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INVESTOR PROTECTION

TRIPLE LOCK

A WEALTH *of* DIFFERENCE

utmost™
WEALTH SOLUTIONS

utmost™
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FINANCIAL STRENGTH

Utmost Wealth Solutions is the brand name used by a number of Utmost companies. This item has been issued by Utmost PanEurope dac.

STRENGTH AND STABILITY

This guide describes certain aspects of the legal and regulatory framework applicable to Utmost PanEurope dac in Ireland, created in order to safeguard policyholders through effective governance, risk management and oversight related to insurer financial strength and solvency. This guide does not cover the risks associated with individual products, accounts or the underlying assets.

The Covid-19 pandemic has had an unprecedented impact on people and economies and provided a timely reminder of how quickly conditions can change in a crisis.

The pandemic has caused many wealth management clients to reassess their financial planning priorities and to consider what they want their lasting legacy to be.

This process of contemplation has prompted a re-evaluation of their existing plans, many of which have been in place for several years, with a joint focus on dealing with the short-term impact of the pandemic on their finances whilst recalibrating their long-term goals and objectives.

These changing dynamics accentuate the need for clients to have holistic, fully integrated wealth management and succession planning solutions in place and reviewed regularly, including all aspects of both investment management and wealth structuring.

These plans need the flexibility to deal with the unexpected within a long-term consistent structure. Utmost Wealth Solutions' robust and proven cross-border life insurance solutions can help professional advisers achieve this balance, helping to preserve clients' wealth and safeguard it for future generations.

We are here to make a wealth of difference.

A SHOCKPROOF STRUCTURE

Utmost PanEurope dac's ('Utmost PanEurope') products incorporate the robust legal and tax advantages of a life insurance policy around a flexible investment solution. Clients can optimise their investment portfolio with a choice of custodians and asset managers, and set their desired investment risk appetite, whilst retaining control over their assets.

In these uncertain times, however, our ability to deliver a shockproof structure that underpins all these benefits is vital. Whilst the value of the investment assets chosen by the client and held within the life insurance policy can fluctuate in the event of market shocks, the underlying life insurance structure will remain intact as a core component in the client's financial planning.

As the world changes around them, clients can be reassured that Utmost PanEurope has sufficient controls and safeguards in place to weather the storm to provide a secure environment to help safeguard their financial legacy and those of future generations.

We describe this shockproof strength and stability as the Utmost Triple Lock. This is what provides Utmost PanEurope with the ability to keep going under the most extreme circumstances.

Clients look to cross-border life insurance products as long-term planning vehicles, so they need a product provider they can trust that has the financial strength and specialist market commitment to be their long-term partner.

THE UTMOST TRIPLE LOCK PROVIDES CLIENTS WITH A REASSURING LEVEL OF INVESTOR PROTECTION

THE UTMOST TRIPLE LOCK

The way our business is conducted, its size and strength, and the strict regulatory environment in which it operates, all combine to create strong business foundations, and so lessen the likelihood of your investment being affected by insolvency.

The Utmost Triple Lock has three elements that combine to provide stability and security, which helps to safeguard clients' long-term financial planning. The following sections look at each element of the Utmost Triple Lock in more detail.

1

SOPHISTICATED REGULATORY REGIME

- Solvency II is a risk-based capital regime that is one of the most sophisticated insurance regulatory regimes in the world, with high solvency capital and minimum capital requirements;
- Comprehensive risk management system through our Own Risk and Solvency Assessment process (ORSA);
- Annual Solvency and Financial Condition Report provides publicly available transparency of our business and financial performance;
- Prudent Person Principle ensures investments are only permitted in assets whose risks can be properly identified and are in the best interest of policyholders; and
- Segregation of all policyholder assets from the assets and liabilities of the company and its shareholders.

2

STRONG GOVERNANCE

- Strong governance processes within Utmost PanEurope continually supervised by the Central Bank of Ireland;
- The Central Bank of Ireland monitors and reviews Utmost PanEurope's governance and ORSA methodology and information on an ongoing basis;
- This additional layer of governance ensures that Utmost PanEurope holds adequate capital and liquidity to withstand extreme conditions;
- Utmost PanEurope's ORSA process includes an assessment of the regulation and governance of all parties to our client relationships; and
- Utmost PanEurope is monitored against the Central Bank of Ireland Corporate Governance Requirements for Insurance Undertakings.

3

FINANCIAL STRENGTH

- Utmost PanEurope continually monitors it's Solvency Capital Requirement (SCR) in order to remain in excess beyond the 135% minimum requirement;
- Fitch Ratings have assigned Utmost PanEurope with an Insurer Financial Strength Rating of 'A' with a Stable Outlook;
- Utmost Group Limited is the highest rated independent international life insurance company with Fitch 'A' IFS ratings for its three issuing life companies Utmost PanEurope, Utmost Limited and Utmost Worldwide Limited;
- Our financial strength and robust capitalisation are monitored and assessed continually by Fitch on an ongoing basis; and
- Fitch is one of the world's 'Big Three' credit rating agencies - a high-quality rating from one of the Big Three is generally considered to be the gold standard.

The information in this guide is based on our interpretation of the laws and regulations applicable in Ireland as at 1 May 2021. These may be subject to change in the future. Whilst we believe the interpretation of the regulations applicable to Ireland to be correct, we cannot guarantee it.

SOPHISTICATED REGULATORY REGIME

Investors benefit from the protection of Utmost PanEurope being subject to one of the most sophisticated insurance regulatory regimes in the world.

Operating Europe-wide, Solvency II is a risk-based capital regime based on a similar concept to the Basel II Accord capital requirements for banks, based on three 'pillars'.

PILLAR 1

QUANTITATIVE MEASURES OF RISK-BASED CAPITAL REQUIREMENTS

The life companies marketed under the Utmost Wealth Solutions brand maintain a strong solvency position. Utmost PanEurope must hold minimum levels of solvency capital to provide a buffer to deal with potential adverse market shocks equivalent to a one in 200-year event, based on an assessment of its credit risk, operational risk and market risk. The capital policy for Irish life insurance companies is to maintain a Solvency Coverage Ratio (SCR) of at least 135% at all times and at least 150% immediately after the payment of a dividend. Utmost PanEurope's SCR is in excess of these requirements.

PILLAR 2

QUALITATIVE ASSESSMENTS OF RISK AND CORPORATE GOVERNANCE

Utmost PanEurope must have an effective system of governance and risk management that is subject to review by its regulator. We achieve this by the Own Risk and Solvency Assessment (ORSA) process. Our ORSA process is a key component of the risk management system which is aimed at continually assessing the adequacy of the solvency position and the risk profile of the business on a current and forward-looking basis. ORSA reports are produced on an annual basis with additional reports produced if the risk profile of the business changes significantly. Our ORSA reports are reviewed by the relevant Risk and Compliance Committees and Boards and submitted to the regulator.

PILLAR 3

REGULATORY REPORTING AND PUBLIC DISCLOSURE REQUIREMENTS

Utmost PanEurope publishes a publicly available annual Solvency and Financial Condition Report (SFCR). The SFCR provides enhanced transparency as to our financial performance, system of governance and risk management, valuation of assets and capital management, including our solvency capital calculations.

Solvency II also requires Utmost PanEurope to invest all of its own assets and policyholder assets in accordance with the Prudent Person Principle which includes a requirement on insurers to invest only in assets whose risks can be properly identified and managed and are in the best interest of policyholders.

To provide further investor protection, Utmost PanEurope is required to segregate all policyholder assets from those of the company and its shareholders. This means that Utmost cannot use the policyholder's assets to support its own financial position. Utmost PanEurope uses specialist financial institutions, authorised and regulated custodian banks, to hold and administer policyholder investment assets on its behalf.

STRONG GOVERNANCE

Strong corporate governance is critical to life insurance companies' own financial stability and the protection of its policyholders as governance encompasses the structure of the rules, practices and processes used to manage the business.

Governance within Utmost Group Limited is continually supervised by regulators who are all members of the International Association of Insurance Supervisors.

Utmost PanEurope's regulator is the Central Bank of Ireland, which is responsible for overseeing the stability of Ireland's financial system and protecting individual investors.

Life insurance companies supervised by the Central Bank of Ireland are regulated under the Solvency II regime. Utmost PanEurope also complies with all local laws and regulations and reports to the regulator as required by the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings.

The Central Bank of Ireland's detailed supervision is an important layer of governance that can help protect Utmost PanEurope's policyholders. It continually monitors and reviews our governance and ORSA methodology and information. If any possible events or future changes in economic conditions that could have an adverse impact on Utmost PanEurope's business are identified, we conduct stress testing to satisfy the Central Bank of Ireland that we hold adequate capital and liquidity to withstand such conditions.

Utmost PanEurope's ORSA process includes an assessment of the regulation and governance of all parties to our client relationships, including Utmost PanEurope as the life insurance company, the custodian of the assets, the investment adviser or Discretionary Fund Manager, the financial adviser and any fiduciary company.

FINANCIAL STRENGTH

Utmost PanEurope is strongly capitalised with an SCR comfortably in excess of the minimum requirements of 135%.

Fitch Ratings ('Fitch') has assigned the life insurance companies operating under the Utmost Wealth Solutions brand, including Utmost PanEurope, with an Insurer Financial Strength ('IFS') Rating of 'A' with a Stable Outlook.

Utmost Group Limited is the highest rated independent international life insurance company with a Fitch 'A' IFS rating for its issuing life companies.

Clients can take comfort from our financial strength and robust capitalisation being monitored and assessed continually by Fitch on an ongoing basis, with the results made publicly available.

For instance, in 2020 Fitch conducted a ratings review of European life insurers under a set of base and stress-case rating assumptions to reflect the pressures from the Covid-19 pandemic. Utmost PanEurope, Utmost Group Limited and its other principal operating subsidiaries, maintained their investment grade credit ratings.

Clients can also be reassured by our Fitch 'A' Rating not being dependent on the support of a parent group which could be withdrawn at any time. Unlike such groups with diverse interests across many markets, Utmost remains focused only on providing sophisticated cross-border life insurance solutions to help preserve our clients' wealth.

FITCH RATINGS

Fitch is one of the world's 'Big Three' credit rating agencies, along with S&P Global Ratings (S&P) and Moody's. Collectively Fitch, S&P and Moody's dominate the ratings market with an estimated global market share of around 95%[1].

There are many other smaller ratings agencies, however a high-quality rating from any of the Big Three is generally considered to be the gold standard[2].

Fitch has been providing ratings for over 100 years and now has over 1500 analysts in 38 offices globally rating over 20,000 entities[3].

Fitch Ratings
'A' Insurer Financial Strength Rating with a Stable Outlook.

ACQUISITION UPDATE

On 1 April 2021 Utmost Group announced plans to acquire the Quilter International business, subject to regulatory and other approvals.

Following this announcement, Fitch has affirmed Utmost PanEurope, Utmost Limited and Utmost Worldwide Limited at Insurer Financial Strength (IFS) Ratings at 'A' (Strong). Fitch also affirmed Utmost Group Limited's Issuer Default Rating (IDR) of 'BBB+'. The Outlooks are Stable.

Fitch expects the Utmost Group to maintain its 'Extremely Strong' score under the agency's Prism Factor-Based Model after the acquisition. Utmost Group Limited's strong Solvency II capital requirements coverage ratio is also expected to remain stable after the acquisition.

[1] Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718731/May_2018_update.pdf
[2] Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718731/May_2018_update.pdf
[3] Source: www.fitchratings.com/about-us

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WEALTH SOLUTIONS

A WEALTH *of* DIFFERENCE

Utmost Wealth Solutions is a trading name used by a number of Utmost companies. Utmost Trustee Solutions is the trading name used by Utmost Trustee Solutions Limited. This item has been issued by Utmost PanEurope dac.

The following companies are registered in the Isle of Man: Utmost Limited (No 056473C), Utmost Administration Limited (No 109218C) and Utmost Trustee Solutions Limited (No 106739C) which are regulated or licensed by the Isle of Man Financial Services Authority. Utmost Services Limited (No 059248C) is an appointed representative of Utmost Limited. Each has its registered office at: Royalty House, Walpole Avenue, Douglas, Isle of Man, IM1 2SL, British Isles. Utmost Limited is authorised in the UK by the Financial Conduct Authority (160418).

Utmost PanEurope dac (No 311420), trading as Utmost Wealth Solutions, is regulated by the Central Bank of Ireland. Its registered office is Navan Business Park, Athlumney, Navan, Co. Meath C15 CCW8, Ireland.

Where required, promotional material has been approved by Utmost Limited which is authorised in the UK by the Financial Conduct Authority.

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