

# **Global Absolute Return Strategies Fund**

**Standard Life** 



Are you looking for the potential for positive investment returns in a variety of market conditions? If so, the Global Absolute Return Strategies Fund may be worth considering.

**What is absolute return investing?**

Most conventional investment funds only reward investors when markets go up. Absolute return funds seek to deliver positive returns over the medium to long term whether markets are rising or falling.

The performance target for the GARS fund is cash\* plus 5% per annum (gross of charges) over rolling three-year periods.

\* As measured by the six month European Interbank Offer Rate

**Warning: If you invest in the product you may lose some or all of the money you invest**

**Warning: The value of your investment may go down as well as up**

**Warning: This product may be affected by changes in currency exchange rates**

# Key reasons to invest in GARS

## 1. Smoother investment journey

GARS does not follow a particular stock market benchmark. It aims to produce positive returns, over the medium to long term, regardless of the direction of stock markets. In sustained falling markets, the fund may fall less than a pure equity investment, although this cannot be guaranteed, and similarly in a rising market it may rise less.

## 2. Increased diversification

GARS invests in a combination of different strategies across global markets using both traditional asset classes and more advanced derivative techniques. This means it seeks to generate returns in a wider variety of ways than conventional funds.

## 3. An investment manager you can trust

GARS is managed by the Multi-Asset Investing team, which contains over 20 of our most experienced investment professionals, with an average of 14 years industry experience.

## 4. Policy protection with Standard Life

As Standard Life in Ireland operates as a branch of our UK parent company, policies taken out since 1 December 2001 are covered by the UK's Financial Services Compensation Scheme (FSCS) in the event that Standard Life is in default.

This means that if your client invests in a Standard Life pension or investment policy in Ireland, the policy is covered by the FSCS, which covers 90% of the claim, without any upper limit.

For more information visit the FSCS website, [www.fscs.org.uk](http://www.fscs.org.uk)

**There is no equivalent Irish compensation scheme.**

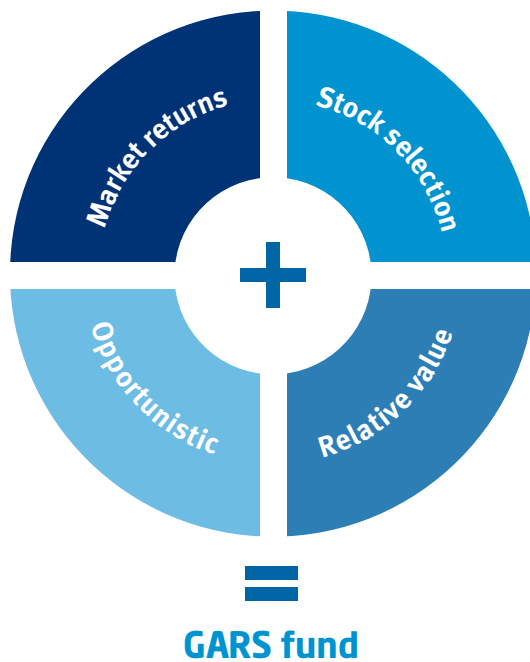


**This fund is not guaranteed, not a capital protected product and not a substitute for cash or deposits. In order to achieve its investment objective the Fund will make extensive use of derivatives.**

**Please read the section about important things to consider on page 07.**

## Where the fund invests

GARS seeks to generate investment returns by investing in a range of global assets and investment strategies from around the world. The fund generally holds over 30 different investment strategies and these can be grouped into four main categories as follows:



## Market returns

Returns are earned by investing in assets that are expected to provide long term return that is superior to cash e.g. equities, corporate bonds and property. The risk from holding these assets is that they can also give negative returns over significant time periods.

Examples of market returns strategies include:

- ▶ European, UK and US Equities
- ▶ UK and European Corporate Bonds
- ▶ Global Index linked bonds
- ▶ Property

## Stock selection

Stock selection is another source of performance where the experienced fund managers seek to give superior returns by active stock selection.

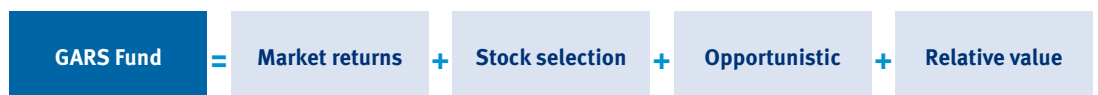
## Opportunistic

We take positions on specific market opportunities, where short and medium-term drivers change significantly e.g. exchange rates - we may believe the US dollar is cheap compared to sterling and invest accordingly.

## Relative value

A relative value strategy allows us to take advantage of differences between highly correlated markets to add value. For example, in an economic downturn we may prefer the defensive Swiss equity market to the German equity market, which is generally more affected by economic conditions.

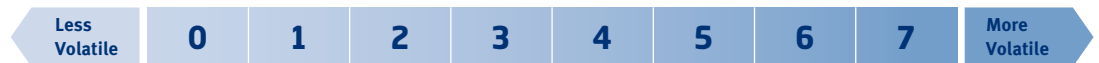
By taking the long term view across many strategies, we expect that at any given time some of them will be delivering positive returns.



## Volatility of the GARS Fund

All of our funds have a Volatility Rating of between 0 and 7 (where 0 is less volatile and 7 is more volatile). The fund has a volatility rating of 3 out of 7 and offers lower risk than conventional equity funds.

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 can suddenly fall or rise in value.

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.

### The fund may suit you if you...

- ▶ Wish to invest in a fund that aims to provide positive investment returns in all market conditions
- ▶ Are looking for a fund to form the core element of your pension portfolio or diversify an existing portfolio
- ▶ Are seeking to invest in an absolute return strategy and benefit from daily pricing and liquidity, transparency, low minimum investment and competitive fees

### The fund may not suit you if you...

- ▶ Do not wish to take any risk with your capital
- ▶ Do not wish to invest in a fund that uses financial derivatives
- ▶ Have a time horizon of less than five years

### How to access the fund

#### You can access the fund through the following products

- ▶ Synergy Executive Pension
- ▶ Synergy Personal Pension
- ▶ Synergy Buy Out Bond
- ▶ Synergy approved retirement funds
- ▶ Synergy Portfolio approved retirement funds
- ▶ Synergy Investment Bond
- ▶ Synergy Portfolio Bond
- ▶ Synergy Regular Invest

# Important things to consider

**This fund is not guaranteed, not capital protected and not a substitute for cash or deposits.**

## Extensive use of derivatives

In order to achieve its objectives an absolute return fund utilises a combination of traditional investments (such as equities, bonds and foreign exchange) and advanced techniques where it can use derivatives extensively. Derivatives are financial instruments which derive their value from an underlying asset, such as a share or bond, and are used routinely in global financial markets. Used carefully, derivatives offer an effective and cost-efficient way of investing in markets. However, derivatives can lead to increased volatility of returns in a fund, thus requiring a robust and extensive risk management process. While the fund will not borrow cash for investment purposes, the total value of exposures to markets will routinely exceed the Fund's net asset value. Derivatives may be Exchange Traded or Over the Counter (OTC).

## Use of 'short' positions

The fund, by employing certain derivative techniques, will establish both 'long' and 'short' positions in individual stocks and markets. Investing on a 'long' basis means that the value of the derivative will rise or fall in the same direction as the underlying market value of the asset from which it is derived. If investments are made on a 'short' basis the value of the derivative will rise and fall in the opposite direction to the underlying market value of the asset from which it is derived.

## Counterparty risk

The Investment Adviser may use one or more separate counterparties to undertake derivative transactions on behalf of the fund. From time to time the fund may be required to pledge collateral, and when this is required it will be paid from within the assets of the fund.

When a derivatives contract moves in favour of the fund there is a risk that the counterparty may wholly or partially fail to honour their contractual obligations under the arrangement. The Investment Adviser assesses the creditworthiness of counterparties as part of the risk management process and will ordinarily hold collateral to mitigate this.

## Active Fund Management

The majority of risks within traditional investment funds are driven by the type of investments held (i.e. equities, fixed interest or property, etc). The risks that fund management decisions add are generally of a smaller magnitude than those of the asset types themselves. The GARS fund however doesn't have a structure where most of the returns are generated from traditional asset types. Rather, it derives most of its returns from very specific strategies. As a result of this the risks of the fund are driven primarily by these fund management decisions, and less by the characteristics of the underlying traditional asset types.

## Correlation

The fund will invest in a diverse set of investment strategies, which in the opinion of the investment adviser have attractive risk reward characteristics. While the breadth of the strategies is significant, should they start to exhibit closer correlation ie move in the same direction as one another, the fund may be subject to a higher level of risk and volatility than anticipated.



**We recommend you get financial advice. You should not base your decision to invest solely on the information in this guide.**

## Find out more

Talk to your financial adviser about how to plan for your future, they'll give you the information you need to get started. Also, you can call us or visit our website.

**(01) 639 7000**

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.standardlife.ie](http://www.standardlife.ie)**