



How to choose the right investment options for your pension

Standard Life 

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This guide contains information on the funds you can choose to invest in through the Warwickshire County Council Group Additional Voluntary Contributions Plan, which is a Group Additional Voluntary Contributions plan provided by Standard Life.

You'll find information here about your investment options: the Five Year Lifestyle Profile, which is the Trustee's selected option, and the selected fund range the Trustee has chosen for you.

If you would like more information on any of these funds, please contact Standard Life on **0845 279 8831** (call charges will vary).

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 cost for this.

Please make sure you read the 'Important information' section.

Section 1 – Information and guidance

Important information

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 the Guidance notes section 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 six 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 will 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 20 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 the timing of investing.

- ▶ Some fund managers may look to get a better return by lending some of the assets from our 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 and rebates are not guaranteed and can be altered in the future.
- ▶ The funds listed here were correct when this document was published. We cannot guarantee that all funds will be available when you make an investment.



For more information about your company pension plan visit www.standardlifepensions.com or call us on 0845 279 8831. Our call charges will vary.

Guidance notes

What investment options are right for me?

Here's some more information to help you decide on the investment option(s) that might suit you. Learn about asset classes, investment approaches, lifestyle profiles, volatility ratings and charges.



Asset classes

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

The value of the investments in any asset class 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?

The return on equities comes from growth in the value of the shares, plus any income from dividends. For overseas equities, changes in the foreign currency exchange rates could also significantly affect returns.

What are the risks?

Equities are one of the more volatile asset classes – although they can offer good growth potential, their value can rise or drop sharply at any time. Because of this volatility, equities should normally be viewed as a long term investment.

Bonds

What are they?

Bonds are essentially loans to a government or company. These loans are often for a set time period and the bond owner usually receives regular interest payments. Bonds issued by the UK government are called ‘gilts’ and those issued by a company are ‘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 could also significantly affect returns.

What are the risks?

A bond’s return will be affected if:

- ▶ the interest or capital can’t be paid back in full or on time
- ▶ the creditworthiness 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. Some bonds are riskier than others, e.g. bonds issued for a longer time period or by companies which are viewed as risky.

Money Market Instruments (including cash)

What are they?

Money market instruments include deposits with banks and building societies, as well as governments and large corporations. They also include other investments that can have more risk and return than standard bank deposits. There are circumstances where money market instruments can fall in value.

What's the potential return?

The return comes from any interest received and any change in the value of the instrument.

What are the risks?

Investments in these assets are riskier than cash deposit accounts – in some circumstances their values will fall. The return may also be lower than inflation.

Property

What is it?

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

What's the potential return?

The return from a direct investment in property is a combination of rental income and any change in the property value. In comparison, the return on property securities can be similar to equities (see the 'equities' asset class description for potential returns and risks).

What are the risks?

The value of direct 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 or get the price you were hoping for. Property securities, like equities, can have sharp changes in value at any time.

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

Other

These are investments that don't fit into one of the other asset class categories. They include direct and indirect investments in real assets like commodities, for example oil or precious metals. They also include investments with specialist characteristics.

Standard Life uses asset classes to categorise our fund range. We categorise some funds as 'other' because they invest in more than one type of asset and therefore can't be categorised as any individual asset class. Alternatively, funds can be classed as 'other' because they don't meet the criteria of the recognised industry sectors or they haven't provided enough information to be categorised.

Investment approaches

Passive investment

A 'passive' investment aims, before charges, to track or replicate the performance of an index or indices. The fund will be affected by market volatility, but relative performance won't be impacted by stock selection.

Active investment

Active investments aim to achieve returns that are above average, using fund manager analysis. The fund manager will try to outperform the market by investing in companies that they believe will provide higher than average returns. However, returns are not guaranteed, and there is a chance of poor performance. These investments can be more volatile than passive investments, and are usually more expensive.

Absolute returns

Absolute return funds usually aim to have a positive return regardless of market conditions. Their investment strategies vary widely, but they often use complex strategies that make use of derivatives. Risk and return will depend on exactly what the fund invests in, but in general absolute return funds can be expected to fall less than the wider markets when markets fall, but also to increase by less than markets when they rise. Although absolute return funds aim for consistent positive returns, there is no guarantee that they will achieve them, and the funds can fall in value. Absolute return funds may have different risks from other funds due to the derivatives that they use, and also because they may borrow, which increases potential returns and risk.

Lifestyle profiles

Lifestyle profiles are designed for customers investing for retirement. The funds used within them depend on the profile chosen and will also depend on how long you have until your selected retirement date. If this date is some time away (typically more than 10 years), lifestyle profiles will invest in funds that offer growth potential over the long term (although please 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 by 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 (e.g. they may not be suitable for customers who are considering annuity purchase, or those who do not intend to retire at their selected retirement age). You should seek financial advice before making any investment decision.

If you choose to invest in a lifestyle profile, you cannot combine this with any other fund or with any other lifestyle profile.



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

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.

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.

Effective 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.

We've agreed with the Trustee and their adviser to provide enhanced terms to give you a yearly rebate of 0.375% of the amount that's invested in each fund. Your rebate is given to you as additional units in your fund each month. This reduces the effect of the FMC.

In the long term your effective FMC will be close to the FMC you pay less the rebate you receive. But it won't be the same because the FMC is deducted daily while the rebate is applied monthly.

Your effective FMC will be affected by factors such as:

- ▶ the period it has been measured over
- ▶ any single payments and transfer payments made
- ▶ changes in the timing of your regular payments
- ▶ daily changes in the fund value.

If you leave Warwickshire County Council, the rebate on all funds will remain in place.

Full details of your special terms are detailed in the 'Selected fund range' section in this booklet.

Additional expenses

Additional expenses may be deducted from some funds. They include items such as trustees', registrars', auditors', regulators' fees and where a fund invests in other underlying funds they may include their underlying management charges. The additional expenses relate to expenses incurred during the fund management process and as such they will regularly increase and decrease as a percentage of the fund, sometimes significantly. Where expenses arise within a fund they have been taken into account in the calculation of the price.

All additional expense figures quoted later in this guide are rounded to two decimal places. An additional expense charge may apply but due to the fact that we have rounded to two decimal places it may show as 0.00%.

The additional expenses quoted are correct as at April 2013.

The charges and additional expenses are not guaranteed. They are regularly reviewed and may be changed in the future.

Section 2 - Where you can invest your money

Your options

There are two main options available to you:

Trustee selected option

You can invest in the Five Year Lifestyle Profile, which has been selected by the Trustee with help from their advisers.

Details are in the 'Trustee selected option' section.

Selected fund range

You can make individual fund choices from the selected fund range chosen by the Trustee with help from their advisers.

Details are in the 'Selected fund range' section.

Before you choose a fund you should read the latest fund fact sheet. You can find them on our website at www.standardlife.co.uk/funds

We recommend you seek advice from a financial adviser before choosing funds.

Fund name and code

This gives the name of the fund and 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.

Trustee selected option

If you want a low level of involvement in the selection of your investment fund(s), or find it confusing to choose where to invest your money for your pension, then the Trustee selected option could be for you.

To help make your life easier, after recommendations from their investment advisers, the Trustee has chosen a lifestyle profile which it thinks is appropriate for pension plan investments.

Before making this choice, you should read the information about lifestyle profiles in the 'Guidance notes' section.

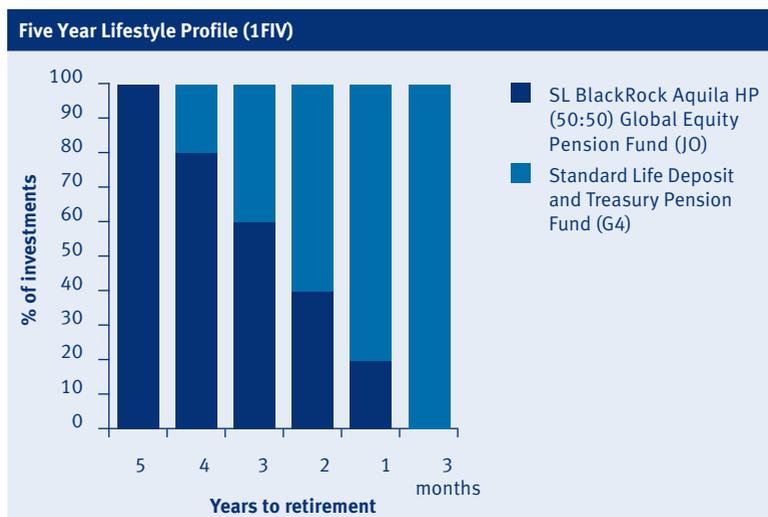
You should also be aware of the risks and commitments involved. Read our Key Features Document for more information.

If you choose to invest in the Five Year Lifestyle Profile, you cannot combine this with any other fund or with any other lifestyle profile.

All funds are subject to risk and the value of units in funds can go down as well as up and your investment may be worth less than what was paid in.

Five Year Lifestyle Profile

This is a lifestyle profile where your investments start in the SL BlackRock Aquila HP (50:50) Global Equity Pension Fund. The lifestyle profile then gradually moves your investments into the Standard Life Deposit and Treasury Pension Fund.



For more information about the funds that make up the Five Year Lifestyle Profile including the charges and volatility ratings, refer to the ‘Selected fund range’ section in this booklet.

You should also read the ‘Important information’ section.

Selected fund range

Choosing where to invest your money is one of the most important decisions you have to make when arranging a pension. Many people find this task confusing.

To help make your life easier, after recommendations from their investment advisers, the Trustee has selected some funds which it thinks are appropriate for pension plan investments. You should note, however, that the inclusion of a range of selected funds does not mean that they are recommended by your Trustee or their investment advisers as being suitable in every case.

If you would like more information on any of the funds from Standard Life, please contact us on: **0845 279 8831** or visit the website at **www.standardlife.co.uk**

If you are in any doubt as to which fund(s) you should choose, we strongly recommend you seek advice from a financial adviser. There may be a cost for this.

Some of the fund descriptions might use words or phrases you're not familiar with. Speak to your financial adviser if you need an explanation.

Standard Life Corporate Bond Pension Fund

- ▶ Fund code: HH
- ▶ FMC: 1.00%
- ▶ Volatility rating: 2
- ▶ Additional expenses: 0.01%

The fund aims to provide long term growth mainly from the reinvestment of income generated by investing predominantly in Sterling denominated corporate bonds. The fund is actively managed by our investment team who may also invest a proportion of assets in other bonds (e.g. overseas bonds and gilts) and/or money market instruments to try to take advantage of opportunities they have identified.

Standard Life Deposit and Treasury Pension Fund

- ▶ Fund code: G4
- ▶ FMC: 1.00%
- ▶ Volatility rating: 1
- ▶ Additional expenses: 0.01%

The primary aim of the fund is to maintain capital and provide returns before charges in line with short term money market rates 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 fund income falls so low as to be less than the charges applied to the fund.

Standard Life Ethical Pension Fund

- ▶ Fund code: G7
- ▶ FMC: 1.00%
- ▶ Volatility rating: 5
- ▶ Additional expenses: 0.01%

The fund aims to provide long term growth by investing in a diversified portfolio of assets (including equities and corporate bonds) that meet our strict ethical criteria. The fund's assets can be from both the UK and overseas and are predominantly equity based. The ethical criteria are agreed with the Standard Life Ethical Committee and may be amended from time to time if considered appropriate. The fund manager will exclude companies which fail to meet the ethical criteria whilst seeking to include companies whose business activities are regarded as making a positive contribution to society.

Standard Life Managed Pension Fund

- ▶ Fund code: FA
- ▶ FMC: 1.00%
- ▶ Volatility rating: 5
- ▶ Additional expenses: 0.01%

The fund aims to provide long term growth whilst investing in a diversified portfolio of assets (including equities, bonds, property, cash deposits and money-market instruments) in order to reduce the risk associated with being solely invested in any one asset class. These assets can be from both the UK and overseas. The fund is predominantly equity based and is actively managed by our investment team, who will vary the proportions held in each asset class to try to take advantage of opportunities they have identified.

Standard Life Property Pension Fund

- ▶ Fund code: FM
- ▶ FMC: 1.00%
- ▶ Volatility rating: 3
- ▶ Additional expenses: 0.01%

The fund aims to provide long term growth from a combination of income and capital growth by investing predominantly in prime quality UK properties. Typically the fund will invest in a mix of freehold and leasehold properties selected from across the retail, office, industrial and other sectors. The fund may also invest in European properties and in property development opportunities. As well as direct investments, the fund may also invest indirectly in property through investment vehicles such as quoted and unquoted property companies or collective investment schemes.

Selling property can be a lengthy process so investors in the fund should be aware that they may not be able to sell their investment when they want to.

SLI Global Absolute Return Strategies Pension Fund

- ▶ Fund code: YX
- ▶ FMC: 1.50%
- ▶ Volatility rating: 3
- ▶ Additional expenses: 0.10%

The fund is invested in the Standard Life Investments Global Absolute Return Strategies Fund which aims to provide positive investment returns in all market conditions over the medium to long term. The investment team who actively manage the fund have a wide investment remit to help them try to achieve this aim. The team look to exploit market inefficiencies through active allocation to a diverse range of market positions. The fund manager utilises a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques resulting in a highly diversified portfolio. The fund can take long and short positions in markets, securities and groups of securities through derivative contracts.

SL BlackRock Aquila HP Consensus Pension Fund

- ▶ Fund code: JU
- ▶ FMC: 1.00%
- ▶ Volatility rating: 5
- ▶ Additional expenses: 0.03%

The SL BlackRock Aquila HP Consensus Pension Fund invests primarily in the BlackRock Aquila HP Consensus Pn Fund. The aim of the BlackRock Aquila HP Consensus Pn Fund is summarised below.

This fund provides a low-cost alternative to traditional balanced fund management. It aims to produce consistent investment performance in line with the average UK pension fund and to avoid any violent swings between the upper and lower ends of the pension fund performance league tables.

SL BlackRock Aquila HP (50:50) Global Equity Pension Fund

- ▶ Fund code: JO
- ▶ FMC: 1.00%
- ▶ Volatility rating: 6
- ▶ Additional expenses: 0.02%

The SL BlackRock Aquila HP (50:50) Global Equity Pension Fund invests primarily in the BlackRock Aquila HP 50/50 Global Equity Pn Fund. The aim of the BlackRock Aquila HP 50/50 Global Equity Pn Fund is summarised below.

The fund invests primarily in equities, both in the UK and overseas markets. The fund has approximately 50% invested in the shares of UK companies. The remaining 50% is invested in overseas companies split equally between the US, Europe ex-UK, Japan and Pacific Rim. The fund aims to provide returns consistent with the markets in which it invests and provides broad exposure to countries around the world.

SL BlackRock Aquila HP Over 5 Year Index Linked Gilt Pension Fund

- ▶ Fund code: NB
- ▶ FMC: 1.00%
- ▶ Volatility rating: 3
- ▶ Additional expenses: 0.01%

The SL BlackRock Aquila HP Over 5 Year Index Linked Gilt Pension Fund invests primarily in the BlackRock Aquila HP Over 5 Year Index Linked Gilt Pn Fund. The aim of the BlackRock Aquila HP Over 5 Year Index Linked Gilt Pn Fund is summarised below.

This fund invests in UK government index-linked securities (index-linked gilts) that have a maturity period of 5 years or longer. The fund aims to achieve a return consistent with the FTSE* UK Gilts Index-Linked Over 5 Years Index.

* The FTSE UK Gilts Index-Linked Over 5 Years Index is calculated solely by FTSE International Limited ("FTSE"). FTSE does not sponsor, endorse or promote this fund. All copyright in the index values and constituent list vests in FTSE. "FTSE®" is a trade mark jointly owned by the London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under licence.

SL BlackRock Aquila HP Over 15 Year Gilt Pension Fund

- ▶ Fund code: ND
- ▶ FMC: 1.00%
- ▶ Volatility rating: 4
- ▶ Additional expenses: 0.01%

The SL BlackRock Aquila HP Over 15 Year Gilt Pension Fund invests primarily in the BlackRock Aquila HP Over 15 Year Gilt Pn Fund. The aim of the BlackRock Aquila HP Over 15 Year Gilt Pn Fund is summarised below.

This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE* UK Gilts Over 15 Years Index, which is widely regarded as the benchmark for UK pension fund investment in the longer dated end of the UK gilt market.

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SL BlackRock Aquila HP UK Equity Pension Fund

- ▶ Fund code: JP
- ▶ FMC: 1.00%
- ▶ Volatility rating: 6
- ▶ Additional expenses: 0.01%

The SL BlackRock Aquila HP UK Equity Pension Fund invests primarily in the BlackRock Aquila HP UK Equity Pn Fund. The aim of the BlackRock Aquila HP UK Equity Pn Fund is summarised below.

This fund invests in the shares of UK companies and aims to achieve a return that is consistent with the return of the FTSE* All-Share Index.

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SL BlackRock Aquila HP World (Ex UK) Equity Pension Fund

- ▶ Fund code: JQ
- ▶ FMC: 1.00%
- ▶ Volatility rating: 6
- ▶ Additional expenses: 0.02%

The SL BlackRock Aquila HP World (Ex UK) Equity Pension Fund invests primarily in the BlackRock Aquila HP World Ex UK Equity Pn Fund. The aim of the BlackRock Aquila HP World Ex UK Equity Pn Fund is summarised below.

This fund invests in the shares of overseas companies, according to market capitalisation weightings. Within each of those markets, the fund aims to generate returns consistent with those of each country's primary share market. This fund aims to achieve a return in line with the FTSE* All-World Developed ex-UK Index.

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SL HSBC Amanah Pension Fund

- ▶ Fund code: JB
- ▶ FMC: 1.30%
- ▶ Volatility rating: 6
- ▶ Additional expenses: 0.01%

The SL HSBC Amanah Pension Fund invests primarily in the HSBC Amanah Global Equity Index Fund. The aim of the HSBC Amanah Global Equity Index Fund is summarised below.

The HSBC Amanah Global Equity Index Fund (the Fund) aims to create long term appreciation of capital through investment in a diversified portfolio of securities as defined by a relevant world index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors.

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.

Call us on 0845 279 8831

(Mon-Fri, 9am to 5pm). Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

www.standardlifepensions.com

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