

LV= Smoothed Managed Funds

Investment Report 2022

This information does not constitute investment advice and we recommend that you speak to a suitably qualified financial adviser before making any investment decision based upon this, or any other information.

This report provides information on the performance of the LV= Smoothed Managed Funds Pension, LV= Smoothed Managed Funds Bond, LV= Smoothed Managed Funds Trustee Investment Plan and LV= ISA, for the period 1 January 2022 to 31 December 2022.

Columbia Threadneedle Investments

Since 1 November 2011 the asset management of our funds has been undertaken on our behalf by Columbia Threadneedle Investments. Columbia Threadneedle is responsible for the day to day management of the assets within investment guidelines set by LV=.

Columbia Threadneedle is a leading international investment manager that manages £485bn of assets (as at 31 December 2022), investing on behalf of individuals, pension funds, insurers and corporations. Columbia Threadneedle is the global asset management group of Ameriprise Financial, a leading US-based financial services provider. Columbia Threadneedle's website address is columbiathreadneedle.co.uk.

How we manage the LV= Smoothed Managed Funds

Your LV= plan is a with-profits investment. LV= provides information on how these funds are managed in technical documents called 'Your guide to how we manage our unitised with-profits Smoothed Managed Funds business' and 'Your guide to how we manage our unitised with-profits LV= ISA'. These documents are designed to help you understand what to expect from your investment.

The current version of the fund guide that relates to your investment, is available on our website at LV.com/investments.

Unit price and performance of each fund option available

Within the following pages you'll find the performance of each available fund option.

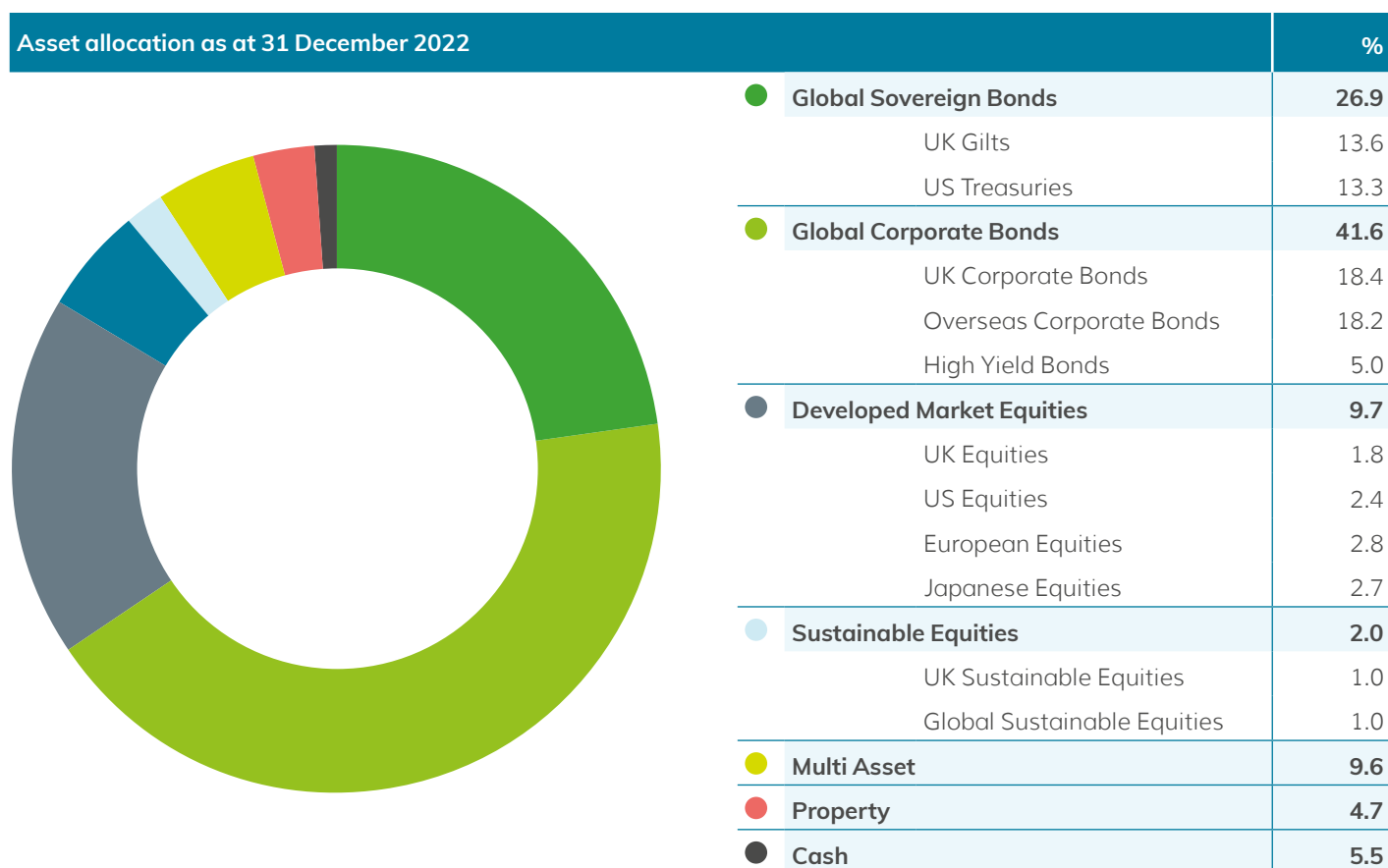
You can find the current unit price of your investment on our website at LV.com/investments/investment-fund-prices.

You need to be aware that in each fund option your investment can go down as well as up. The higher the amount invested in equities (also known as stocks and shares), the more frequently this will happen and the more significant the changes in value are likely to be.



Smoothed Managed Extra Cautious Fund

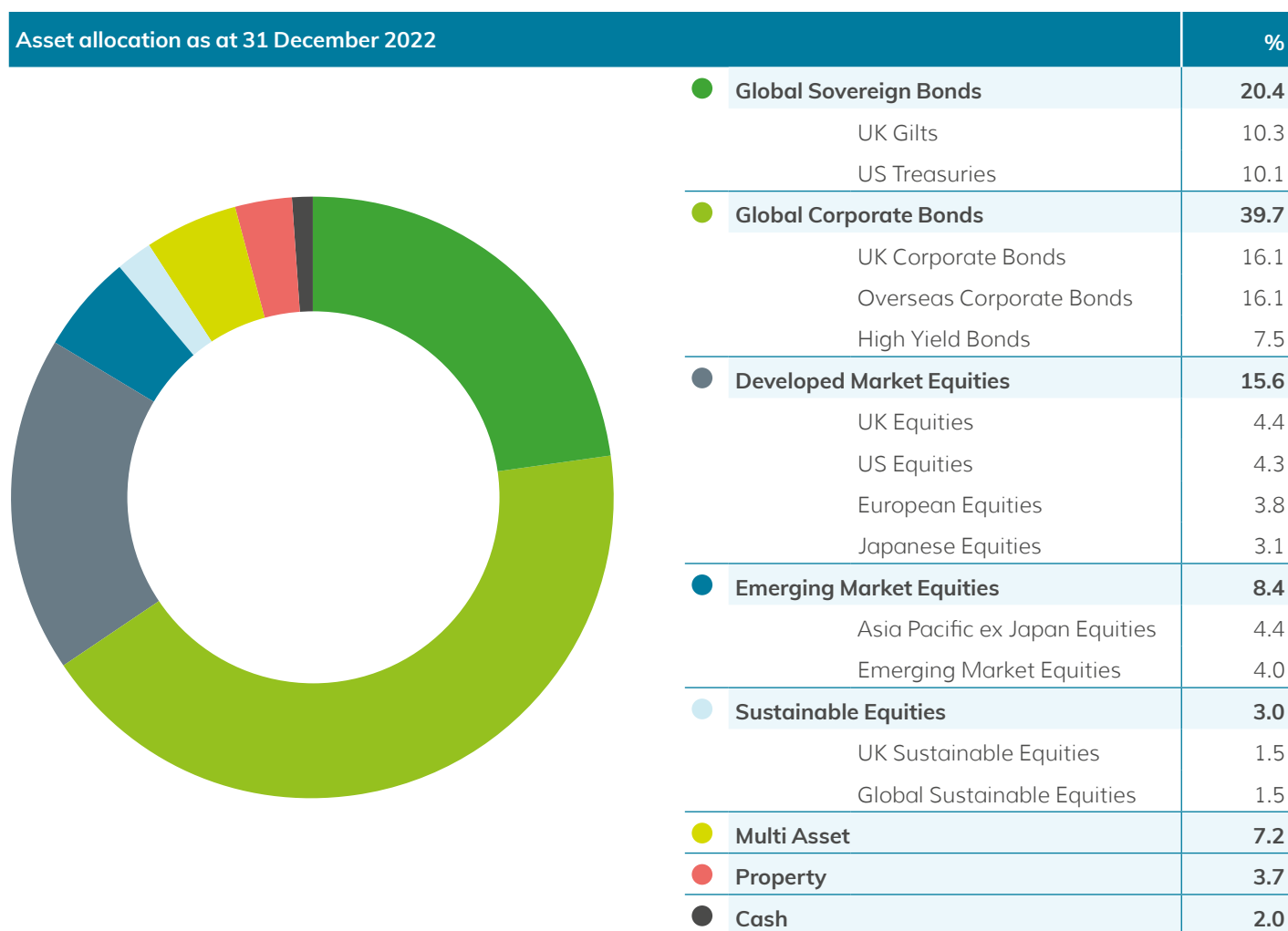
This fund is designed to provide long term steady growth together with a very low level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Please note: This fund was launched during 2022 and no performance information is available yet.

Smoothed Managed Cautious Fund

This fund is designed to provide long term steady growth together with a low level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Please note: The allocations shown are for the LV= Smoothed Managed Cautious pension fund. The allocations for the bond, ISA and TIP versions of this fund will sometimes differ slightly. All versions of the fund are managed the same way and to the same strategic asset allocation.

Performance - Cautious Fund

LV= ISA

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Unit price	102.6p	116.9p	108.7p	102.2p
Growth (%) for the 12 months to date shown	-12.2%	7.5%	6.4%	N/A

	17 June 2019 (launch date) to 31 December 2022
Growth (%)	10.8%

LV= TIP

Unit price date	31 December 2022	31 December 2021	31 December 2020*
Unit price	93.3p	106.4p	103.1p
Growth (%) for the 12 months to date shown	-12.3%	3.2%	N/A

	19 October 2020 (launch date) to 31 December 2022
Growth (%)	-1.5%

LV= Smoothed Pension

Unit price date	31 December 2022	31 December 2021
Unit price	89.9p	102.5p
Growth (%) for the 12 months to date shown	-12.3%	N/A

	22 April 2021 (launch date) to 31 December 2022
Growth (%)	-8.4%

LV= Smoothed Bond

Unit price date	31 December 2022	31 December 2021*
Unit price	90.6p	101.1p
Growth (%) for the 12 months to date shown	-10.3%	N/A

	25 June 2021 (launch date) to 31 December 2022
Growth (%)	-9.4%

All unit prices quoted are the Averaged price, except where indicated with an * which indicates the Underlying price has been used as the Averaged price was not yet available.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and product documentation for an explanation of Averaged and Underlying Prices.

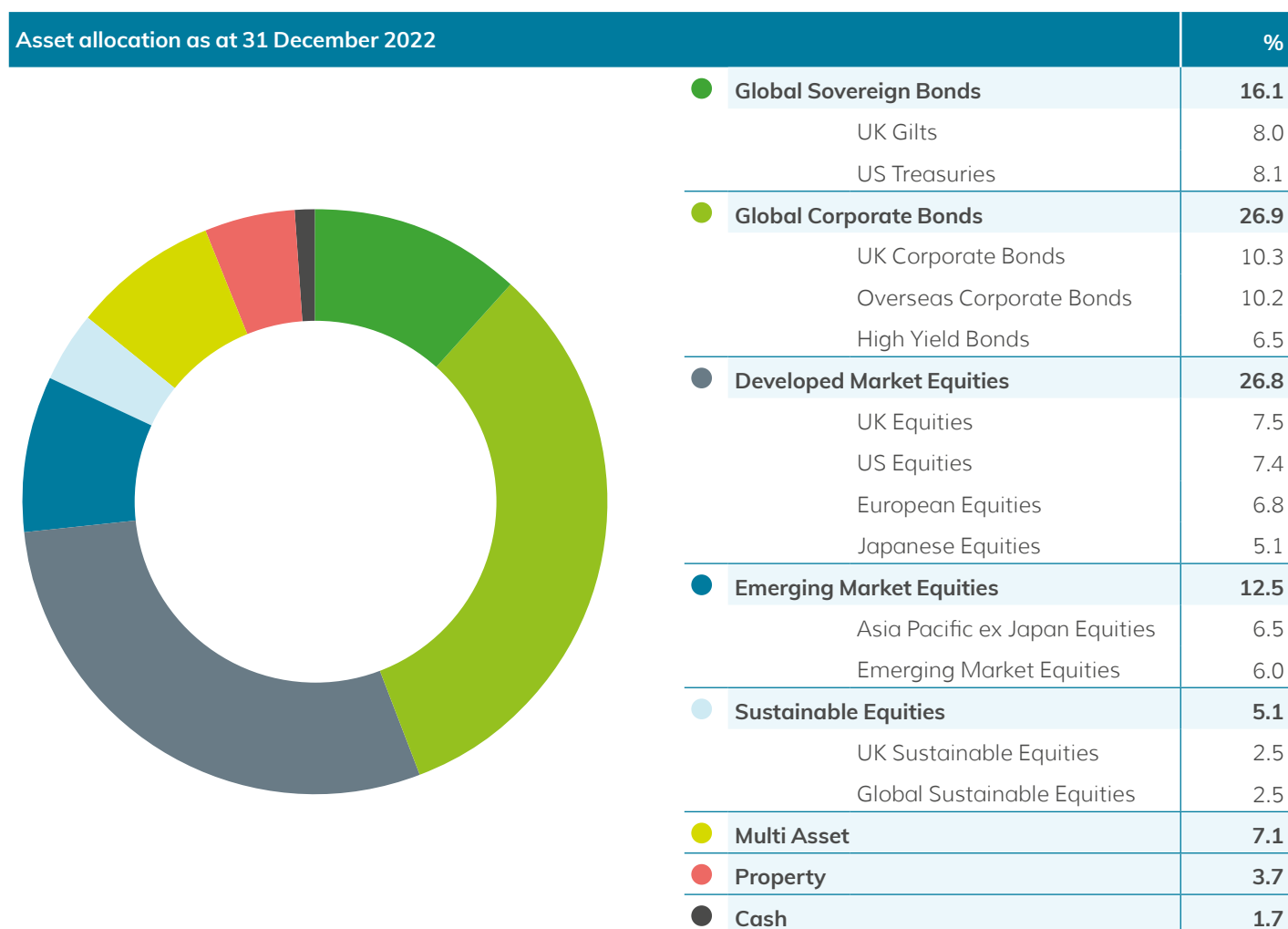
Separate unit prices are needed for different product types due to the differing tax treatment.

Please note: Product charges are paid by the cancellation of units rather than reflected in the unit price.

Past performance is not a reliable guide to future performance.

Smoothed Managed Balanced Fund

This fund is designed to provide long term moderate growth together with a low to medium level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Please note: The allocations shown are for the LV= Smoothed Managed Balanced pension fund. The allocations for the bond, ISA and TIP versions of this fund will sometimes differ slightly. All versions of the fund are managed the same way and to the same strategic asset allocation.

Performance - Balanced Fund

LV= ISA

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Unit price	108.6p	121.8p	108.8p	101.9p
Growth (%) for the 12 months to date shown	-10.8%	11.9%	6.8%	N/A

	17 June 2019 (launch date) to 31 December 2022
Growth (%)	8.6%

LV= TIP

Unit price date	31 December 2022	31 December 2021	31 December 2020*
Unit price	96.4p	108.4p	102.4p
Growth (%) for the 12 months to date shown	-11.1%	5.9%	N/A

	19 October 2020 (launch date) to 31 December 2022
Growth (%)	-8.3%

LV= Smoothed Pension

Unit price date	31 December 2022	31 December 2021
Unit price	91.7p	103.1p
Growth (%) for the 12 months to date shown	-11.1%	N/A

	22 April 2021 (launch date) to 31 December 2022
Growth (%)	-8.3%

LV= Smoothed Bond

Unit price date	31 December 2022	31 December 2021*
Unit price	89.8p	99.9p
Growth (%) for the 12 months to date shown	-10.1%	N/A

	25 June 2021 (launch date) to 31 December 2022
Growth (%)	-10.2%

All unit prices quoted are the Averaged price, except where indicated with an * which indicates the Underlying price has been used as the Averaged price was not yet available.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and product documentation for an explanation of Averaged and Underlying Prices.

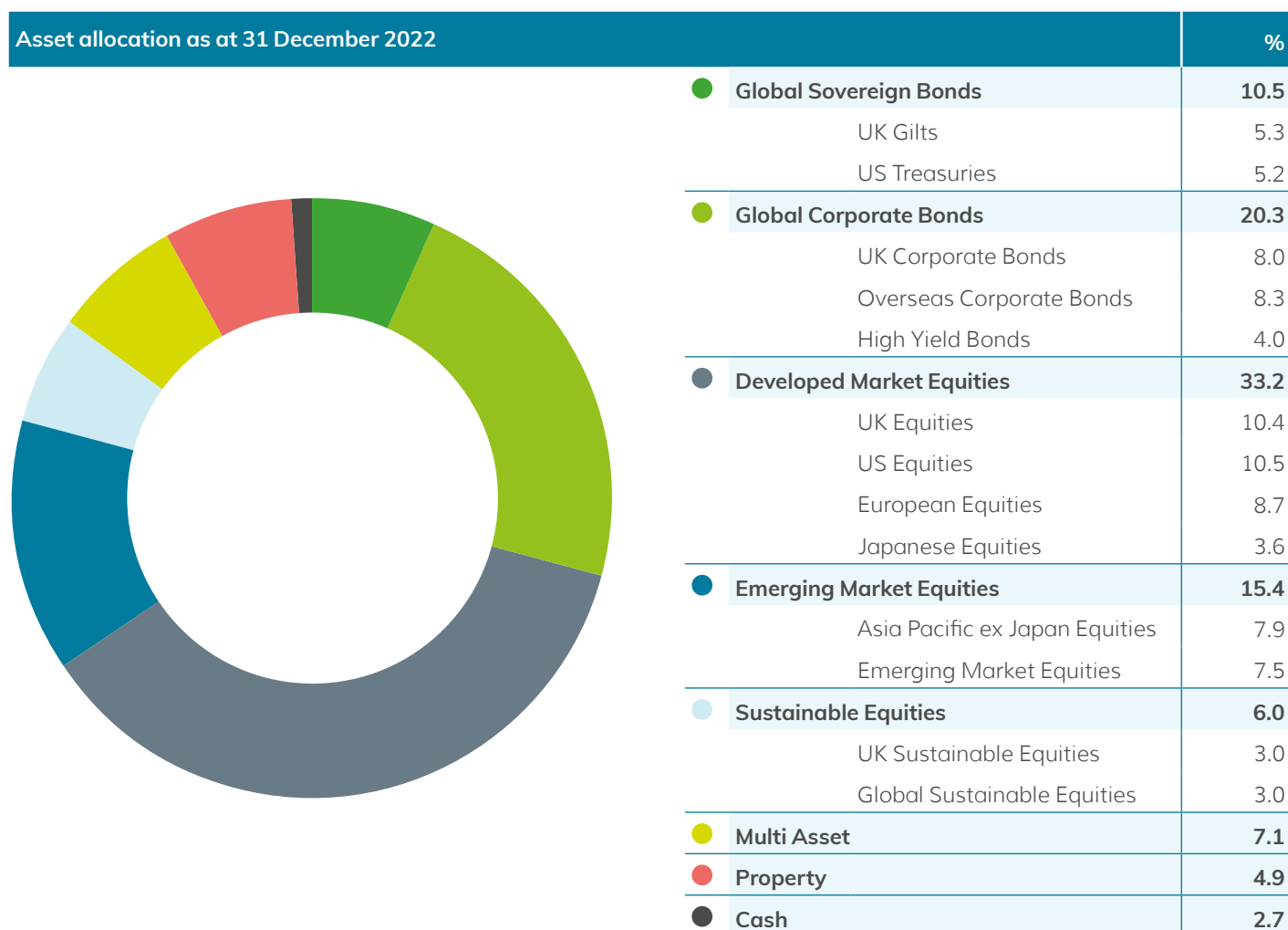
Separate unit prices are needed for different product types due to the differing tax treatment.

Please note: Product charges are paid by the cancellation of units rather than reflected in the unit price.

Past performance is not a reliable guide to future performance.

Smoothed Managed Growth Fund

This fund is designed to provide long term growth together with a medium level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Please note: The allocations shown are for the LV= Smoothed Managed Growth pension fund. The allocations for the bond, ISA and TIP versions of this fund will sometimes differ slightly. All versions of the fund are managed the same way and to the same strategic asset allocation.

Performance - Growth Fund

LV= ISA

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Unit price	110.8p	124.1p	108.4p	101.6p
Growth (%) for the 12 months to date shown	-10.7%	14.5%	6.7%	N/A

	17 June 2019 (launch date) to 31 December 2022
Growth (%)	10.8%

LV= TIP

Unit price date	31 December 2022	31 December 2021	31 December 2020*
Unit price	98.5p	110.5p	102.7p
Growth (%) for the 12 months to date shown	-10.9%	7.6%	N/A

	19 October 2020 (launch date) to 31 December 2022
Growth (%)	-1.5%

LV= Smoothed Pension

Unit price date	31 December 2022	31 December 2021
Unit price	91.6p	102.8p
Growth (%) for the 12 months to date shown	-10.9%	N/A

	22 April 2021 (launch date) to 31 December 2022
Growth (%)	-8.4%

LV= Smoothed Bond

Unit price date	31 December 2022	31 December 2021*
Unit price	90.3p	101.3p
Growth (%) for the 12 months to date shown	-10.9%	N/A

	25 June 2021 (launch date) to 31 December 2022
Growth (%)	-9.7%

All unit prices quoted are the Averaged price, except where indicated with an * which indicates the Underlying price has been used as the Averaged price was not yet available.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and product documentation for an explanation of Averaged and Underlying Prices.

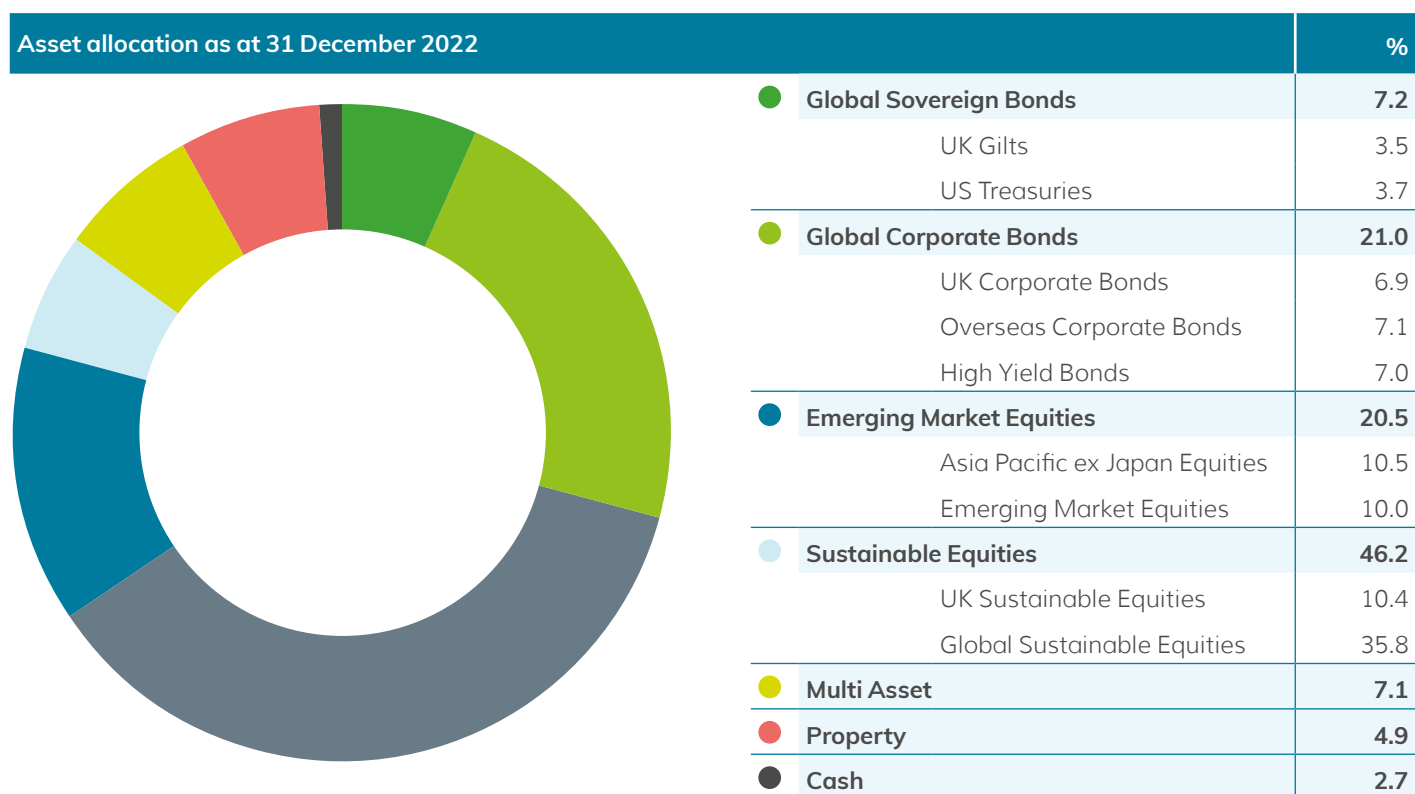
Separate unit prices are needed for different product types due to the differing tax treatment.

Please note: Product charges are paid by the cancellation of units rather than reflected in the unit price.

Past performance is not a reliable guide to future performance.

Smoothed Managed Impact Growth Fund

This fund is designed to provide long term steady and sustainable growth together with a medium level of investment risk. Within this objective we aim to invest in more sustainable assets in this fund. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Please note: This fund was launched during 2022 and no performance information is available yet.

Performance Review of 2022

2022 was a difficult year for portfolios designed to offset equity risk with bond risk as returns on both equities and bonds were negative. According to research by the Bank of America, as at the end of October, 2022 was on a trajectory for the worst performance of balanced '60/40' (60% equities / 40% fixed interest) strategies for 100 years. While the market rallied in Q4 to improve the position, it was only enough to beat the negative performance in 2008.

Performance was poor as both equities and bonds had negative returns. Global equities were down 15.6% whilst global bonds fell 16.3%.

Performance over the year was driven by inflationary fears. Interest rates rose significantly over the year and rising interest rates negatively impact bond performance. Through this period, whilst we were underweight government and corporate bonds, we retained an allocation to provide resilience if a deep recessionary environment started to appear.

Within equities, Energy was the only sector that was generally positive whilst the others were negative. Whilst we have some energy exposure, it is limited and we remain underweight in the energy sector. This has hampered performance over the year. We believe an underweight energy sector is appropriate given the Environmental, Social and Governance (ESG) risks over the medium term where oil and energy companies will face rising costs of capital compared to greener industries. This started to become evident over the last three months of the year, the Energy Sector in the S&P 500 stockmarket index returning 8.6% underperforming the 9.4% return of the wider S&P 500. This may temporarily reverse as Chinese demand for oil increases as their economy reopens.

It was a buoyant year for the US dollar, which, at one point, was up 26.6% since the start of 2022. Within our portfolios, we intentionally hedge away our overseas currencies such as the US dollar, the Euro and the Yen (we retain exposure to Emerging Market currencies as we believe the risk we take in this area is well compensated; not so for G10 countries where we believe we have little reward for the risk taken in G10 overseas currencies). This has meant that we missed out on the strong performance of the US dollar over 2022. However, our strategic positioning is based on the medium term (3 – 5 years) and longer (c.10 years) and over that period, even with the strong US Dollar in 2022, the Dollar was broadly stable from 2016 to 2022

A final source of underperformance was our reliance on quality growth stocks, like those in the Technology sector, over value stocks, such as oil companies and banks. This appeared a poor decision over 2022 where value stocks significantly outperformed growth stocks. However, as our time horizon is the medium and longer term, we believe that growth companies are likely to be more resilient as we move through a recessionary environment in 2023. These companies have strong products with good price control (where prices can increase without reducing volumes) and are likely to deliver performance that is more stable over the medium- to long-term.

Responsible Investing

Responsible investment encompasses all Environmental, Social and Governance (ESG) considerations. ESG considerations are firmly embedded in the management of our investments as we believe we have an obligation to our members to invest their money responsibly. By doing so, we aim to achieve strong investment returns and contribute to the sustainable development of the world and society.

The Investments and With-Profits committee regularly monitor a range of metrics to assess climate change risk. The funds typically outperformed the benchmark with lower carbon intensities and emissions whilst holding better ESG-rated assets

Cautious

2022 ESG Metric	Fund	Benchmark
Carbon Intensity	133	171
Carbon Emissions	76	130
CTI ESG Ratings	2.46	2.56

Balanced

2022 ESG Metric	Fund	Benchmark
Carbon Intensity	129	173
Carbon Emissions	73	136
CTI ESG Ratings	2.44	2.58

Growth

2022 ESG Metric	Fund	Benchmark
Carbon Intensity	129	177
Carbon Emissions	69	138
CTI ESG Ratings	2.41	2.60

Portfolio coverage (percent of portfolio represented by the data) ranges from 57% to 80%, except Carbon Emissions, which range from 45% to 68%. In all cases the fund coverage is above the benchmark coverage.

Carbon Emissions and Carbon Intensity are calculated on a rolling 12-month basis.

Figures shown are for the Flexible Guarantee Funds (pension).

The measures shown are as at 31 December 2022 and are defined as:

Carbon Intensity is the tonnes CO2 emitted per \$1m of sales. This is a company's carbon emissions relative to the size of the business adjusted for the weighting in a portfolio or benchmark. Carbon intensity assessments provide an indication of carbon efficiency. This measure is agnostic to ownership share and facilitates comparison relative to other portfolios including non-equity asset classes.

Carbon Emissions is the tonnes CO2 emitted per \$1m invested. This is a normalised measure of a portfolio's contribution to climate change that enables comparisons with a benchmark, between multiple portfolios, and over time, regardless of portfolio size.

CTI ESG rating is our asset manager Columbia Threadneedle Investment's proprietary ESG rating system from **1** (very good ESG) to **5** (poor ESG).

You can get this and other documents from us in Braille or large print by contacting us.



Liverpool Victoria Financial Services Limited: County Gates, Bournemouth BH1 2NF.

LV= and Liverpool Victoria are registered trademarks of Liverpool Victoria Financial Services Limited and LV= and LV= Liverpool Victoria are trading styles of the Liverpool Victoria group of companies. Liverpool Victoria Financial Services Limited (LVFS), registered in England with registration number 12383237 is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, register number 110035. NM Pensions Trustees Limited, (registered in England No. 4299742), acts as scheme trustee. LVFS is the ISA Manager. Registered address: County Gates, Bournemouth BH1 2NF.

40173-2023 05/23