Standard Life
Part of Phoenix Group

Standard Life Smoothed Return Pension Fund

Available through a pension account provided by Fidelity Adviser Solutions

Technical guide – what you need to know

This is a technical document covering the key facts.

Please contact your financial adviser if you need an explanation of the terminology used.

If you haven't already seen a copy, we also provide a customer guide which explains the basic details of the Standard Life Smoothed Return Pension Fund.

This technical guide provides the finer details of how the Standard Life Smoothed Return Pension Fund (referred to throughout this document as the Fund) works and the information you need to know before investing. If there is anything you do not understand you should speak to your financial adviser.

Other supporting documents

This document also contains important information about how the Fund operates through a pension account with Fidelity Adviser Solutions. It should be read in conjunction with the following documents available from your financial adviser:

- Standard Life Smoothed Return Pension Fund factsheet
- Doing Business with Fidelity Adviser Solutions
- Fidelity Adviser Solutions Client Terms

Definitions

Here we explain what the various terms used in the document mean. Where they are used they are shown in bold in the text. You may find it helpful to refer to them as you read through the guide.

Estimated Growth Rate (EGR) is the annual rate at which the underlying investments are expected to grow over the long term. We use this rate and any smoothing adjustments, less the fund charge, to calculate the Fund's unit prices at the end of each working day.

Feeder Fund means the Standard Life Smoothed Return Feeder Pension Fund that you are initially invested in, prior to your investment being switched to the **Smoothed Fund**.

Platform means the platform provided by Fidelity that gives you and your financial adviser access to your Fidelity pension account.

Smoothed Fund (sometimes referred to as the 'Fund' in the guide) means the Standard Life Smoothed Return Pension Fund where the money is invested following the initial period where it is held in the **Feeder Fund**.

Strategic Asset Allocation means a portfolio strategy whereby the manager sets target allocations for various asset classes and rebalances the portfolio periodically. The target proportions are based on factors such as; risk tolerance, time horizon, and investment objectives.

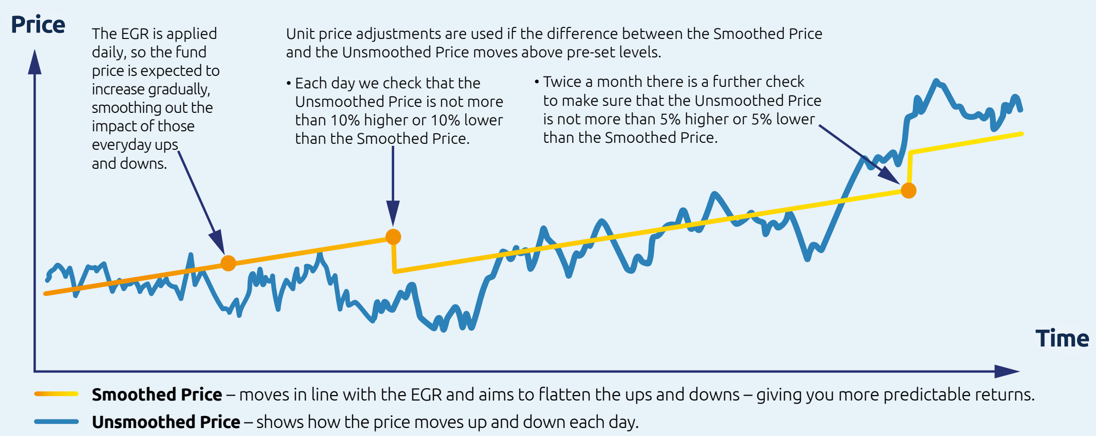
Underlying Fund means the unit-linked portfolio managed by Fidelity International.

A. An introduction to the Standard Life Smoothed Return Pension Fund

What is the Fund?

The Fund is intended to grow your pension investment whilst providing some shelter against the ups and downs of investing (also known as volatility). Unlike most funds, the Fund undergoes a 'smoothing' process which aims to shelter it from some of the daily ups and downs often seen in the stock market. Over the longer term, we expect the Fund to grow in line with the EGR, but this does depend on the investment markets. There may also be times when the value of your Fund could fall, sometimes frequently, or significantly, if for instance there are sustained falls in the investment markets over an extended period of time. So, while the Fund smooths out some of the daily ups and downs, it doesn't provide any guarantees and you may get back less than was paid in.

The graph below illustrates how the smoothing process works.



Graph is for illustrative purposes only.

You can find out more information on how we monitor and control the smoothing mechanism (section B of this guide), as well as information on certain extreme circumstances where the smoothing mechanism may be reset (section B) or suspended (section E).

To help achieve a smoother investment journey, the Fund spreads your money across a range of different investments (an approach known as diversification) including equities (stocks and shares), bonds (loans to a government or company), and money market instruments (including cash).

The unit price of the **Smoothed Fund** is smoothed and aims to increase at an **Estimated Growth Rate (EGR)**, less any fund charges applied. If the unit price of the **Underlying Fund** drifts away from the **Smoothed Fund** unit price by more than a set amount, then the unit price of the **Smoothed Fund** will be adjusted to bring it closer to the **Underlying Fund** value.

We explain how the **EGR**, and the **Underlying Fund** work in more detail in section B.

How the Fund is managed

The Fund is classed as a unit-linked insurance company fund operated by Standard Life with the underlying investments being managed by Fidelity International. Standard Life is a trading name of Phoenix Life Limited.

Standard Life is responsible for setting the investment mandate for Fidelity International. The mandate is the set of rules stating how the **Underlying Fund** should be invested, including the **Strategic Asset Allocation** that should be followed. Fidelity International is responsible for implementing these requirements.

Standard Life is also responsible for selecting and overseeing the Fund manager on an ongoing basis.

What is the aim of the Fund?

- To provide the potential for growth on your pension investment over the medium to long term (you should usually be prepared to leave your pension investment invested for a minimum of five years)
- To smooth some of the ups and downs of investment performance
- To provide a diversified portfolio by investing in different asset classes and geographical regions

What are the risks of investing in the Fund?

- The value of your investment may go down as well as up and the amount you get back may be less than was invested
- The amount of growth you get is not guaranteed
- The level of income you can take is not guaranteed
- In extreme conditions, the smoothing mechanism can be reset or suspended
- When you pay money into the Fund, there will be a delay of 10 working days, plus a settlement period before your order is carried out. The unit price may go up or down during this period
- When you take money out of the Fund, there can be a delay of 10 working days, plus a settlement period before your order is carried out. The unit price may go up or down during this period

Who is the Fund potentially suitable for?

The Fund might be **suitable** for you in the following circumstances:

- You are looking for growth on your pension investment while smoothing the daily ups and downs of investment performance
- You would like to take an income from your pension investment
- You would like to invest in a range of different assets
- You are willing to accept some level of risk to your investment
- You accept that the Fund could fall in value, sometimes frequently, or significantly. For example, if there are sustained falls in the investment markets over an extended period of time

Who is the Fund not suitable for?

The Fund is **not suitable** for you if:

- You cannot accept any risk to your pension investment and you need a capital guarantee
- You would like a guaranteed level of income
- You are not prepared to leave your pension investment invested for at least five years
- You are looking for equity-like returns
- You need instant access when you decide to withdraw some or all of your money

How can I invest in the Fund?

You can invest in the Fund through a pension account available on the Fidelity Adviser Solutions Platform. The Fund is made available within a Fidelity pension through a Trustee Investment Plan, provided by Standard Life to the trustees of the Fidelity pension.

You can only invest in the Fund if your financial adviser has recommended it to you. Your adviser's company must be authorised by the Financial Conduct Authority.

If you transfer your pension investment from Fidelity to another pension provider you will not be able to transfer the units held in this Fund. All units in this Fund will need to be sold as part of the transfer.

> The concept of 'smoothing' is relatively easy to understand, but how the Fund achieves a smoother path takes more understanding, as there are quite a few moving parts. We now go on to explain the technicalities in more detail.

What happens when I invest in the Fund?

Standard Life Smoothed Return Feeder Pension Fund

When you apply to invest in the Fund, your investment will first be placed in the Standard Life Smoothed Return Feeder Pension Fund for an initial holding period. At the end of this fixed period Fidelity will place an instruction for the value of your investment to be switched into the **Smoothed Fund**.

The **Feeder Fund** grows at the same **Estimated Growth Rate (EGR)** as the **Smoothed Fund**. The details of how the **EGR** operates are set out in section B.

You will receive the **EGR** for the short period you are invested in the **Feeder Fund**. This will be subject to the same Annual Management Charge as the **Smoothed Fund**. Fund charges are covered in section D.

Standard Life Smoothed Return Pension Fund

The **Smoothed Fund** is the home for all investments into the Fund once they are switched out of the **Feeder Fund**.

The **Smoothed Fund** uses the same **Estimated Growth Rate (EGR)** as the **Feeder Fund**. The details of how the **EGR** operates are set out in section B.

The **Smoothed Fund** unit price changes in value by the EGR and any smoothing adjustments less the fund charge.

Units and Pricing

When you invest in the **Smoothed Fund**, we will allocate you a number of units based on the amount you invest. Each of these units represents an equal share of the Fund. The details relating to the relationship between the unit prices of the **Smoothed Fund** and **Underlying Fund** are explained in more detail in section B.

The value of each of these units is referred to as the unit price. We use this unit price in calculations to determine the number of units you will receive when we are instructed to invest a specific sum of money into the Fund. We also use it to determine the amount you receive when we are instructed to sell or switch some or all of your investment. We update the unit prices of the **Feeder Fund** and **Smoothed Fund** at the end of each working day.

B. How does the smoothing process work?

Smoothing overview

The smoothing process described in this section is used to determine the unit prices of the **Feeder Fund** and **Smoothed Fund**.

Estimated Growth Rate (EGR) details

The **EGR** is an annual percentage rate that we use, together with the fund charges, to calculate any increase to the unit prices at the end of each working day. The details relating to fund charges are covered in section D.

The **EGR** is calculated using long-term growth expectations of the underlying assets. In order to arrive at the **EGR** we use data from external asset management companies who specialise in the analysis of different asset types and how they might perform in the future market conditions. The **EGR** is based on the data supplied to us by the asset management companies. We scrutinise the data used to ensure that the analysis from which it is derived is reasonable and will change the company we use if need be.

The **EGR** is reviewed on a quarterly basis. If the review date is due to take place on a non-working day such as a bank holiday, we move the review to the next working day. These reviews can result in an increase, decrease or no change to the current **EGR**.

If exceptional conditions exist that significantly alter the external asset management company's outlook of financial markets, we will carry out an additional review of the **EGR** to update the current rate.

The current and historical **EGRs** are available on request.

While the unit price of the Fund will normally increase in line with the **EGR**, minus the Annual Management Charge (see section D for details), the unit price can be adjusted so it's closer, or equal, to the price of the **Underlying Fund**. This is explained in more detail below.

Unit price adjustments – daily monitoring

We carry out daily monitoring of the unit prices of the **Feeder Fund** and the **Underlying Fund**, which can result in changes to the unit price of the **Smoothed Fund**.

If the **Underlying Fund** unit price rises to be above 110% of the unit price of the **Smoothed Fund** then we will make an adjustment. This adjustment would increase the unit price of the **Smoothed Fund** to be 2.5% lower than the **Underlying Fund's** unit price.

If the **Underlying Fund** unit price falls to be below 90% of the unit price of the **Smoothed Fund** then we will make an adjustment. This adjustment would decrease the unit price of the **Smoothed Fund** to be 2.5% higher than the **Underlying Fund's** unit price.

Unit price adjustments – twice monthly monitoring

We also carry out twice monthly monitoring of the unit prices of the **Smoothed Fund** and the **Underlying Fund**, which can also result in changes to the unit price of the **Smoothed Fund**. These twice monthly reviews take place on the 5th and 20th of the month. If the review date is due to take place on a non-business day such as a bank holiday, we move the review to the next working day. This review is carried out after the daily monitoring review has taken place.

If the **Underlying Fund** unit price rises to be above 105% of the unit price of the **Smoothed Fund** then an adjustment will be made. This adjustment would increase the unit price of the **Smoothed Fund** by halving the difference between the two unit prices.

If the **Underlying Fund** unit price falls to be below 95% of the unit price of the **Smoothed Fund** then an adjustment will be made. This adjustment would decrease the unit price of the **Smoothed Fund** by halving the difference between the two unit prices.

Smoothing reset adjustment

We regularly monitor the total cash flows in and out of the **Smoothed Fund**. In specific scenarios we may change the unit price of the **Smoothed Fund** to be equal to the **Underlying Fund** unit price. This is referred to as a smoothing reset adjustment.

The scenarios where we may trigger a smoothing reset adjustment are:

- If net cash flows in or out, including any buy and sell instructions that are in progress, over the previous 30 days exceed 5% of the total assets under management of the **Smoothed Fund**.
- If net cash flows in or out, including any buy and sell instructions that are in progress, over the previous 6 months exceed 15% of the total assets under management of the **Smoothed Fund**.

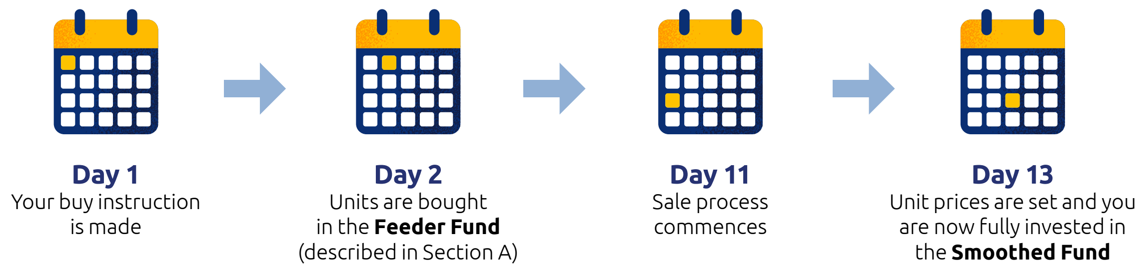
After a smoothing reset, the unit price of the **Smoothed Fund** will continue to increase daily in line with the current **EGR** less the fund charge.

C. Buying, selling and switching

Buying

Here we explain the buying process timeline for orders received before 10am. If your order is received after 10am, a day is added to the processing time.

Because you are buying a fund with a 'smoothing' mechanism, the buying process takes longer than that for a fund that does not have smoothing.

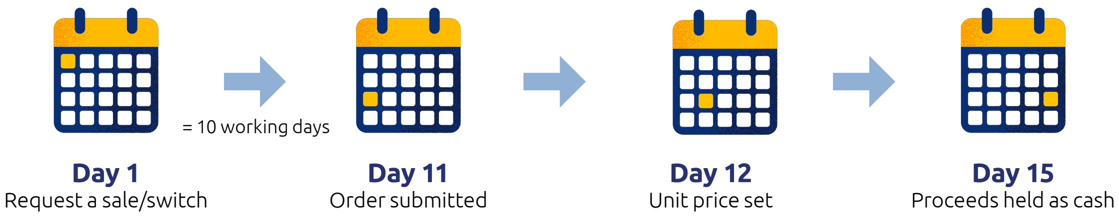


Note: all days are 'working' days.

Selling and Switching

Here we explain the selling and switching process timeline.

- You can only make a single request to switch out in any 90 calendar day period.
- Sales and switches cannot be made from the **Feeder Fund**, only from holdings in the **Smoothed Fund**.
- The proceeds of any sale will be held as cash in your Fidelity pension account.



Note: all days are 'working' days.

Certain selling and switching transactions are not subject to a 10 working day delay. These are explained on the following page (9).

Your financial adviser can help with explaining the buying, selling and switching processes.

Transactions subject to ten working day delay

The following pension transactions are subject to the 10 working day delay described in the selling and switching section:

- Fund switches
- Sell to cash
- Taxable lump sum payments
- Uncrystallised Funds Pension Lump Sums (UFPLS) payments

The 10 working day delay which applies to 'sell' instructions is targeted to be put in place by the beginning of 2026 for any transfer out payment transactions.

We will notify you of this change at least a month ahead of its implementation. Please note, this additional delay may come into effect earlier than this date.

Exemptions

There are a number of pension transactions which are not subject to the 10 working day delay. These are:

- Pension commencement lump sums
- Regular income payments i.e. where automated income transactions are set up and processed by the Platform
- Lump sum death benefits
- Serious ill-health benefits
- Small pension pot payments (up to £10,000)
- The deduction of fund charges
- Facilitation of adviser charges and Fidelity's charges (please speak to your financial adviser about these charges)
- Customers exercising their right to cancel their Fidelity pension account
- Customers subject to a Pension Sharing Order

D. What are the Charges?

Annual Management Charge (AMC)

We apply an Annual Management Charge (AMC) which covers the costs of administering the Fund and providing the smoothing mechanism. The AMC is applied in the unit pricing of the **Underlying Fund** which is used in the smoothing process. The unit prices of the **Feeder Fund** and the **Smoothed Fund** grow at the **EGR** less the AMC.

The AMC can be increased after giving at least 30 days' notice to you via the **Platform**. All reviews of the Fund AMC include customer fair value assessments as a core consideration.

The AMC is published on the Fund factsheet.

The AMC does not include any charges relating to your Fidelity pension account including, for example, platform charges and an adviser charge. Please speak to your financial adviser for more details.

E. Exceptional events

Fund Suspension

Following the determination that an Exceptional Disruption Event has occurred, all trading in the Fund may be suspended. In such an instance no new instructions to buy, sell or switch units in the Fund will be accepted. Any instructions to buy, sell or switch units in the Fund that have already been requested will proceed unless it has become illegal, impossible or commercially impracticable for any of the relevant parties set out in section A to do so.

While the Fund is suspended, there may be no changes to the unit price of the Fund.

An Exceptional Disruption Event includes, but is not limited to, investments being materially hindered by a change in law or regulation, directive of any government authority, war, act of terrorism, infrastructure failure and one or more of the relevant parties set out in section A being unable to carry out required trades.

Where we have made the decision to suspend trading in the Fund, we will review the decision on an ongoing basis. Once we are able to do so, we will reinstate the ability to buy, sell or switch units in the Fund as soon as it is reasonably practicable to do so.

Smoothing suspension

Standard Life may suspend the smoothing process set out in section B in the following circumstances:

- A change in law or regulation, or government directive that prevented us from providing smoothing
- Any circumstances outside of our reasonable control, as described in the section below
- An infrastructure failure preventing us from providing smoothing
- If the Fund is closing

In such an instance, the unit price would be reset to be the same as the unit price for the **Underlying Fund**. The price would then move in line with the **Underlying Fund** unit price for as long as the smoothing suspension remains in effect.

Where we have made the decision to suspend smoothing, we will review the decision on an ongoing basis. Once we are able to do so, we will reinstate the smoothing process as soon as it is reasonably practicable to do so.

Circumstances outside of our reasonable control

There may be circumstances that are outside of our reasonable control which may mean that we are unable to carry out our obligations, such as:

- Significant disruption of a market
- Failure of communications, technology or other networks that we rely on
- Failure of a third party that we rely on
- Industrial action
- War, terrorist attack or threat, civil commotion

We will act reasonably and contact you as soon as possible to inform you of how this affects your investment.

F. Changes to how the Fund operates

We may make changes to the Fund where it is reasonably necessary or prudent to do so. We will generally only make changes for the reasons listed below:

- If there are changes in general law or decisions of the Financial Ombudsman Service, the Pensions Ombudsman or the Financial Services Compensation Scheme
- To enable us to meet regulatory requirements
- For us to meet relevant industry guidance or codes of practice
- To reflect a change in our corporate structure, or the corporate structure of any of the relevant parties set out in section A of this document
- To reflect any change in the risk appetite of Standard Life and ensure that we are able to continue to operate the Fund for the benefit of all investors
- To provide for the introduction of new or improved systems, methods of operation, services or facilities
- To reflect the appointment by us of alternative third parties to provide services in connection with the agreement; or
- To respond proportionately to changes in the terms and conditions or charges of any third parties appointed in connection with the agreement

If we make a change for any of these reasons we will provide you with at least 90 days' notice, or as much notice as is reasonably possible.

G. Is the Fund covered by the Financial Services Compensation Scheme (FSCS)?

Yes. The Financial Services Compensation Scheme (FSCS) has been set up to provide protection to consumers if authorised financial services firms are unable, or likely to be unable, to meet claims against them.

The Fund is classed as a long-term contract of insurance. The trustees will be eligible for compensation under the FSCS if Phoenix Life Limited (PLL) becomes unable to meet its claims and the cover is 100% of the value of their claim.

The Fund is invested in funds run by another firm. If the underlying fund manager goes into default FSCS protection does not apply. However, your investment will be protected by the requirement for the fund manager to appoint a depository and custodian. One of the primary functions of the custodian is the safekeeping of securities and cash in deposit accounts, held in the name of the depositary. This has the effect of segregating the funds from the fund manager's own monies and effectively protects your investments should the fund manager become insolvent, provided that they are not found to be acting dishonestly, fraudulently or negligently.

For further information on the compensation available under the FSCS, please check their website www.fscs.org.uk or call the FSCS on 0800 678 1100 or 020 7741 4100. Please note only compensation queries should be directed to the FSCS.

If you have any further questions, you can speak to your financial adviser or contact us directly.

You can also find more information at www.standardlife.co.uk/investor-protection

Further information

If you would like to know more about the Fund, or have any specific questions please contact your financial adviser.