAGR increase in volumes between 2009 and 2019
Larger transactions	90% of 2019 total volumes were deals of £200 million+. 46% were deals of £3 billion+
Increased no. buy-outs	40% of deals in 2019 were buy-outs
Alternative consolidation options	The emergence of superfunds

Source (increased volumes, larger transactions): LCP report 2020
Source (increased buy-outs): Hymans Robertson report 2020

(1) £1.2 trillion of Defined Benefits liabilities includes those Defined Benefits schemes which have already undertaken buy-in exercise

Turning finally to retirement solutions. This includes both vesting annuities and BPA with total assets under administration of £38 billion.

There are over £2 trillion of DB pension liabilities in the UK and it is estimated that £1.2 trillion of these liabilities are sufficiently well funded for a buy out or a buy in. We expect to continue to see demand for DB de-risking to remain strong as CEO’s and Finance Directors of Corporates continue to look to focus on their business, rather than their company pension scheme.

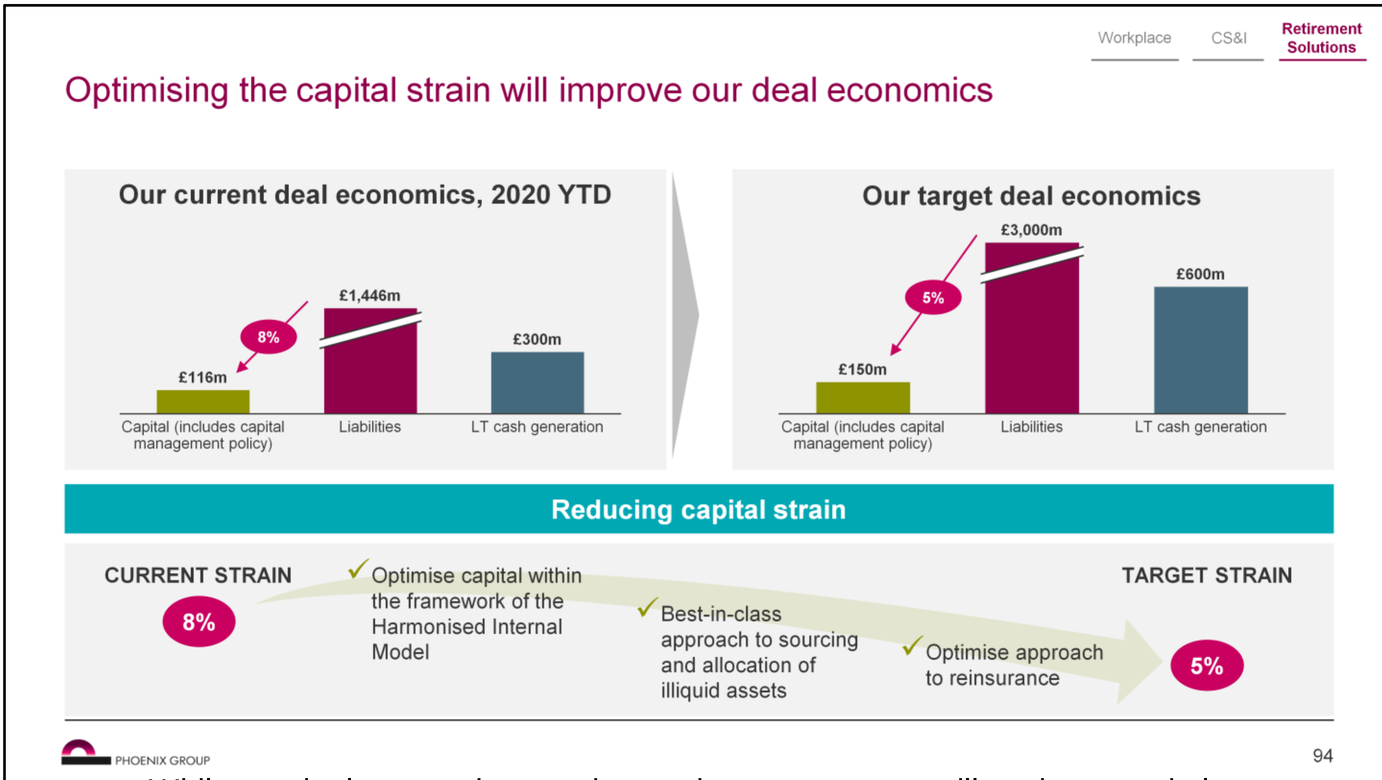


Having entered the external BPA market in 2018 Phoenix is now an established player having written £5.7bn of liabilities across both internal buy-ins and external BPA.

Our market share is currently circa 5%

Our ambition is to GROW and EXPAND this business unit. However, we will continue to be SELECTIVE and PROPORTIONATE, focused on VALUE not VOLUME, targeting deals in the £100m to £1bn range.

We will fund BPA from our own resources and will allocate £150m to £200million of surplus capital per annum - subject, of course, to meeting Rakesh’s expectations around returns on capital and ensuring that annuities do not become an overly dominant proportion of the Group’s total product mix.



While our deal economics, continue to improve, we are still seeing a capital strain of 8%, inclusive of our capital management policy.

Our focus, is on, reducing this capital strain from 8% to 5%, which we will achieve by:

1) optimising capital, within the framework of the Harmonised Internal Model,
2) a best in class approach to, the sourcing and allocation of illiquid assets, and
3) optimising our approach to reinsurance

With these deal economics £150m of capital investment will generate around £600millon pounds of incremental long term cash generation.

A significant step, on our way to proving the wedge!

We are strengthening our capabilities to support our BPA ambitions

Build best in class asset capability

- Identify and execute bespoke asset origination opportunities for BPA deals
- Leverage in-house investment expertise to enable real time asset pricing into BPA deals
- Increase volume of illiquid asset origination

Expand our proposition

- Pricing of deferred liabilities from 2021 (current proposition biased towards pensioner-only transactions)
- Enhance buyout capability
- Supported by best in class onboarding and administration processes

Develop operating model

- Enlarged market leading team with specialist skills and proven track record of delivery
- Increase resources to enhance pricing capability and provide a scalable operating model
- Investment in pricing platform to increase scalability

De-risking partnerships

- Leverage mutual benefits of long-term de-risking partnerships including reinsurance
- Continue to use umbrella terms to facilitate efficient follow-on transactions, having completed 4 to date

Underpinned by our solutions-focused approach to customer requirements and proven ability to work collaboratively to execute transactions efficiently

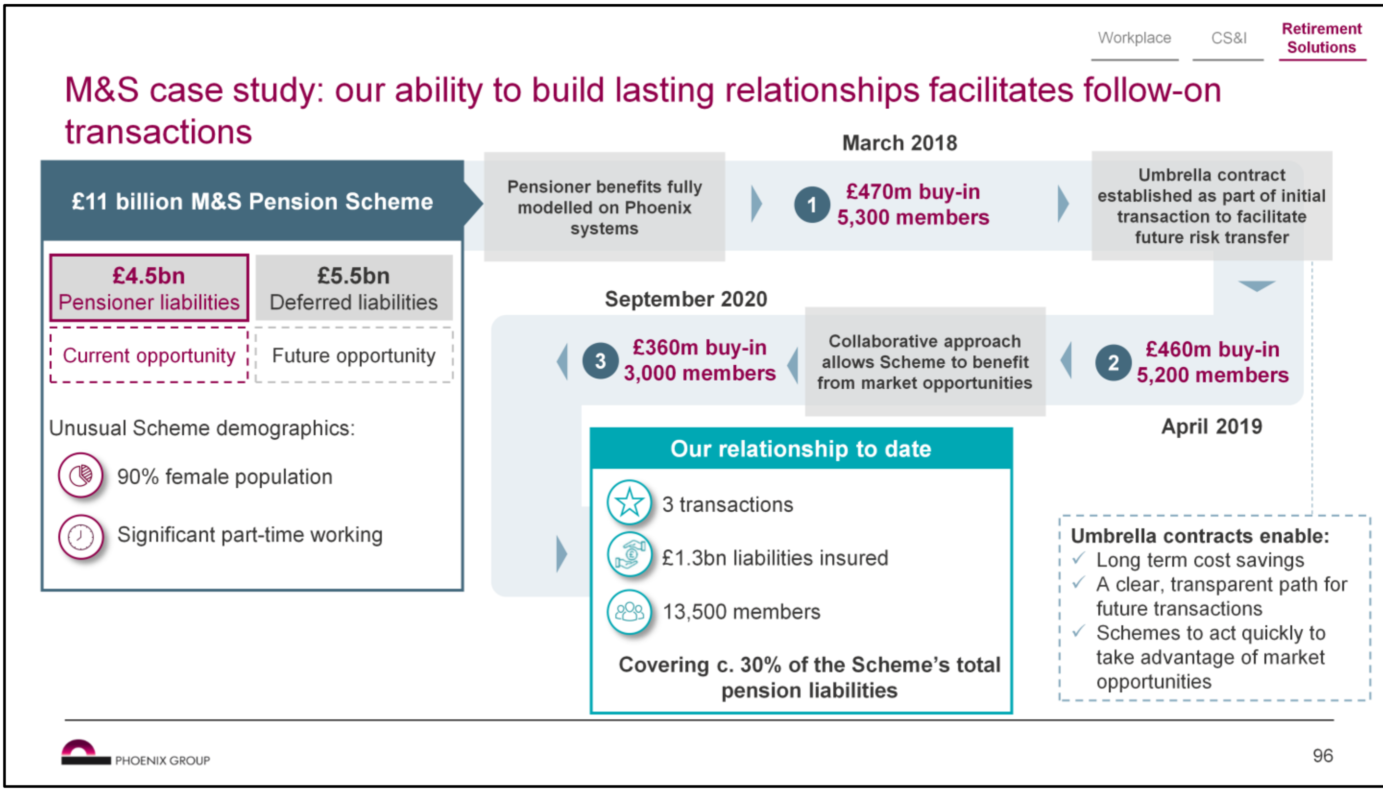
To grow our BPA business, we must strengthen our capabilities.

Mike Eakins, will talk next, about his plans to build, a best in class, asset management capability, that will support our growth strategy.

We will, also be working, to:

- expand our proposition,
- develop our operating model, and
- build de risking partnerships.

And, we look forward to welcoming Tom Ground as Managing Director of this business in January.



Before I conclude, I thought I would share with you an example of how our ability to build long standing relationships facilitates follow on transactions.

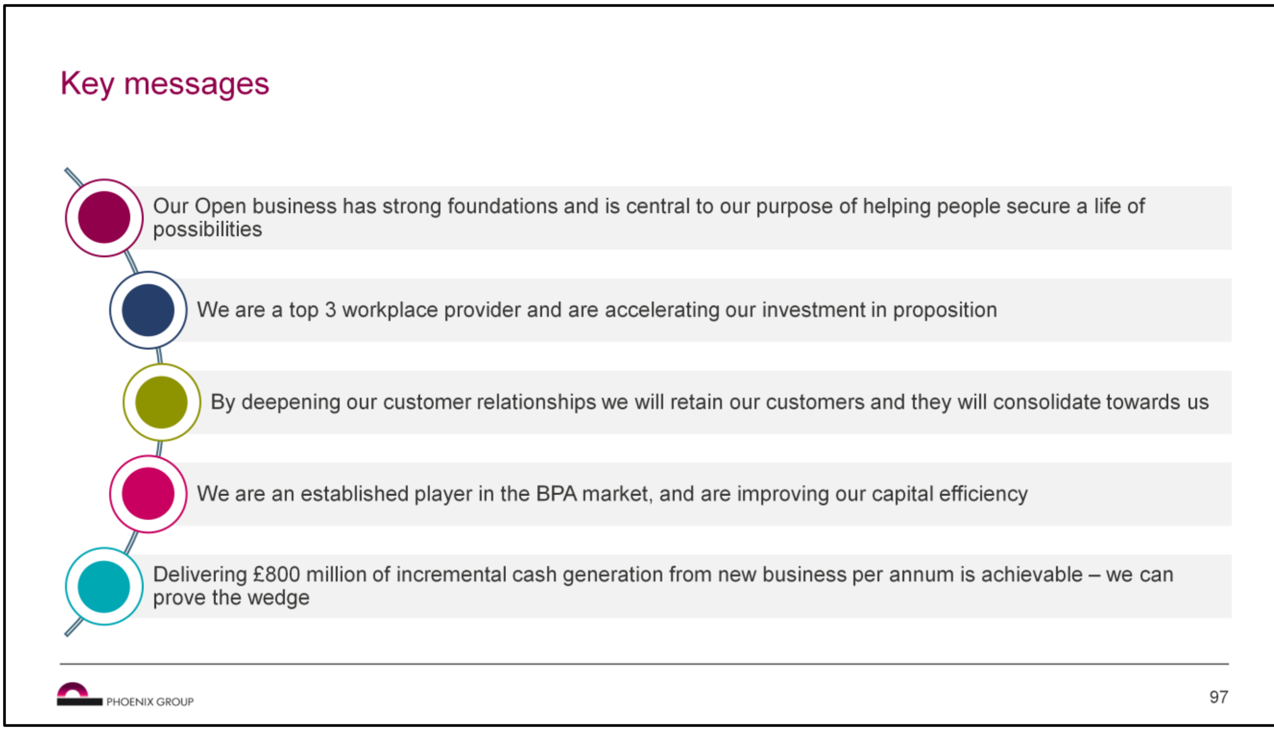
Our first external BPA was with the M&S scheme back in May 2018. This is a scheme which uses umbrella contracts, to undertake a rolling programme of buy-in tranches.

Phoenix applied a solutions focussed approach, to work with trustees, recognising the Scheme's commitment to reduce longevity risk, over time.

By working collaboratively with advisers, trustees and reinsurers, we were able to improve transaction efficiency.

This approach also allowed us to provide attractive pricing.

We have now completed 3 transactions and insured £1.3bn pounds of liabilities, with the M&S scheme, covering 30% of pension liabilities.



To summarise, our open business is central to our purpose of ‘helping people secure a life of possibilities’.

We have strong foundations and are aligned to the industry drivers of change.

We are a top 3 workplace provider and are accelerating our investment in proposition to PROTECT and GROW in this market.

By deepening our customer relationships, we will retain our customers and they will consolidate towards us, as well as helping them journey to and through retirement.

We are an established player in the BPA market and are focused on improving our capital efficiency, to ensure the capital we allocate delivers strong returns.

Through the delivery of these strategic priorities, I am confident that delivering £800 million of incremental cash generation from new business, is achievable.

We can prove the wedge

I will now hand over to Mike, who will now take you through our approach to asset management.

Agenda: Phoenix Group Capital Markets Day 2020

1 Overview	Introduction	Nicholas Lyons - Chairman
	Strategy	Andy Briggs - Group Chief Executive Officer
	Financial framework	Rakesh Thakrar - Group Chief Financial Officer
2 Deep dive	Sustainability	Claire Hawkins - Director of Corporate Affairs & Investor Relations
	Heritage business	Andy Moss - Heritage Chief Executive Officer
	Open business	Andy Curran - Chief Executive Officer, Savings & Retirement UK & Europe
	Asset Management	**Mike Eakins - Chief Investment Officer**
3 Wrap up	Summary	Andy Briggs - Group Chief Executive Officer
	Q&A	Panel

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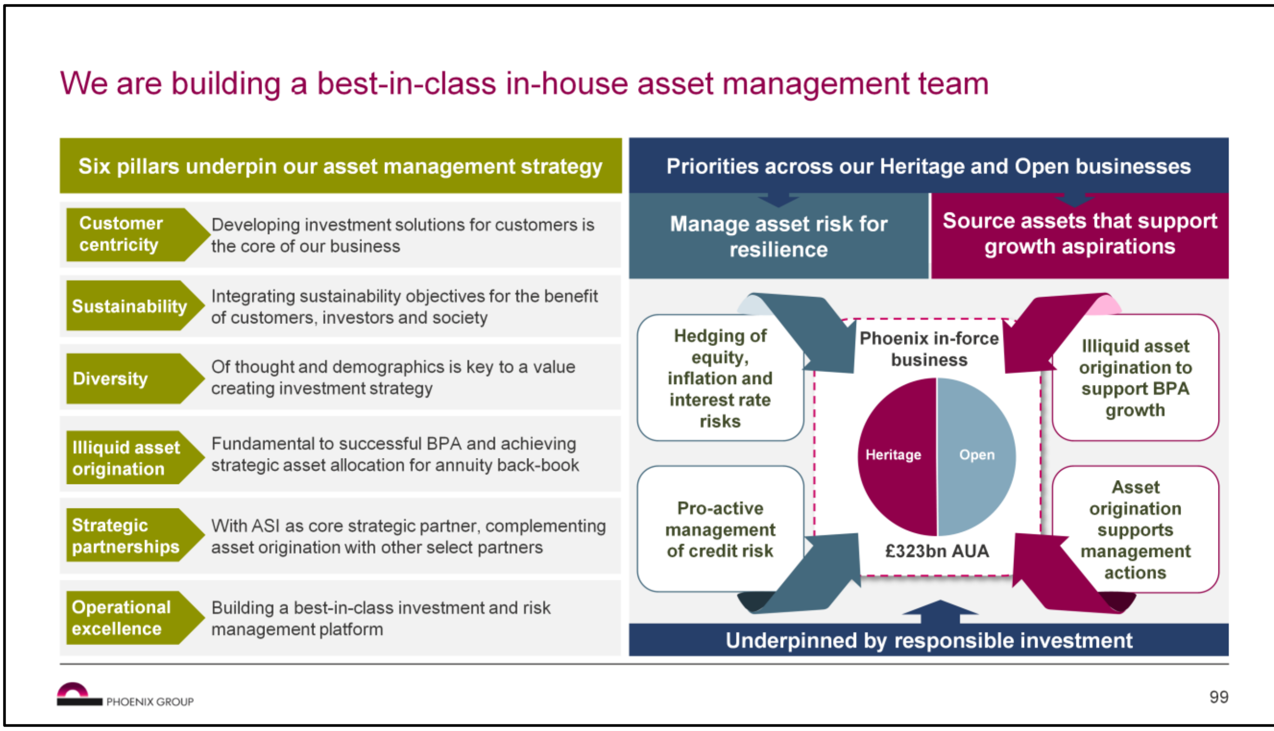
Thank you Andy and good afternoon.



I joined the Group in July this year, when Phoenix's acquisition of ReAssure completed, having held the role of CIO at ReAssure for just over 12 months.

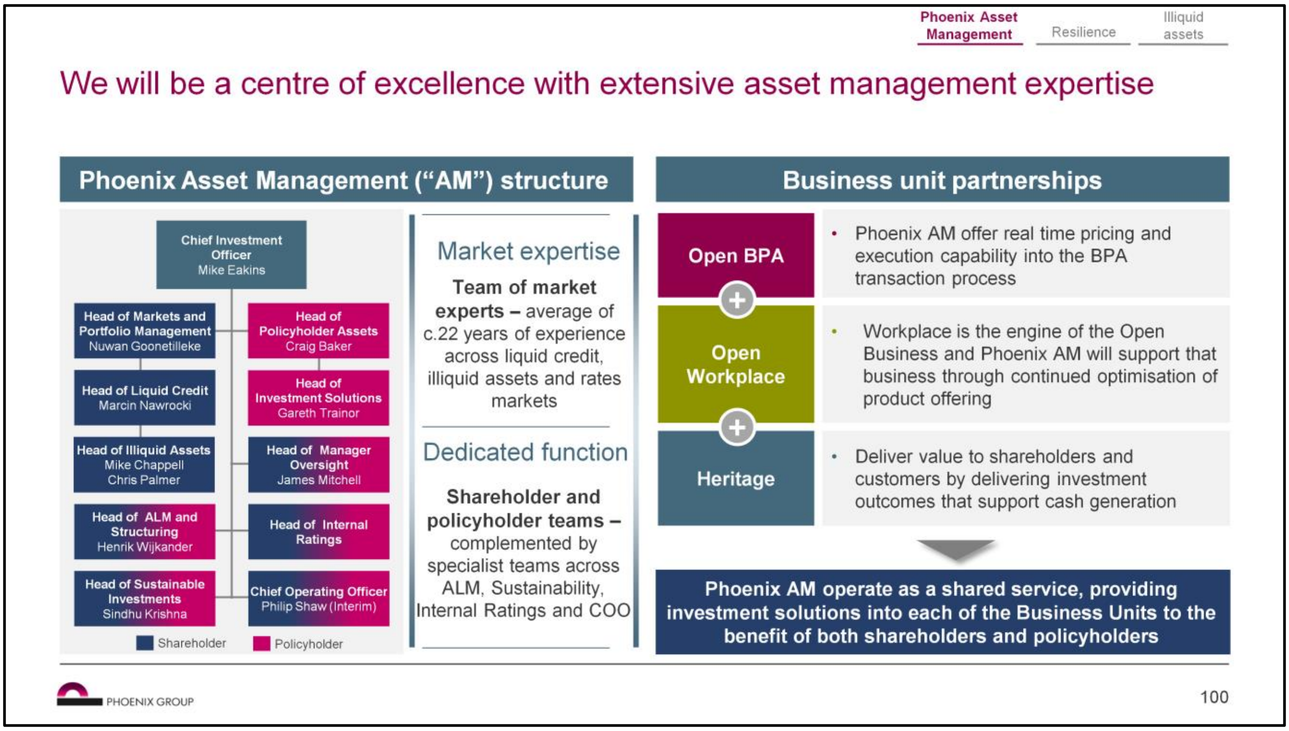
I am super excited about the shared vision that Andy Briggs and I have for in-house asset management at Phoenix – and that it is, to be, best in class.

The Phoenix Asset Management team brings together all investment activities.

Across both Shareholder and Policyholder Assets and across both Heritage and Open businesses.

Our asset management strategy has three clear priorities:

1. to manage our Asset Risk for Solvency II Balance Sheet resilience,
2. to source assets that support our growth aspirations and deliver management actions, and
3. to embed the principles of Responsible Investment into all that we do.



Our ambition of being a centre of excellence, will be delivered by our people and our operating platform.

My team has dedicated Shareholder and Policyholder teams who are supported by specialist teams focused on;

- Internal Ratings,
- ALM,
- Sustainability,
- Operations and Manager Oversight.

I am fortunate to have been able to recruit some of the best and most experienced talent available, within the Asset Management and Insurance Sectors.

To ensure we have in-house expertise across liquid credit, illiquid assets and interest rate markets.

We are also investing in our operating model, using the latest technology to implement a leading investment platform and risk management system across the Group.

Phoenix Asset Management operates as a shared service. We are there to provide investment solutions across the Group.

So put simply, my priorities are the priorities of Andy Moss and Andy Curran.

And therefore totally aligned to the Group purpose of helping people secure a life of possibilities.

But our real competitive advantage comes from our Global Strategic Partnerships, which we can leverage to deliver optimal investment outcomes.

Aberdeen Standard Investments, or ASI as we refer to them, are our core strategic asset management partner.

This strategic partnership fosters collaborative working.

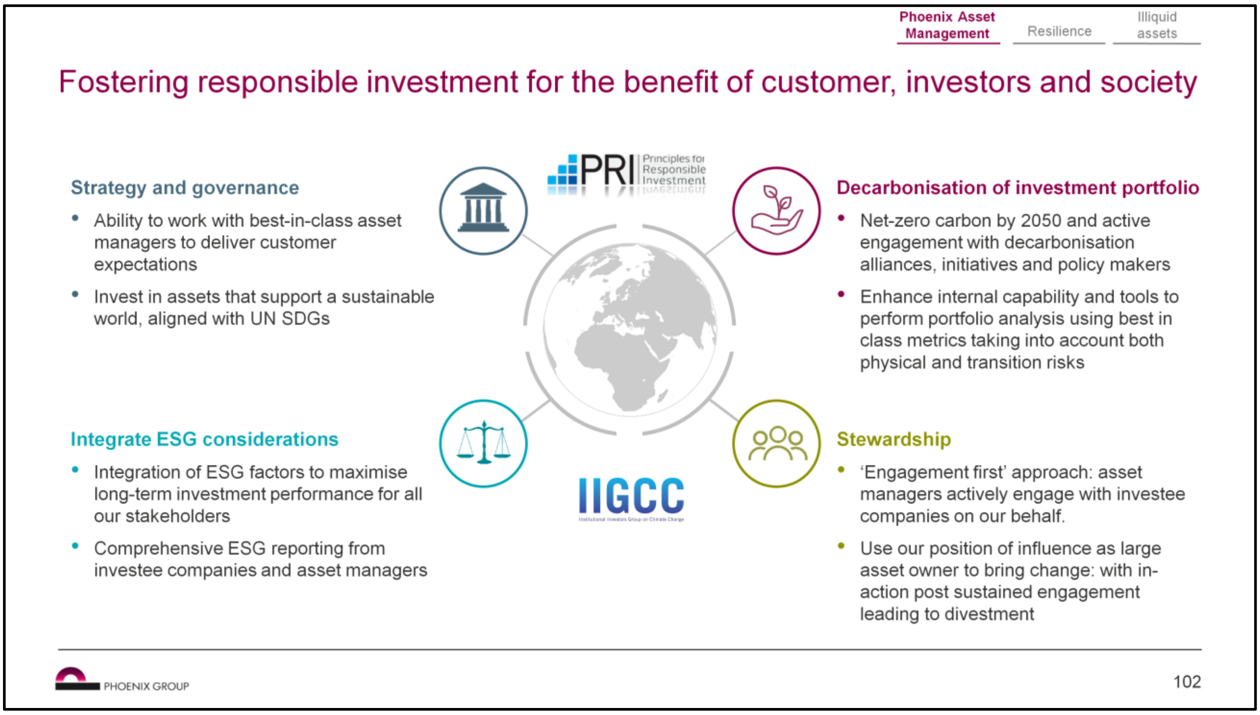
And I have been extremely impressed with the level of support we have received from all levels of engagement with ASI, on a day to day basis.

We also use a wide and increasingly large range of other Asset Management partners.

And this network is becoming truly global to ensure that we deliver best in class performance across all asset classes and geographies.

For example, as it relates to Infrastructure Debt, we also partner with Macquarie and BlackRock.

The flexibility that this network affords us, ensures we can leverage the very best experience available.



As Claire set out earlier, Responsible Investment is at the core of our investment strategy and will deliver benefits to policyholders, investors and society.

In 2019, we published our Responsible Investment Philosophy, representing a step change in our approach to integrating ESG into our investment strategy.

Our philosophy is based on the principles of the UN PRI and I am delighted to confirm that we recently became members of the UN PRI.

Our commitment to decarbonise our investment portfolio and be net-zero carbon by 2050 is integral to this.

But we recognise that commitments are not enough on their own.

Delivery is key and delivery will be contingent on the integration of ESG factors into our investment making decisions and will be dependent upon high quality data and reporting.

Key areas of focus for us right now.

We also recognise our stewardship responsibilities and will adopt an “engagement first” approach with the objective of using our position of influence to bring about change.

In-activity will, however, ultimately lead to divestment.

Phoenix's asset management strategy delivers resilience through risk management

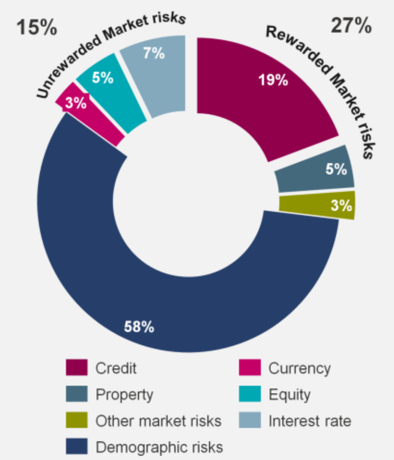
Unrewarded market risks

Risks we see as unrewarded :

- Interest rates
- Inflation
- Equities
- Currencies

Managed in line with risk appetite through systematic hedging to stated risk benchmarks

Estimated Q320 SCR by risk type



Rewarded market risks

Risks we see as rewarded :

- Credit spreads
- Credit downgrades/default
- Property

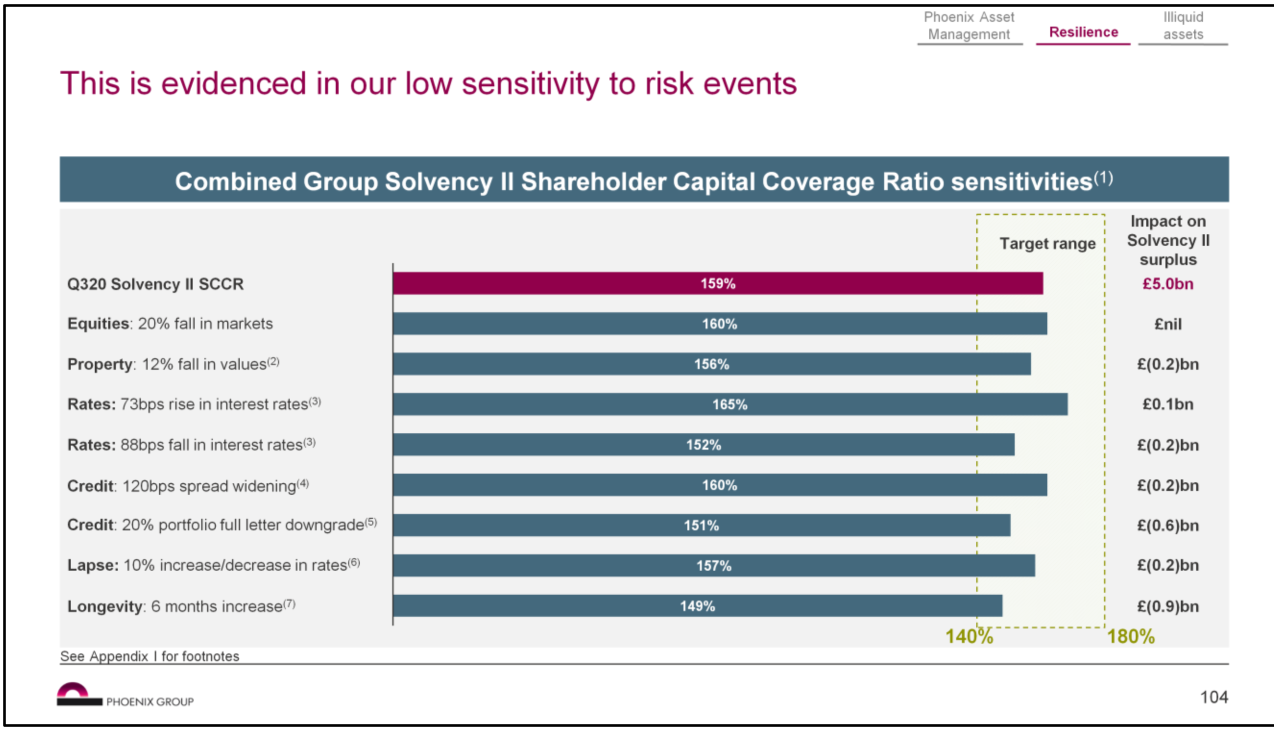
Managed in line with risk appetite through disciplined investment within set risk tolerance limits

Having explained our approach to Asset Management, I wanted to spend some time explaining how our Asset Management strategy delivers resilience through pro-active risk management and building on some of the management actions discussed by Rakesh.

We decompose shareholder market risks into two categories:

1. those that we view as unrewarded, such as interest rates, inflation, FX and equity. All of which, are managed within risk appetite through systematic hedging,
2. and those that we see as rewarded, like credit and property, which we manage within risk appetite through disciplined investment.

As a result of our approach to risk management, just over 40% of our residual shareholder risk is driven by market risk.



This approach to the setting and management of market risk appetite is different to our peers and translates into the low sensitivities presented here.

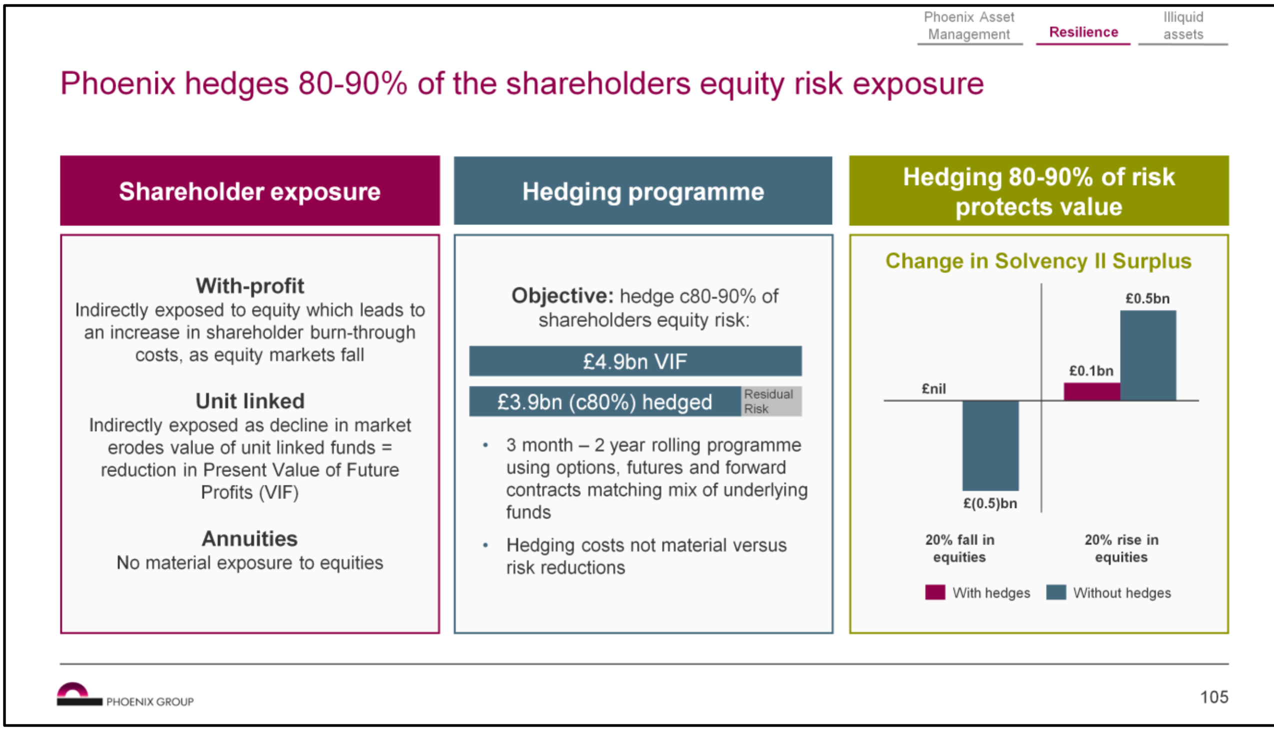
Many of you will be familiar with this exhibit.

It sets out the impact on both our Solvency II Surplus and Coverage Ratio of risk events occurring as at 30 September.

And shows that we remain within our target coverage ratio range under all scenarios.

You will note that the sensitivity of our Solvency II Surplus to the unrewarded risks of equity and interest rates is negligible.

And that our proactive management of risks such as credit and property, means our sensitivity to these risks is also small.



But I wanted us to explain how we achieve these low sensitivities.

Starting first with Equity Risk.

Here the Shareholder’s exposure is an indirect exposure it has to the With-Profit and Unit Linked funds.

This exposure is largest in the Unit Linked funds, were a decline in equity markets erodes the value of Unit Linked funds and therefore reduces the present value of future profits or “VIF”.

In total, we carry £4.9 billion of VIF in our balance sheet.

And hedge between 80 and 90% of this exposure through a rolling programme of options, futures and forward contracts.

The chart on the right hand side shows how our sensitivity would change if we didn’t hedge equity risk.

A 20% fall in equity markets would increase the strain on Solvency II Surplus from £0.1 billion to £0.6 billion.

We hedge residual shareholder interest rate risk exposure within risk appetite

Shareholder exposure

With-profit
Indirectly exposed to low interest rates which lead to an increase in shareholder burn-through costs

Unit linked
No material exposure to interest rate risk

Annuities
Directly exposed through investment performance and asset / liability mismatching

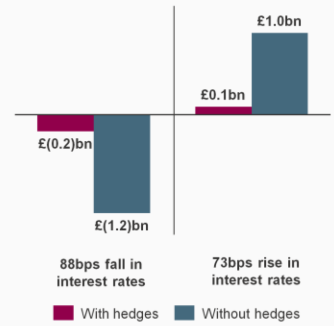
Hedging programme

Objective: reduce the exposure to interest rates on the Solvency II balance sheet. Delivered by:

- Initially through use of cash flow matching in annuity Matching Adjustment funds
- Then through portfolio of swaps and swaptions to reduce the interest rate exposure, including curve risk. Total risk that has been hedged is £13 million, per 1bp movement in interest rates

Hedging to risk appetite protects value

Change in Solvency II Surplus



Moving now to interest rates where the Shareholder exposure is driven primarily from the annuity book.

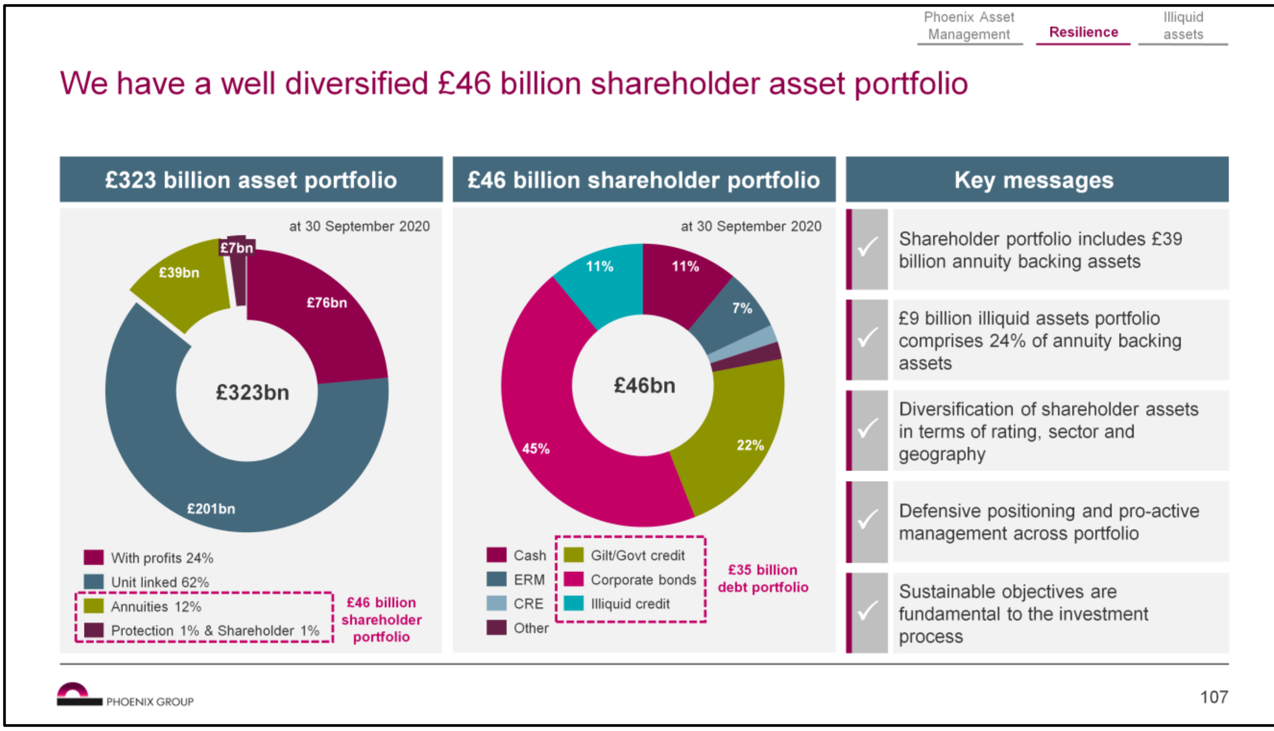
Our objective is to reduce our exposure to interest rates and bring resilience to the Solvency II surplus.

We do this initially through cash flow matching in our annuity funds, and then use swaps and swaptions to hedge the remainder of our interest rate exposure.

We have hedged over 85% of our interest rate risk, representing approximately £13 million per basis point movement in interest rates.

This hedging strategy brings significant protection to shareholder value

And without it, our sensitivity to an 88bps fall in interest rates would increase from a £0.2 billion reduction in Solvency II surplus to a £1.2 billion reduction.



Our exposure to the rewarded risks of credit and property are driven from our £46 billion shareholder asset portfolio.

The assets backing our annuity liabilities represent £39 billion, with the remaining £7 billion representing assets backing Protection business and other Shareholder capital.

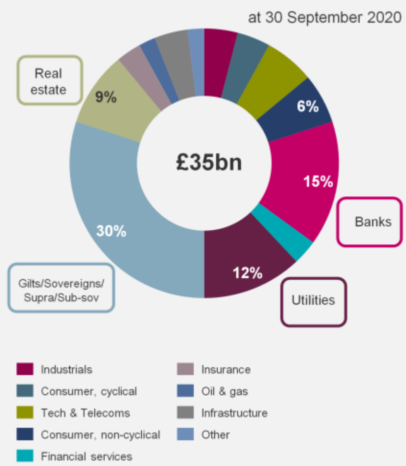
The shareholder portfolio includes a range of liquid and illiquid assets and is diversified across ratings, sectors and geographies.

Our £35 billion debt portfolio is defensively positioned and proactively managed

Approach to managing risk

- **Dedicated in-house credit expertise** with market leading managers
- **Scenario analysis** to actively monitor movement and exposures for 'at risk' sectors
- **Daily calls** between asset managers and Phoenix Asset Management team
- **Target <20% BBB** to manage non-investment grade downgrade exposure
- **Target to increase investment in US credit in excess of 10%** to balance risk through geographical diversification without compromising on yield return
- **Ongoing management actions** to further de-risk the shareholder portfolio in terms of rating and sector

Debt portfolio by sector



Key messages

- Largest exposures are to defensive sectors
- Minimised exposure to sectors sensitive to COVID-19 impact
- 1.6% exposure to oil and gas across the debt portfolio
- 2.2% exposure to airlines, hotel, leisure & traditional retail across the debt portfolio
- £2.6 billion (8%) of debt portfolio invested in US credit

Our shareholder assets include a £35 billion debt portfolio comprising of

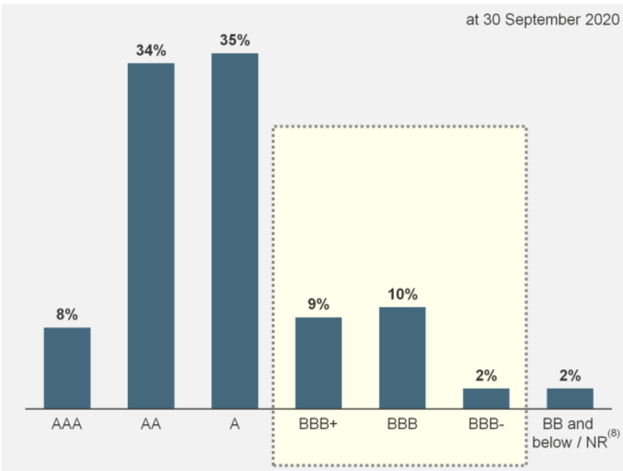
- Gilts and Supras,
- Corporate bonds, and
- Illiquid credit, excluding Commercial Real Estate Debt and Equity Release Mortgages.

We have a dedicated in-house team of market leading credit experts who proactively manage this portfolio on a daily basis.

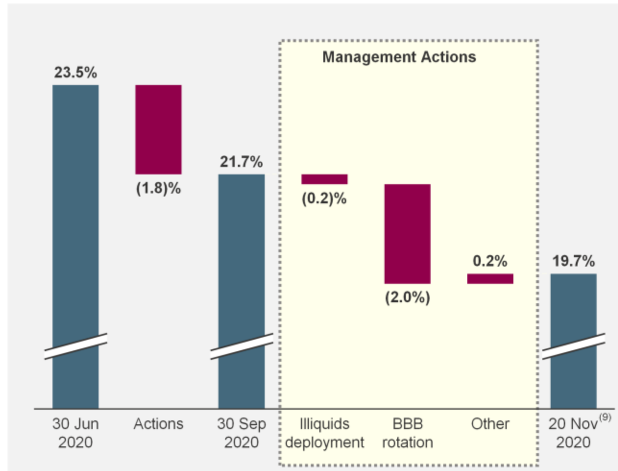
The portfolio is defensively positioned, with minimal exposure to companies most impacted by COVID-19 in sectors such as airlines, hotel, leisure and traditional retail.

The Group has a high quality debt portfolio and is on track to reduce BBB and below holdings to under 20%

Rating breakdown



Active management of BBB and below



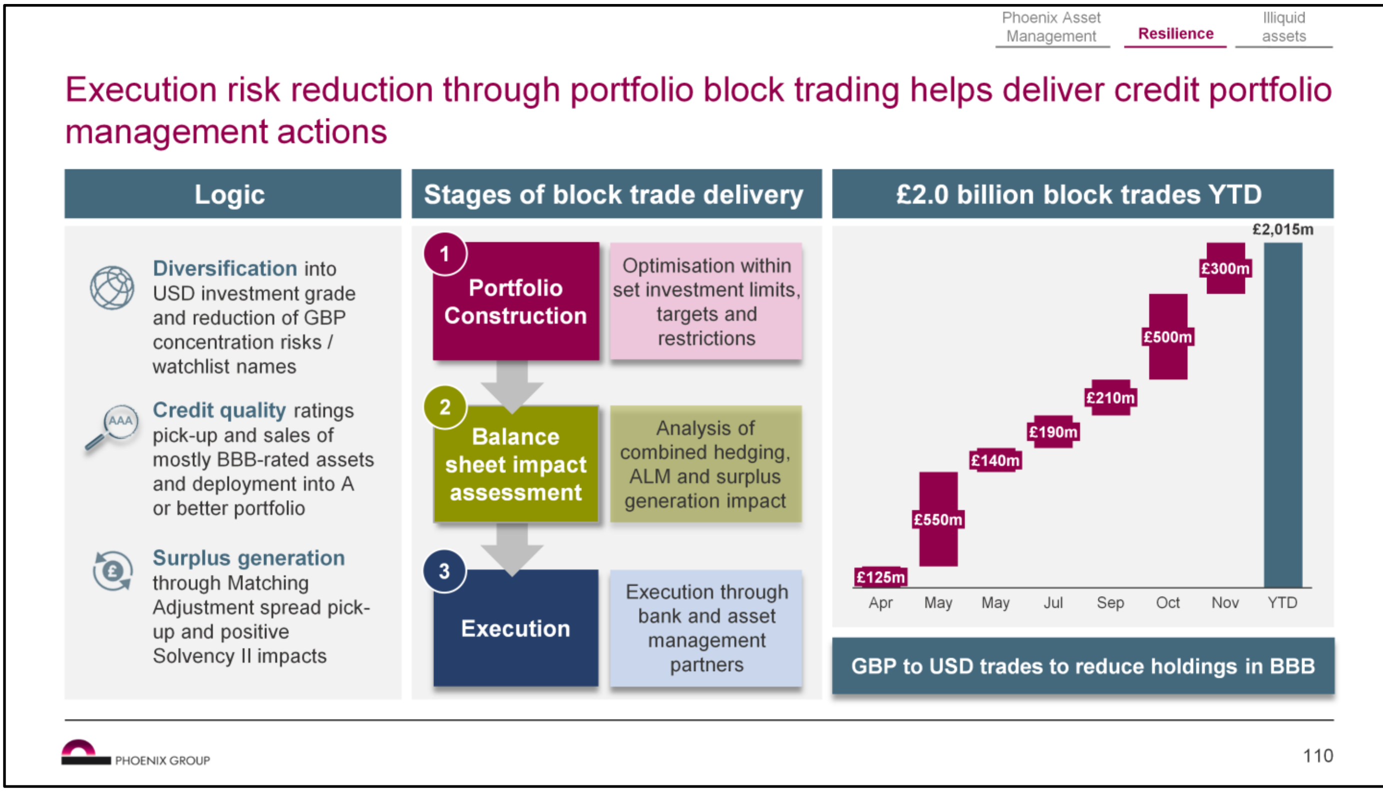
See Appendix I for footnotes

The Group's debt portfolio is high quality with 98% at investment grade. And only 2% of the portfolio sitting at BBB-.

Historically, ReAssure's exposure to BBB was significantly higher than that of Phoenix, and we have been proactively reducing the exposure to BBB throughout the year.

On a combined group basis, the BBB and below exposure, as a percentage of our debt portfolio, was at 23.5% at the half year.

Through the delivery of management actions, including rotation into USD Investment Grade credit, this exposure had been reduced to 19.7% at the 20th November.



This material reduction in BBB exposure has, in a large part, been delivered through Portfolio Block Trades.

Not only do these block trades help improve our credit quality, but they have supported our ambition to diversify into USD Investment Grade Credit

And have been a value creating management action.

These trades are only possible because of the expertise within the Phoenix Asset Management function.

Portfolios are constructed in accordance with clear investment criteria and their impact assessed on the aggregate Balance Sheet, prior to execution.

We then execute these block trades with the help and support of our Asset Management and Bank Partners.

To give you an example of a recent block trade, in September, Phoenix Asset Management rotated £210m out of GBP credit into USD credit, generating Solvency II Surplus.

It should be noted that all USD bonds are hedged back to GBP, by using cross-currency swaps, matching the term of the bonds.

Active management of debt portfolio has led to limited downgrade experience

Average credit rating by sector (Q320 vs HY20)

Sector	Q320	AA	A	BBB	Δ vs HY20
Industrials	4%			● ●	↔
Consumer, Cyclical	4%		● ●		↔
Tech and Telecoms	6%		●	●	↑
Consumer, Non-cyclical	6%		● ●		↔
Banks	15%		● ●		↔
Financial Services	3%		● ●		↔
Utilities	12%			● ●	↔
Gilts/Supra/Sub-sov	30%	● ●			↔
Real Estate	9%		● ●		↔
Insurance	3%		● ●		↔
Oil and Gas	2%		● ●		↔
Infrastructure	4%			● ●	↔
Other	2%		● ●		↔
TOTAL	**100%**				

Key: Q320 ● HY20 ●

Key messages

- Proactive rotation out of assets on ASI downgrade forecast and internal Watchlist
- Only £1.6 billion (4.5%) of bonds in the debt portfolio subject to a letter rating downgrade
- Only £148 million (0.4%) of bonds in the debt portfolio downgraded to sub-investment grade
- 99.3% of cash flows paid on illiquid bonds and 99.99% paid on liquid bonds
- No defaults in liquid portfolio. There has been one default of a Retail asset in illiquid portfolio – value £37 million

The outcome of this active management is limited downgrade experience.

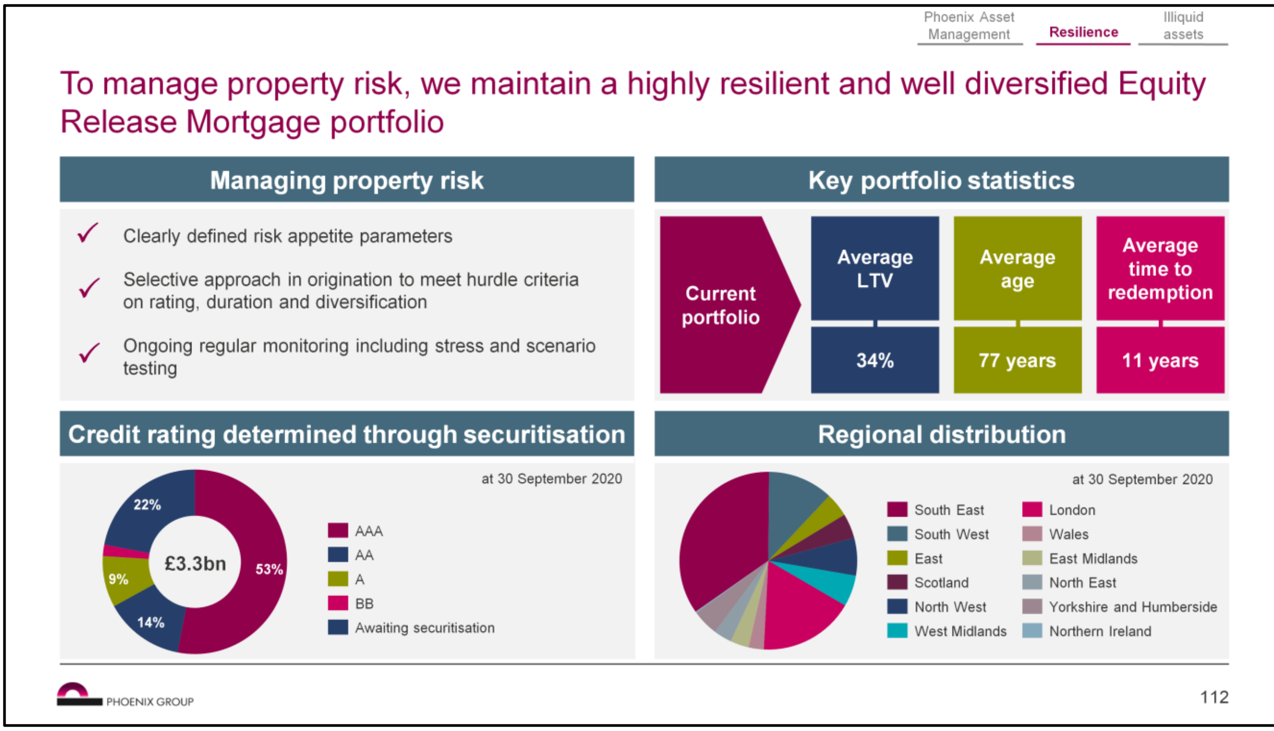
This chart shows that the average credit rating of each sector within our debt portfolio has been maintained.

As at 30 September, only £1.6 billion or 4.5% of bonds in our debt portfolio had been subject to a full letter downgrade.

And only £148 million or 0.4% from our debt portfolio were to sub-investment grade.

99.3% of all cashflows have been paid on our illiquid bonds and 99.99% have been paid on our liquid bonds.

This performance is directly driven by Phoenix's approach to managing credit risk and the high quality team we have in place.

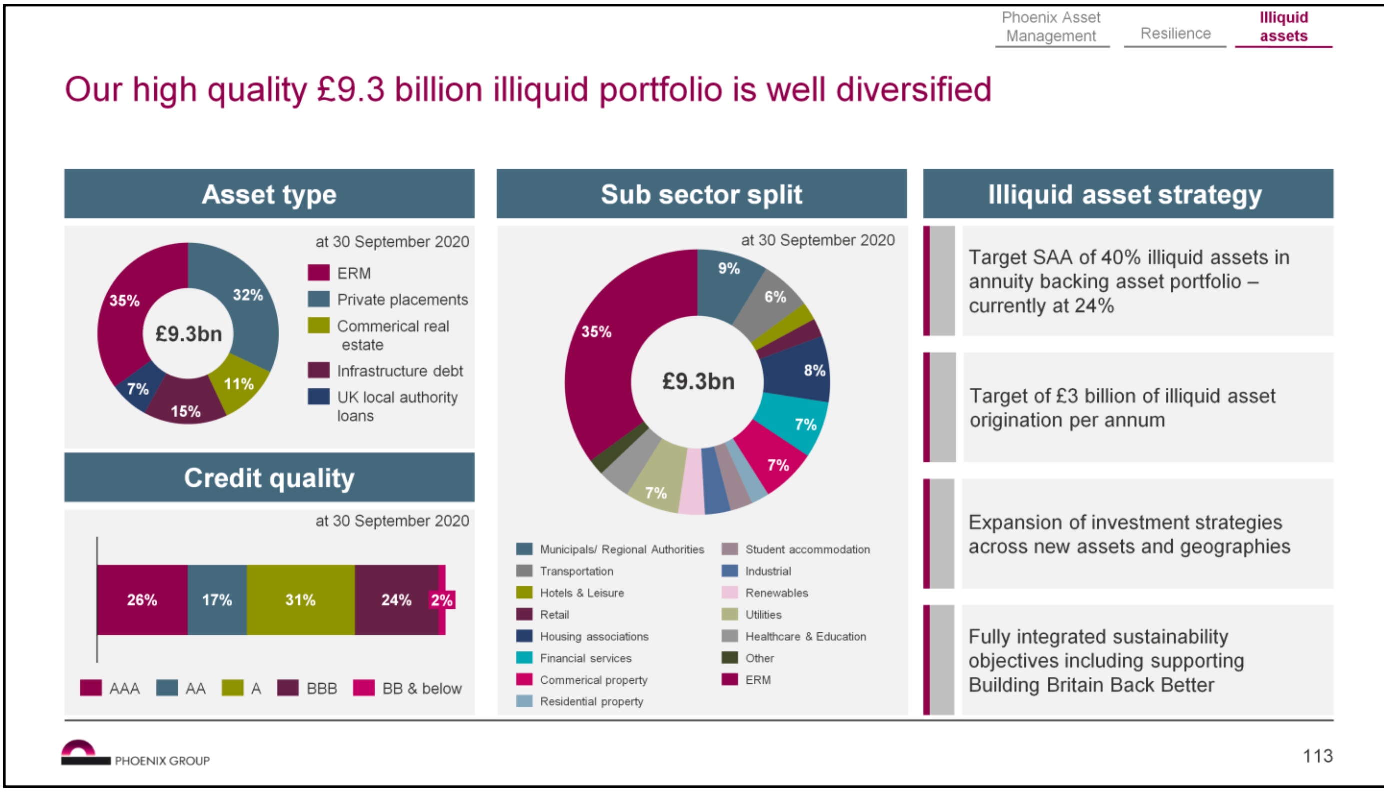


Phoenix's exposure to Property Risk is primarily driven by our £3.3 billion Equity Release Mortgage portfolio.

This portfolio is highly resilient and well diversified.

We have clearly defined risk appetite parameters for this investment class and our selective approach to origination imposes hurdle criteria on rating, duration and diversification.

We monitor the portfolio on an ongoing basis through stress and scenario testing and will continue to evaluate the use of No-Negative Equity Guarantee Hedging.



Annuity liabilities are long dated and it is therefore optimal to put long dated, or illiquid assets against our annuity liabilities, to achieve cash flow matching.

Our current £9.3 billion illiquid portfolio is well diversified across Asset Types and Sub-Sectors.

In addition to our Equity Release Mortgage portfolio, our illiquid portfolio comprises of

- Private Placements,
- UK Local Authority Loans,
- Commercial Real Estate and Infrastructure Debt.

The portfolio has a high credit quality with around 75% of the portfolio rated A or above.

As Andy Curran explained earlier, BPA is a driver of growth for Phoenix

And appropriate illiquid asset sourcing is a key enabler, to reducing the capital strain we incur from the current level of 8% to the target of 5%.

To meet the expected growth of our BPA business. And achieve our 40%

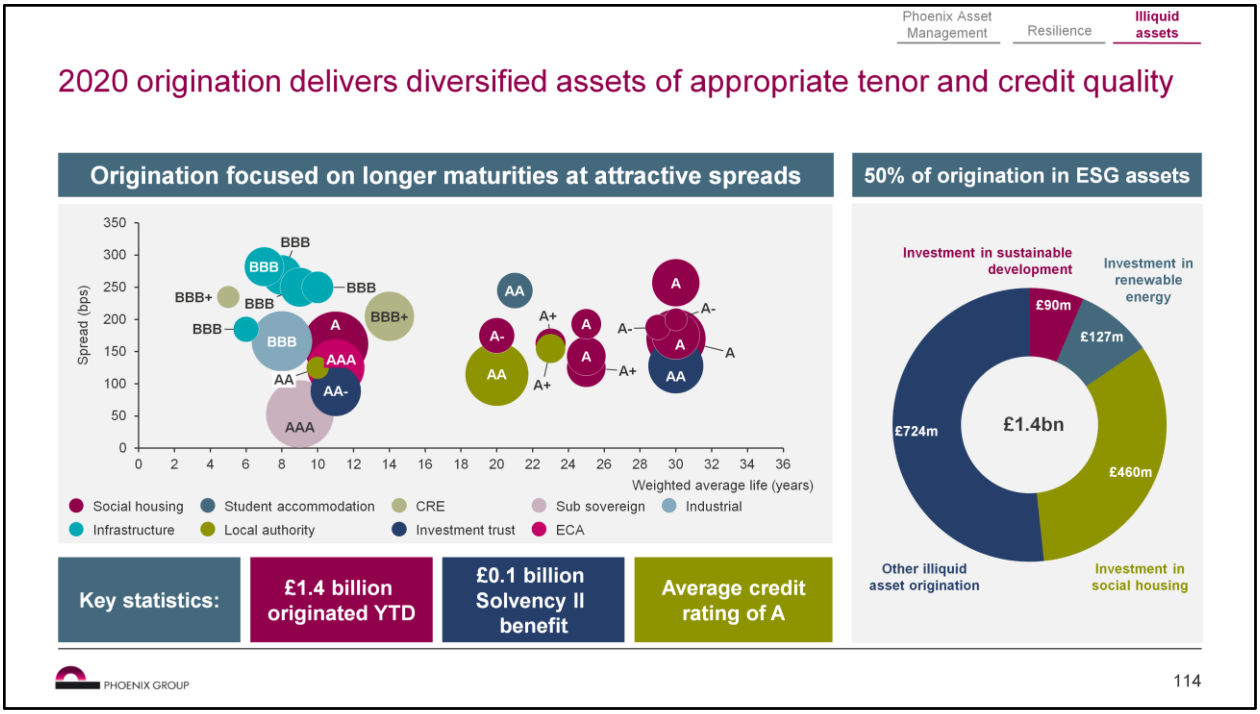
target strategic asset allocation, we aim to, subject to prevailing market conditions,

source £3 billion of illiquid assets per annum.

However, we will continue to be driven by value and not volume, quality and not quantity.

As a reference point, over the course of the third quarter of 2020, of the potential illiquid asset investments screened, only 12.5% were invested.

We will achieve this increased origination target by expansion of our investment strategies across new assets and geographies, with fully integrated sustainability objectives.

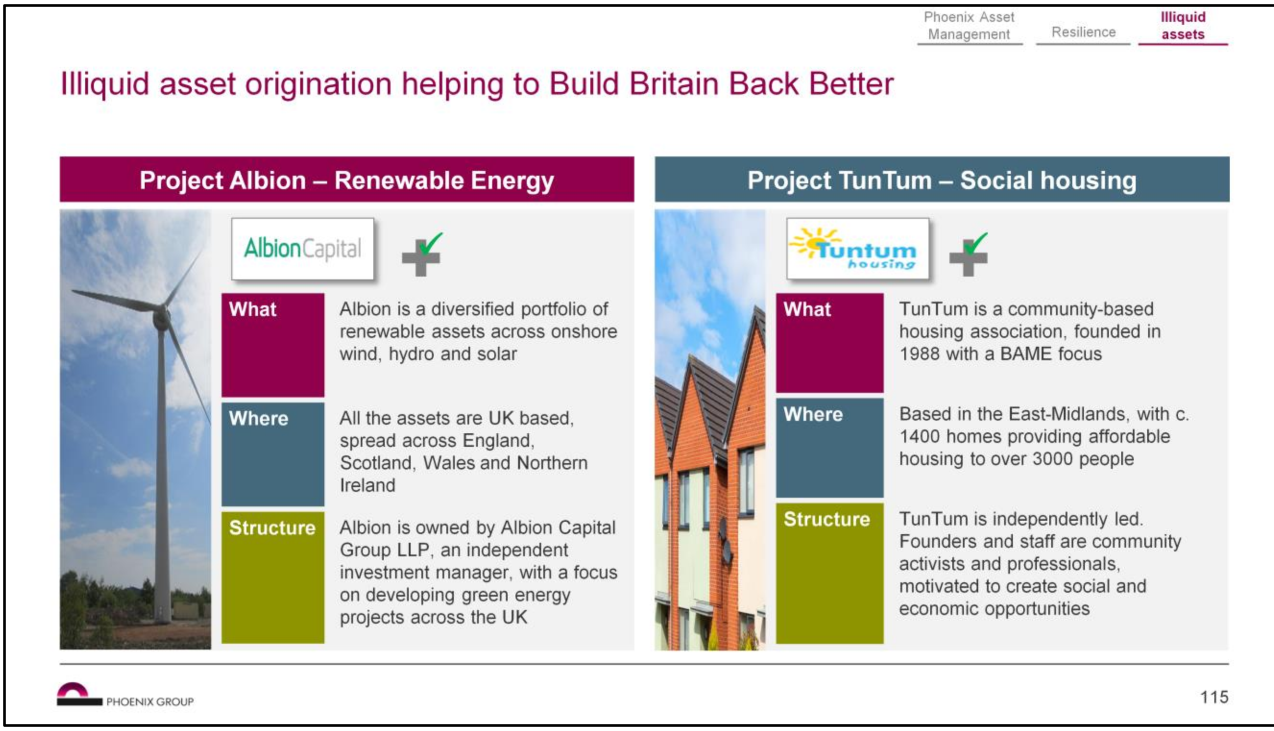


In 2020, we have originated £1.4 billion of illiquid assets across a range of durations, with an average credit rating of A.

Illiquid asset origination continues to be one of our key management actions, delivering a £0.1 billion increase in Solvency II surplus.

On a going forward basis, we will be expanding our ability to originate directly with borrowers so that we can augment the origination through our Asset Management Partners.

It is in our illiquid asset sourcing that we can most easily see the impact of our commitment to responsible investing with 50% of our illiquid asset origination this year being into ESG assets.



And integral to this Illiquid Asset Origination is our programme of helping Build Back Britain Better.

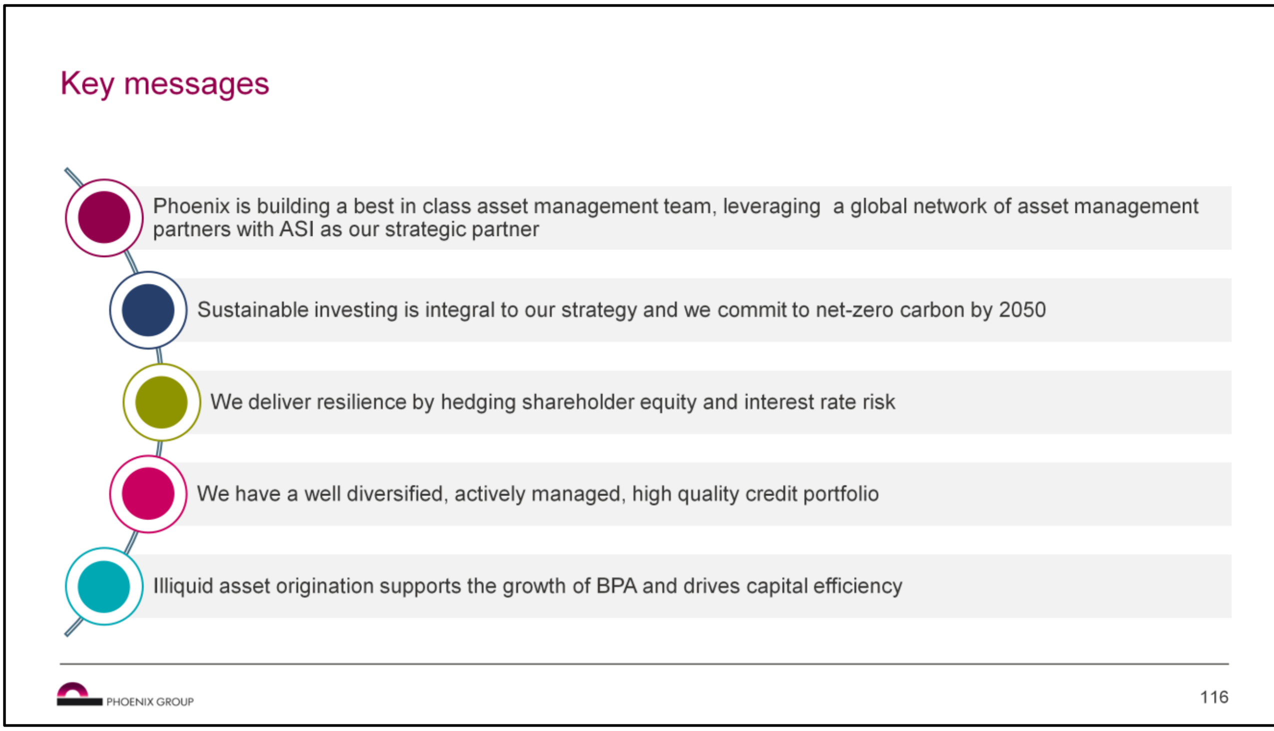
I have included on this slide two great examples of this programme in action.

The first, Project Albion is a renewable energy portfolio.

Across onshore wind, hydro and solar power, with investments in England, Scotland, Wales and Northern Ireland.

The second, Project TunTum is a community based housing association with a B-A-M-E focus. Based in the East Midlands, it has approximately 1,400 homes providing affordable housing to over 3,000 people.

We look forward to playing a key role in society over the coming years, putting our assets to good use and supporting our Group purpose of helping people secure a life of possibilities.



To conclude,

Phoenix is building a best in class, in-house Asset Management team.

Which has the unique advantage of being able to partner with a Global Network of Asset Managers and ASI as our core strategic asset management partner.

Sustainable Investing is integral to our investment strategy and aligned to the Group's purpose. Integral to this is our commitment for our investment portfolio to be net-zero carbon by 2050.

A key priority is managing market risk.

We deliver resilience by hedging unrewarded risks like equity, interest rates and FX. And proactively manage rewarded risks like credit through a well-diversified, high quality, defensively positioned portfolio.

Illiquid assets provide great matching for annuity liabilities and our ability to originate high quality illiquid assets supports the growth of our BPA business and drives capital efficiency.

I am now going to hand back to Andy Briggs to summarise.

Appendix I: Footnotes

(1) Sensitivity assumes stress occurs on Day 1 and that there is no market recovery
(2) Property stress represents an overall average fall in property values of 12%
(3) Assumes the impact of a dynamic recalculation of transitionals and an element of dynamic hedging which is performed on a continuous basis to minimise exposure to the interaction of rates with other correlated risks including longevity
(4) Credit stress varies by rating and term and is equivalent to an average 120bps spread widening (full range of spread widening is 49bps to 204bps). It assumes the impact of a dynamic recalculation of transitionals and makes no allowance for the cost of defaults/downgrades
(5) Impact of an immediate full letter downgrade across 20% of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A, etc). This sensitivity assumes no management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade.
(6) Assumes most onerous impact of a 10% increase/decrease in lapse rates across different product groups
(7) Applied to the annuity portfolio
(8) Includes £132 million BB and below and £333 million non-rated assets
(9) Estimated position as at 20 November 2020

Thank you Mike.

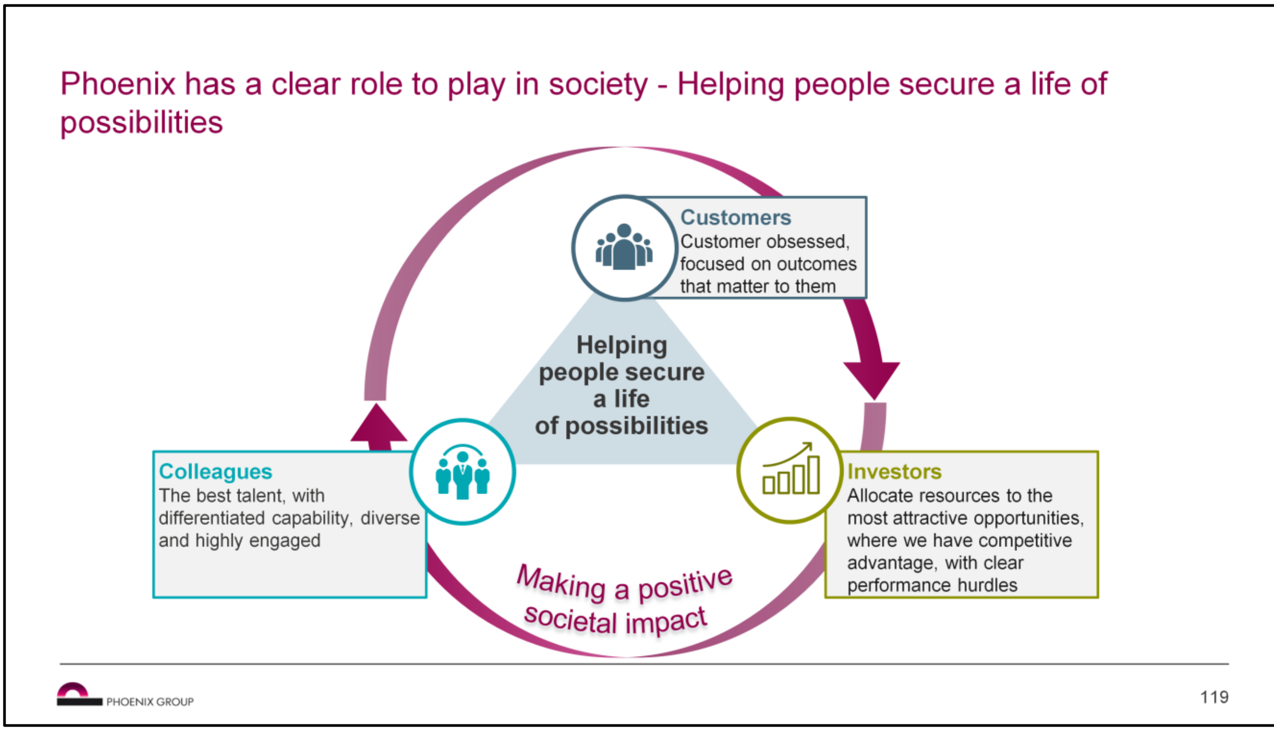
I am incredibly excited about the creation of Phoenix asset management.

The combination of the right team, and the right strategy, means we're very confident of the impact Mike and his team will have on our broader strategic delivery.

We've run through a lot of detail today, and there's been much to absorb.

Before we move to Q&A, I wanted to try to pull it all together.

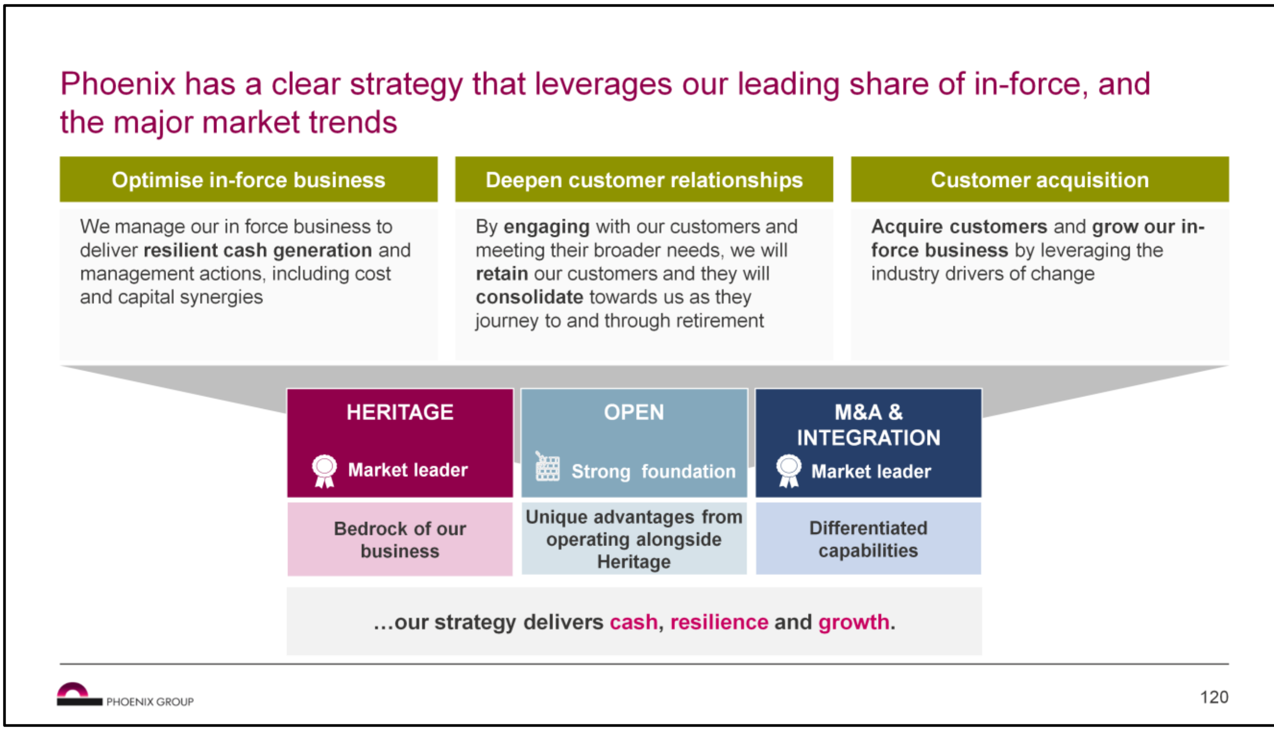
Therefore, if there were three key things I'd urge you to take away from today, they would be:



First – our strength of purpose.

As the U.K.'s largest long-term savings and retirement business, Phoenix has a clear role to play in society, and that is what underpins our new purpose, helping people secure a life of possibilities. With sustainability at our core.

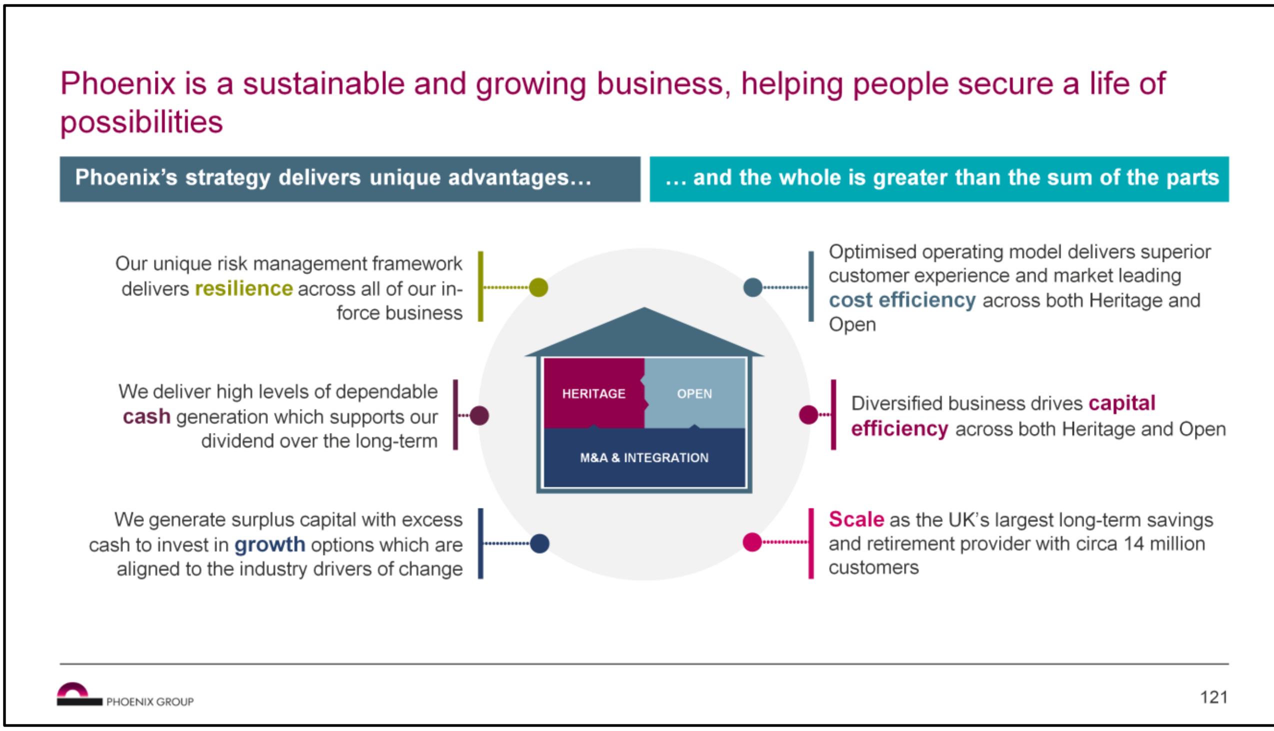
I passionately believe that the best businesses, have the best people, are customer obsessed and focused on their core social purpose, to, in turn, drive superior returns for shareholders. A virtuous circle. And that's what we're doing here at Phoenix.



Second – our clear strategy.

This starts by leveraging our market-leading share of in-force business, in the UK long term Savings and Retirement market. And then we are extremely well placed, to take advantage of the major market trends.

Both deepening our existing customers relationships, across our 14 million customers. And acquiring new customers, through new Workplace and BPA business, and through M&A.



And third – we will win, because we have unique advantages.

Our resilience, our dependable cash, and our excess cash to invest in growth. All of which we've evidenced over a long time period, including most recently, through the challenges of the pandemic.

And because at Phoenix, the whole is greater than the sum of the parts. Our Open businesses have unique advantages, from operating alongside Heritage.

And given the scale of our Heritage and Open businesses, we can deliver higher synergies, and hence more value, from M&A

All in all, a unique combination of dependable resilience, and exciting growth opportunities.

Thank you.

And with that we'll move to Q&A.

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