



Your pension investment choices

Standard Life 



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This guide contains basic information about the funds you can choose to invest in with your Individual Stakeholder Pension Plan.

For more information on funds go online at [standardlife.co.uk](https://www.standardlife.co.uk) to:

- ▶ Look at individual fund fact sheets.
- ▶ Request a fund switch if you have registered for our online service.

Alternatively you can call us on **0800 634 7476** for information. Please have your plan number available.

Calls may be monitored and/or recorded to protect you and us and help with our training. Call charges will vary.

We are sorry we are unable to offer any financial advice. If you are in any doubt about which investment fund(s) you should choose, we strongly recommend you speak to a financial adviser. There may be a charge for this.

Important information

Important information you should read

Before making your investment choices please make sure you read the following information, which includes details of some of the risks you should be aware of:

- ▶ Before you decide to buy, you need to know what the risks and commitments are. Read our Key Features Document. It will help you decide if this product is right for you. If you're still not sure what to do, speak to a financial adviser. There may be a cost for this.
- ▶ The return on each fund depends on the performance of the assets it invests in and the charges on the fund.
- ▶ The price of units depends on the value of the fund's assets after charges. This can go down as well as up, and your investment in the fund may be worth less than what was paid in.
- ▶ We review volatility ratings regularly and they can change over time.
- ▶ Some funds invest in overseas assets. This means that exchange rates and the political and economic situation in other countries can significantly affect the value of these funds. The value can go down as well as up, and your investment in the fund may be worth less than what was paid in.
- ▶ The asset mix that each fund invests in is continuously reviewed. It may be changed in line with developments in the relevant markets. Part of each fund may be held in cash and other money market instruments - see page 7 for more information.
- ▶ You'll probably be one of many investors in each fund you choose. Sometimes, in exceptional circumstances, we may have to wait before we can transfer or switch your investments. This is to maintain fairness between those remaining in and those leaving the fund. This delay could be for up to a month.

But for some funds, the delay could be longer:

It may be for up to 6 months if it's a property based fund because property and land can take longer to sell.

If our fund invests in an external fund, the delay could be longer if the rules of the fund allow this.

If we have to delay a transfer or switch, we'll use the fund prices on the day the transaction takes place – these prices could be very different from the prices on the day you made the request.

- ▶ Some funds invest in property. the valuation of property is generally a matter of a valuer's opinion rather than fact.
- ▶ You can change the mix of your investments as it suits you. But you can't invest in more than 12 funds at one time. In some situations there may be a delay in carrying out your fund switch requests.

- ▶ Some funds invest in funds managed by external fund managers. In these cases, the description of the fund is provided by the external fund manager so Standard Life can't guarantee that it's accurate.

External fund managers are in charge of managing their own funds including what they invest in. This means that Standard Life is not responsible for these funds' performance or continued availability.

The investment performance of the Standard Life version of a fund will be different from what you would see if you invested in the underlying fund directly. There can be several differences, due to charges, cash management, tax and timing of investment.

- ▶ Some fund managers may look to get a better return by lending some of the assets from their funds to certain financial institutions. This involves some risk, and in certain circumstances, the fund could

suffer a loss – for example, if the institution encountered financial difficulties and was unable to return the asset. The fund manager will use some controls to manage this risk, such as obtaining security from the borrower and monitoring their credit rating. External fund managers may also lend assets and are responsible for their own controls.

- ▶ Funds can sometimes use derivatives to improve portfolio management and to help meet investment objectives. A derivative is a financial instrument – its value is derived from the underlying value or movement in other assets, financial commodities or instruments, like equities, bonds, interest rates etc.

There is a risk that a counterparty will fail, or partially fail to meet their contractual obligations under the arrangement. Where a counterparty fails, the fund could suffer a loss. As part of the management of a fund, a number of controls can be used to reduce the impact of this risk, such as holding collateral and monitoring credit ratings.

Depending on how it is used, a derivative can involve little financial outlay but result in large gains or losses. Standard Life has control over the use of derivatives in its funds and external fund managers are responsible for their own controls.

- ▶ Charges are not guaranteed and can be altered in the future.
- ▶ The funds listed here were correct when this document was published. We can't guarantee that all funds will be available when you make an investment.
- ▶ There are important differences between with profits and other types of investment.

If you're thinking of investing in with profits, read our 'Understanding With Profits' booklet (UWP2 or UWP2A).

You can find this at www.standardlife.co.uk/withprofits or calling us on **0800 634 7479**. Our call charges will vary.



Guidance notes

What type of fund do I want to invest in?

Here's some more information to help you decide on the fund(s) that might suit you. Learn about asset classes, risk groups, fund types, volatility and charges.

Asset Classes

An 'asset class' is a category of assets and investments, such as equities and bonds. Normally assets in the same class have similar characteristics. They can, however, have very different returns or risks.

The value of the investments in all asset classes can go up or down in value, and may be worth less than what was paid in – there are no guarantees. Past performance is not a reliable guide to future performance.

Equities

What are they?

Equities are part ownership in a company, usually known as stocks or shares.

What's the potential return?

Equities can offer good long-term returns. The return you get is any change in value of the stocks and shares, plus any income from dividends. Changes in exchange rates will also affect equities that are listed in a foreign currency.

What are the risks?

Equities are one of the more volatile asset classes. So, although equities can offer good growth potential, their value can rise or drop sharply at any time.

Bonds

What are they?

Bonds are, in simple terms, loans to a government or a company, usually for a set length of time. Bonds issued by the UK government are called ‘gilts’ and those issued by a company are called ‘corporate bonds’.

What’s the potential return?

The return is a combination of any interest received and any change in the bond’s value. For overseas bonds, changes in the foreign currency exchange rates may also affect returns (sometimes significantly).

What are the risks?

The value of the bond may fall if:

- ▶ The interest or capital can’t be paid back in full or on time
- ▶ The credit worthiness of the company or government reduces
- ▶ Interest rates or foreign currency exchange rates change

Bonds can be traded on the stock market, so their value can go up and down at any time.

Money Market Instruments (including cash)

What are they?

Bank and building society deposits as well as other instruments such as ‘Certificates of Deposit’ and ‘Floating Rate Notes’.

What’s the potential return?

The return comes from a combination of any interest received as well as any change in the value of the instrument.

What are the risks?

It is important to recognise that not all of the assets are the same as cash deposit accounts – there are circumstances where their values will fall. Also, any growth may not keep up with future rates of inflation.

Property

What is it?

Property investing includes direct investments in buildings and land, as well as indirect investment in property securities, like shares in property companies.

What's the potential return?

The return received from property is a combination of income from rent and any changes in the capital value of the property. In comparison, the return received from property securities can be similar to equities (see 'equities' asset class description for potential returns and risks).

What are the risks?

The value of a property is generally based on a valuer's opinion and is not fact. Property can take a lot longer to sell than other types of investment, so you might not be able to sell when you want to. Property securities, like equities, can rise or fall sharply in value at any time.

The values of different types of property do not necessarily move in line with each other. For example even if house prices are going up, commercial property could be losing value.

Specialist

These are investments that don't fit into the main asset class categories. They could be investments directly, or indirectly, in real assets like commodities, for example oil or precious metals. They may also be investments like hedge funds, or have specialist characteristics that prevent them being classified in one of the other main asset class categories.

Standard Life categorise our fund range using 'asset classes'. Sometimes we categorise funds as 'specialist' purely because they don't meet the criteria of the recognised industry sectors, or they haven't provided enough information to be categorised appropriately.

Risk groups

To help you choose what's right for you we've divided our funds into broad categories that indicate three risk groups – Cautious, Balanced and Opportunity. You should make sure you are comfortable with the level of risk you choose. By risk, we mean the likelihood and size of a potential fall in value.

Cautious

This group offers some potential for growth. The growth can be less than that achieved by the Balanced and Opportunity groups, but it is also likely to be less risky.

Balanced

This group offers more potential for growth than the Cautious group, but less than the Opportunity group. This group carries a moderate amount of risk.

Opportunity

This group offers the greatest potential for growth but carries a higher risk than other risk groups.

Please note that the value of investments in each risk group can go down as well as up, and may be worth less than what was paid in. If you are unsure of which risk group to choose you may wish to seek advice from a financial adviser.

Fund types

Managed

These funds are normally managed by a single fund manager. The fund manager will choose the mix of assets that make up a fund (for example, how much to invest in equities or bonds). Different funds will use different mixes of assets depending on their risk group. Read our Risk groups section on pages 8 and 9 for more information.

Manager of Managers

This type of fund involves an independent investment expert (the 'Manager of Managers') researching and choosing fund managers for each asset type within the fund. The Manager of Managers will then monitor each individual fund manager and, using their judgement, may change them over time. This type of fund can be a good way for you to spread your investment over a range of fund managers without having to actively manage your choice of funds. Because you are paying for the manager's investment expertise, the charges for Manager of Managers funds can be higher than for other types of fund.

With Profits

Our with profits funds are backed by a wide range of assets. These include equities, bonds and money market instruments (including cash). The asset mix for each with profits fund can change over time.

The return on the asset mix is one factor that affects with profits plan values. Other factors include our charges and any smoothing that may apply.

For up-to-date information about the asset mixes for our with profits funds, and to read our 'Understanding With Profits' booklet (UWP2 or UWP2A), visit www.standardlife.co.uk/withprofits Or you can call us on **0800 634 7479**. Our call charges will vary.

Please note that the value of investments in all fund types can go down as well as up, and may be worth less than what was paid in. If you are unsure of which fund type(s) to choose you may wish to seek advice from a financial adviser.

Lifestyle Profiles

Lifestyle profiles are designed for customers investing for retirement. The funds used depend on the profile chosen.

The funds you are invested in at any point will also depend on how long you've got until your selected retirement date. If this date is some time away (typically more than 10 years), the profiles will invest in funds that offer growth potential over the long term. But remember that all funds can go up and down in value and investment growth is not guaranteed.

As you get closer to retirement, the investment aims of the profile move away from growth and towards preparing your pension pot for retirement. The profiles will do this automatically switching your funds – you don't need to do anything.

Before making this choice you need to consider the following. Lifestyle profiles may not be suitable for everyone (eg. they may not be suitable for customers who aren't considering annuity purchase, or those who intend to buy a pension that varies each year at a rate linked to inflation,

or those who do not intend to retire at their selected retirement age). You should seek financial advice before making any investment decision.

Fund name and fund code (important for application forms)

This gives the name of the fund and the internal code used by Standard Life. Please enter both of these in full in the appropriate boxes when completing an application form. This will help us process your application more quickly.

Fund Management Charge

A charge is applied to money invested in a fund. This charge is known as the Fund Management Charge (FMC). We deduct the charge from the fund on a daily basis which has the effect of reducing the unit price for the fund.

Volatility

The volatility rating of a fund indicates how much the fund price might move compared to other funds. The higher the volatility rating, the less stable the fund price is likely to be. You can use this to help you decide how much risk you're comfortable taking with your investments.



We regularly review volatility ratings for funds, and these may change.

We set ratings based on our experts' judgement, using data on:

- ▶ how the fund price has varied from month to month in the past, compared to other funds available
- ▶ how investments in similar asset classes vary from month to month and the investment policy of the fund.

We base the volatility rating of with profits funds on the rating of funds with a similar mix of assets. This rating doesn't take account of the effect of any smoothing on with profits payout values.

Typically, higher volatility ratings mean greater potential investment returns over the longer term. But high volatility funds are more likely to suddenly fall or rise in value. The volatility ratings for funds are kept under review and may change. The volatility rating is not the only factor you should consider when selecting a fund. If you're not sure which funds to choose, please seek advice from a financial adviser.



**If you are unsure
of which funds to
choose you may wish
to seek advice from a
financial adviser.**



Option 1: 'Hands off' Ready-Made Funds

Want a fund that doesn't need much management by you? A ready-made fund could meet your needs. Remember, you should always keep an eye on any fund's performance, especially as you get closer to retirement

- ▶ 'Hands off' ready-made funds invest in a mix of different assets such as money market instruments (including cash), bonds, property and equities. The funds can invest in one or more of these assets.
- ▶ The funds are grouped according to the risk involved. The risk groups are named 'Opportunity', 'Balanced' and 'Cautious'. For more information about the risk groups, see pages 8 and 9.
- ▶ The assets of each ready-made fund will be managed by an expert to keep them in line with the stated aims of the fund.
- ▶ You need only select one fund, although you may choose more if you wish.

Ready-made

Risk Group	Fund Type	Fund Name	Fund Code	Volatility Rating	FMC	
Opportunity	Lifestyle (Note 1)	Standard Life FTSE* Tracker II Lifestyle	2FTT	6	1.00%	
		Standard Life Global Equity 50:50 Active II Lifestyle	2GEA	6	1.00%	
		Standard Life Global Equity 50:50 Passive II Lifestyle	2GEP	6	1.00%	
	Managed	Standard Life Stock Exchange Pension	FB	5	1.00%	
Balanced	Lifestyle (Note 1)	Standard Life Balanced Managed II Lifestyle	4BAL	5	1.00%	
		Standard Life Stakeholder With Profits 2006 Fund	BO	4	1.00%	
	With Profits (Note 2)	Standard Life Stakeholder With Profits Fund	AW	4	1.00%	
		Managed	Standard Life Ethical Pension	G7	5	1.00%
		Standard Life Managed Pension	FA	5	1.00%	
Cautious	Lifestyle (see Note 1)	Standard Life Cautious Managed II Lifestyle	4CAU	3	1.00%	
	Managed	Standard Life Cautious Managed Pension	F8	3	1.00%	

The charges are not guaranteed. They are regularly reviewed and may be changed in the future. If you need more help to understand these tables please see the Guidance Notes on pages 6 to 12.

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Notes

1. It is not possible to invest in more than one Lifestyle profile at a time.

The figures shown in this table reflect the volatility rating and FMC of the highest risk fund(s) in which the Lifestyle profile invests. As you get closer to retirement, the investment aims of the profile move away from growth and towards preparing your pension pot for retirement. For more information on how Lifestyle profiles work and how long your investments are held in each fund, please ask for our factsheet ‘Lifestyle Profiles’ (GPEN41).

2. If your plan started before 10 July 2006 you can invest in the Standard Life Stakeholder With Profits Fund. If your plan started on or after 10 July 2006, you can invest in the Standard Life Stakeholder With Profits 2006 Fund.

Option 2: ‘Hands on’ Pick your own funds

Do you have a good understanding of investments and how assets perform? This could be the right choice for you. Read each fund’s fact sheet for their aims and how they invest.

- ▶ You will need to build your investment portfolio from a number of funds – this can contain a mixture of funds from the ‘hands on’ pick-your-own and ‘hands off’ ready-made fund list
- ▶ It is up to you to regularly monitor the performance of your funds and decide whether to make any changes.
- ▶ You may need to adjust your portfolio regularly to keep it in line with your investment portfolio.

Picking your own asset mix

It is very important that you pick an asset mix and build a portfolio that aims to meet your individual needs and your attitude towards risk. If you are unsure then you may wish to seek advice from a financial adviser.

You should think about investing in a variety of asset classes, and a range of investments within each class.

Are you approaching retirement?

If you are nearing retirement (for example if you are 5 years or less away), you may want to start considering investing in funds aimed at aligning your pension fund with your plans for retirement. The Standard Life Annuity Purchase Fund and the Standard Life Managed Cash Pension fund can help you align your pension fund with the pension income you wish to purchase, and any tax free lump sum you intend to take.

As the two funds are not ‘ready-made’, you can choose a mix that is in line with what you plan to do with your pension plan at retirement. For example, if you plan on taking a 25% tax-free lump sum at retirement, you could choose to invest 25% in the Standard Life Managed Cash Pension Fund.

The fund descriptions might use words or phrases you’re not familiar with. Speak to your financial adviser if you need an explanation.

The Standard Life Annuity Purchase Fund (Fund Code: F9)

This fund has a very different aim from most other investment-linked funds. It is designed for investors approaching retirement and considering purchasing a fixed annuity. It aims to reduce the effect of changes in long term interest rates on the value of annuity that can be purchased. The fund invests predominantly in bonds whose prices are normally expected to rise and fall broadly in line with long term interest rates, which in turn are one of the major factors affecting the cost of purchasing an annuity. The fund does not provide any guarantee in relation to the level of annuity you will be able to purchase at retirement. It also does not protect against changes in the cost of purchasing an annuity that arise due to changes in life expectancy.

Please note that this fund may not be suitable for everyone and there may be more suitable alternative funds for those who intend to buy an annuity that increases each year at a rate linked with inflation.

The Standard Life Managed Cash Pension Fund (Fund Code: G4)

The fund aims to provide a return before charges equivalent to overnight deposits by investing in deposits and short term money market instruments.

The fund price is not guaranteed by Standard Life and there could be circumstances where the fund price may fall. A fall might happen if, for example, there is a default by one of the banks where some of the money is held or where there is an adverse market movement in the value of some of the money market instruments held. A fall may also happen if interest income falls so low as to be less than the charges applied to the fund.

This is not investment advice and these funds may not be suitable for your needs. If you're at all unsure, please seek advice from a financial adviser.

Pick your own

Asset Class	Fund Name	Fund Code	Volatility Rating	FMC
UK Equities	Standard Life FTSE* Tracker Pension	G6	6	1.00%
	Standard Life UK Equity Pension	FN	6	1.00%
	SL Vanguard FTSE* UK All Share Index Pension	BFCX	5	1.00%
European Equities	Standard Life European Equity Pension	FE	6	1.00%
	Standard Life European Equity Tracker Pension	H4	6	1.00%
	SL Vanguard FTSE* Developed Europe ex UK Equity Index Pension	BFAJ	6	1.00%
North American Equities	Standard Life North American Equity Pension	FK	6	1.00%
	Standard Life US Equity Tracker Pension	H2	6	1.00%
	SL Vanguard US Equity Pension	GGMJ	6	1.00%
Far East Equities	Standard Life Japanese Equity Pension	FJ	6	1.00%
Global Equities	Standard Life Global Equity 50:50 Pension	HT	6	1.00%
	Standard Life Global Equity 50:50 Tracker Pension	H8	6	1.00%
	Standard Life International Equity Pension	FO	6	1.00%
	Standard Life Overseas Equity Pension	GZ	6	1.00%
	Standard Life Overseas Tracker Pension	H5	6	1.00%
	SL Vanguard FTSE* Developed World ex UK Equity Index Pension	KKFK	6	1.00%
Bonds	Standard Life Corporate Bond Pension	HH	2	1.00%
	Standard Life Mixed Bond Pension	FP	2	1.00%
	Standard Life Index Linked Bond Pension	FL	3	1.00%
	Standard Life Annuity Purchase	F9	3	1.00%
Money Market Instruments (including cash)	Standard Life Sterling Pension	GS	1	1.00%
	Standard Life Managed Cash Pension	G4	1	1.00%

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Find out more

If you'd like more information on the products or services within this literature, or if there's anything more we can help you with, just call us on this number or visit our website.

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