Enhanced-Diversification Growth Fund

A smoother investment journey

Standard Life
There's a lot to look forward to

Contents

Why Standard Life?

There's a lot to look forward to

Standard Life is a life savings company. That means we provide pensions, retirement solutions, savings, investments and funds for each stage of your life journey.

We've been working in partnership with financial advisers helping people plan and enjoy their futures for more than 180 years in Ireland.

Operating internationally, our team of 400 people in Ireland delivers products and services to support customers and advisers.

It's all about choice

We work with our strategic partners in Aberdeen Standard Investments, as well as other carefully selected fund managers, to offer you a choice of investment funds to suit your needs. We also give you options that allow you to invest in deposits, exchange traded funds and self-directed property.

We're here to help

Our customer service team is only a phone call away on 01 639 7000

What is the Enhanced - Diversification Growth Fund (EDGF)?

Many savers want the potential investment returns generated by higher risk investments but fear their volatility. It's a common problem – savers want their investments to grow but also want to limit the risk that their savings are exposed to. If you're one of these investors, EDGF aims to meet your needs.

EDGF is a multi-asset growth fund managed by Aberdeen Standard Investments. Using their expert knowledge of asset classes and enhanced-diversification investment strategies, the fund seeks to deliver investment returns similar to those of global equities (company shares), over 5-7 years, with only 2/3rds of global equity market volatility.

The underlying investments in EDGF are carefully selected according to the fund's unique strategy.

We know that at different times, the performance of asset classes can vary. For example when the value of company shares fall, we would expect the value of highly-rated government bonds to rise. So wouldn't it make sense to invest a number of different asset classes that may behave differently at different times? That's what EDGF does. It's managed in such a way that if the value of company shares fall significantly, the fund should not fall as much and potentially recovers quicker. The end result being the potential for smoother investment returns over the long term.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Key facts

Invests in
7
different asset classes

Just
2/3rds
of equity market risk

Typically
7-15
Enhanced-diversification strategies

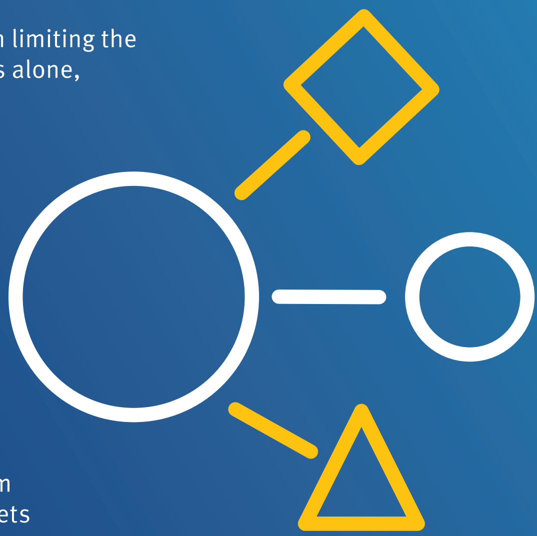
Managed by
70+
skilled investors

Source: Aberdeen Standard Investments, October 2017

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

Warning: If you invest in this fund you may lose some or all of the money you invest.

Spotlight – enhanced-diversification strategies



Think of these as shock absorbers. Rather than limiting the money-making potential of the fund to equities alone, Aberdeen Standard Investments incorporate enhanced-diversification strategies. These focus on a wider range of asset classes, such as interest rates, currencies and relative value equities, and aim to generate investment returns without increasing risk. They aim to exploit market inefficiencies and provide investors with the dual benefit of improved diversification and equity-like returns.

So investors can expect the diversifying positions to generate returns at different times than the equity part of the fund. They aim to absorb the shock of any falls in equity markets while targeting positive performance over time.

Why consider EDGF?

Enhanced diversification

EDGF can invest in traditional asset classes such as equities, bonds and property. But it also uses carefully selected advanced investment strategies in areas such as currencies and interest rates.

Combining traditional asset classes with enhanced-diversification strategies helps to increase your chances of making money while at the same time reducing the overall level of volatility in the fund.

Provides a cushion

The enhanced-diversification strategies within the fund can help to cushion your investment when markets are unsteady.

Designed for various market conditions

The fund is designed to participate in rising markets while potentially dampening losses when equity markets are falling.

7 diverse asset classes

Traditional asset classes:

Equities

Equities are company shares that offer the potential for long-term investment growth. EDGF invests in companies from developed markets, such as the US and Europe, as well as emerging markets such as China.

Bonds

Bonds, sometimes called fixed income, are a form of borrowing by companies and governments. If a company or government issues a bond, they receive a loan with the intention of repaying it in full, with interest, over a specified period of time. The fund can invest in developed and emerging market bonds.

Property

The fund can invest in both direct property (bricks and mortar) and in listed property companies.

Diversifying assets:

Currencies

The fund has the potential to profit from movements in global currencies.

Interest rates

Interest rate strategies aim to generate investments returns by exploiting movements, either up or down, in interest rates between countries.

Inflation

The fund’s inflation strategies aim to profit by exploiting differences, either up or down, between the inflation rates of different countries.

Relative value strategies

Relative value strategies aim to profit from the differences in price between related financial instruments, such as equities and bonds. These strategies aim to make money whether markets are falling or rising.

Warning: This investment may be affected by changes in currency exchange rates.

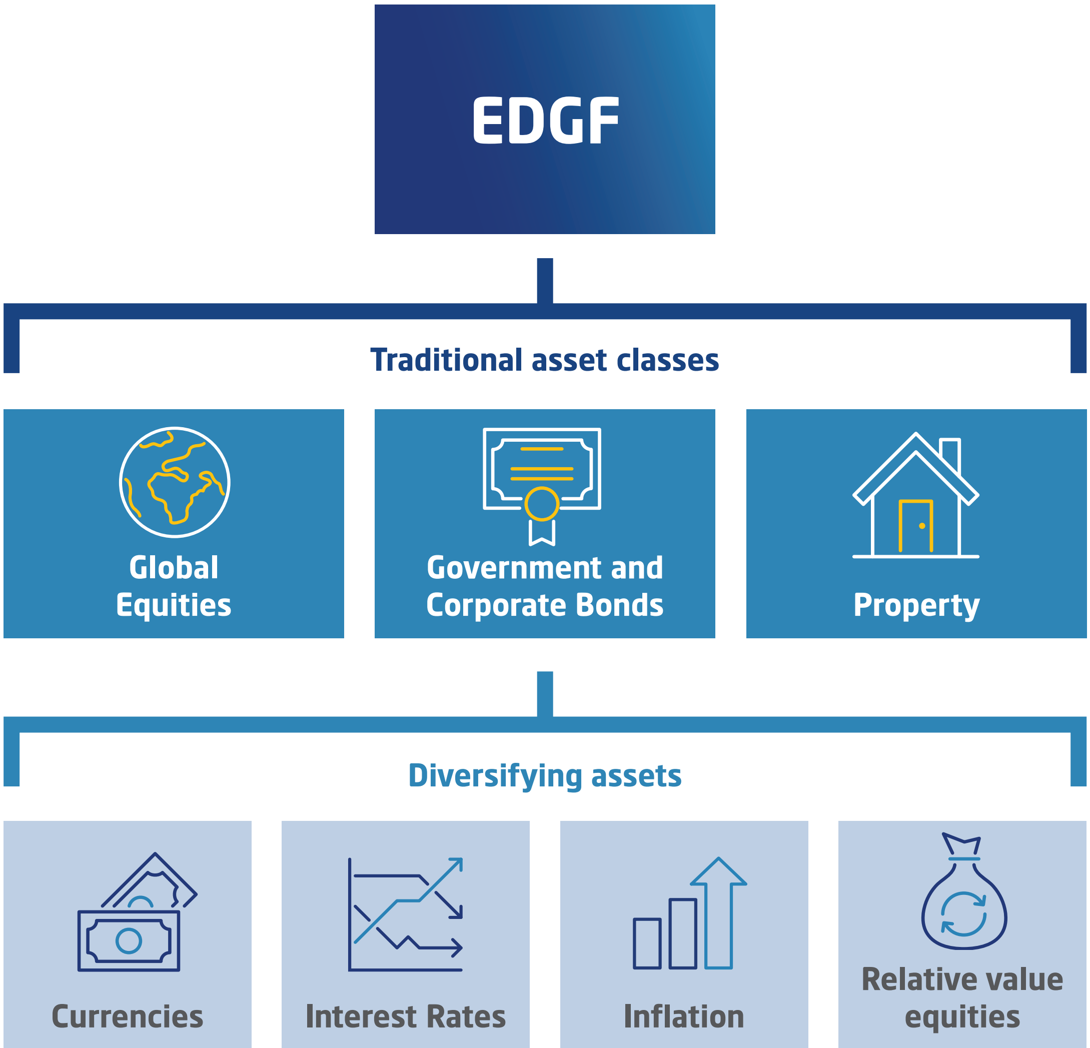
How is the fund managed?

Aberdeen Standard Investments only choose strategies for the fund that they believe can:

- deliver a positive return over a reasonable time frame
- reduce the overall level of risk in the fund
- be easily bought and sold

Aberdeen Standard Investments continuously monitor and test all of the strategies within the fund to ensure that they still meet their rules for selection.

Risk control is vital to the way the EDGF is managed. Aberdeen Standard Investments' dedicated risk specialists ensure that the fund managers of EDGF thoroughly understand the risk implications of each strategy. This helps to ensure that the fund managers choose investments for EDGF that they believe can deliver equity-like returns over a market cycle while reducing the overall level of risk in the fund.



Is this fund right for me?

We want to make sure that you only invest in funds that are right for you.

So how will you know if the Enhanced-Diversification Growth Fund is the right choice for your life savings? Take a look at the statements below. If they relate to you then this could be the right fund for you. Your financial adviser should help you to make this decision.

- I'm comfortable with a medium level of risk
- I'm seeking to grow my money over the long-term
- I want the potential for equity-like returns over 5-7 years but with 2/3rds the volatility of global equity markets
- I'm prepared to take risk with my capital

This fund may not be suitable if you:

- Are a low risk investor
- Do not want to take any risk with your capital
- Do not want to invest in a fund that uses advanced complex investment strategies
- Have an investment horizon of less than 5-7 years

Don't forget

At certain times, and when you cash in your policy, there's likely to be tax payable, depending on the policy type you invested in and your personal circumstances.

Important things to consider

The Enhanced-Diversification Growth Fund is not guaranteed, not a capital protected product and not a substitute for cash or deposits.

The fund can invest in a wide variety of investment strategies and assets. Below we document the specific or heightened risks applicable to this fund rather than an exhaustive list.

Extensive use of derivatives

In order to achieve its objectives the fund utilises a combination of traditional investments (such as equities, bonds and property) 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).

Counterparty risk

The Investment Manager 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 Manager assesses the creditworthiness of counterparties as part of the risk management process and will ordinarily hold collateral to mitigate this.

Use of 'short' and 'long' 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.

Active fund management

The majority of risks within traditional funds are driven by the type of investments held (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.

However, EDGF doesn't have a structure where all of the returns are generated from traditional asset types. Rather, it derives some of its returns from very specific strategies. As a result of this the risks of the fund can be driven by these fund management decisions, and less by the characteristics of the underlying traditional asset types than for traditional funds.

Correlation

The fund will invest in a diverse set of investment strategies, which in the opinion of the Investment Manager have attractive risk reward characteristics.

While EDGF invests in a broad range of different strategies if they start to exhibit closer correlation, for example, move in the same direction as one another, the fund may be subject to a higher level of risk and volatility than anticipated.

Equities

The fund invests in equities and equity related securities. These are sensitive to variations in the stock market which can be volatile and change substantially in short periods of time.

Fund pricing, switching, transferring or cashing in

You may be one of many investors in a fund. Sometimes, in exceptional circumstances:

- we may change the pricing basis of a fund to reflect cashflows in and out. If it's a property based fund, due to the high transaction charges associated with the assets, this can result in a significant movement of the fund price
- we may also wait before we carry out your request to switch your funds, transfer or cash in your policy. This delay could be for up to a month. But for some funds, the delay could be longer, for example, if it's a property based fund, it may be up to 12 months because property and land can take longer to sell.

  If we have to delay switching, transferring or cashing in, 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

These are processes which aim to maintain fairness between those remaining invested and those leaving a fund.

A decision to invest should not be based solely on the information within this document. Please talk to your financial adviser for more information, or if you need an explanation of the terms used.

Find out more about our funds

Talk to your financial adviser. They'll give you the information you need. Also, you can call us or visit our website.

Call us on (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/funds

Standard Life International dac is regulated by the Central Bank of Ireland. Standard Life International dac is a designated activity company limited by shares and registered in Dublin, Ireland (408507) at 90 St Stephen's Green, Dublin 2. Standard Life International dac is part of the Phoenix Group and uses the Standard Life brand under licence from the Standard Life Aberdeen Group.

EDGFCUST V04 0319