

Quilter

A simpler,
steadier, and
smoother way
of investing

*Your adviser guide to the
Quilter Smoothed Funds*

in partnership with

Standard Life 

*Suitable for financial advice
professionals only*



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An enduring partnership committed to fresh thinking

Quilter and Standard Life¹ have teamed up to help your clients enjoy a smoother investment experience on their retirement journey.

Quilter manages the underlying investments in the Quilter Smoothed Funds and Standard Life applies the smoothing to help deliver greater stability to your clients' retirement planning.

¹ Quilter is a trading name of Quilter Life & Pensions Limited and Quilter Investment Platform Limited. Standard Life is a trading name of Phoenix Life Limited.

Introducing the Quilter Smoothed Funds

Whether your clients are approaching retirement or already enjoying it, the Quilter Smoothed Funds have been designed to give them a more reliable and reassuring way to invest.

A smoother investment journey

The Quilter Smoothed Funds bring fresh thinking to the world of smoothed fund investing. The funds are designed to provide a more stable investment experience to your clients by reducing the size of the day-to-day fluctuations to their fund value.

There are three Quilter Smoothed Funds to choose from, ranging from low to medium risk:



The **Quilter Smoothed Conservative Fund** is designed for your clients with a need for low-risk investments.



The **Quilter Smoothed Balanced Fund** is designed for your clients with a need for low- to medium-risk investments.



The **Quilter Smoothed Moderate Fund** is designed for your clients with a need for medium-risk investments.

Each of the funds has an objective to grow your clients' wealth by investing in a range of assets including equities, bonds, and money market instruments including cash, typically through investment in other funds, whilst being continually managed to a defined level of investment risk.

The Quilter Smoothed Funds offer:



Simple and transparent smoothing



A more predictable and reliable income



Proven and established expertise

The value of your clients' investments can fall as well as rise. Your clients may get back less than they invested.

The Quilter Smoothed Funds aim to reduce the size of the day-to-day fluctuations to the fund value, but they do not provide any guarantees. The smoothing process could reduce returns in rising markets and reduce losses in falling markets.

Simple and transparent smoothing

We have designed the Quilter Smoothed Funds with simplicity and transparency in mind, to help you and your clients easily understand how their pension savings are managed.

A more straightforward approach

The Quilter Smoothed Funds use a method that is straightforward and easily explained using actual market returns, avoiding complex actuarial calculations.

The investment value is calculated on a daily basis, using a rolling-average smoothing process. This enables the size of the day-to-day fluctuations to your clients' fund value to be reduced.

The chart below shows how the smoothed price (shown in blue) tracks the unsmoothed price (shown in yellow) over the long term. The smoothing process means that the value of your clients' investments fluctuate far less than a typical investment fund.



For illustrative purposes only.

The Quilter Smoothed Funds aim to reduce the size of the day-to-day fluctuations to the fund value, but they do not provide any guarantees. The smoothing process could reduce returns in rising markets and reduce losses in falling markets.



The smoothing-in phase

For each investment your clients make into any of the Quilter Smoothed Funds, they will purchase the fund at the unsmoothed price, which is based on the value of all the underlying assets that the fund invests in.

The price is then averaged over the first six months (126 working days) until it arrives at the smoothed price. This is called the smoothing-in phase. This smoothed price is then recalculated every day on a rolling six-month basis.

Wide tolerances

In exceptional circumstances, there may be times when the smoothed price needs to be adjusted, for example, if the smoothed price moves too far away, down or up, from the unsmoothed price. However, a distinctive feature of the Quilter Smoothed Funds is their ability to absorb short-term market volatility without significant adjustments to the smoothed price.

The Quilter Smoothed Funds have wide tolerances before any adjustment is needed. This means the funds can tolerate material fluctuations without needing to adjust their smoothed price, which could contribute to a more stable investment experience for your clients.

i The wide tolerances mean the smoothed price will only need to be adjusted in exceptional circumstances. For example, had any of the Quilter Smoothed Funds been launched before the coronavirus pandemic, even the sharp market movements seen then would **not** have resulted in the smoothed price being adjusted.

The example above refers to simulated past performance. Past performance is not a reliable indicator of future performance.

To find out more about the smoothing process, please read your knowledge guide at quilter.com/smoothed-funds or open your phone camera and scan the QR code.



A more predictable and reliable income

A steady income is vital if your clients are approaching, or in, retirement to help them feel more secure about their financial future.

Greater income certainty

A unique feature of the Quilter Smoothed Funds is that regular withdrawals of up to 7.5% of your clients' investments each year (the regular withdrawal allowance) will not be subject to any downward price adjustments (other than if the smoothing process is suspended in certain extraordinary circumstances).

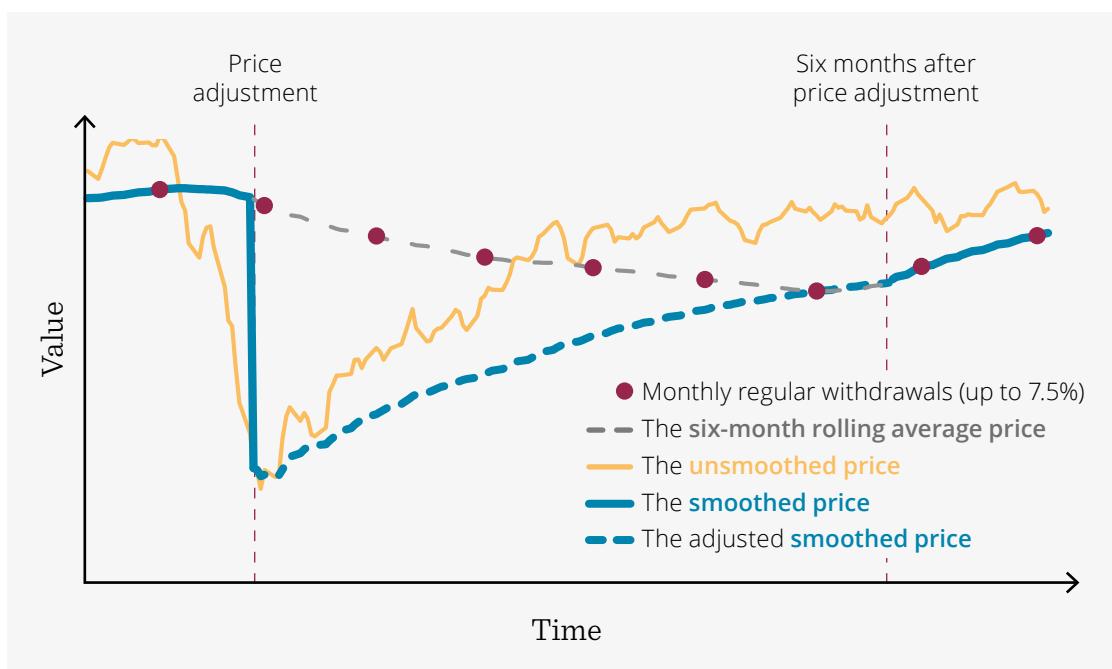
The 7.5% per year regular withdrawal allowance is calculated each month using the higher value of:

- ▶ the sum of any investments into the smoothed fund, less any disinvestments (excluding regular withdrawals, regular fees, and regular charges)
- ▶ the current investment value of the smoothed fund based on the adjusted smoothed price
- ▶ the current investment value of the smoothed fund based on the smoothed price.

The regular withdrawal allowance of 7.5% per year will be split proportionally based on the expected number of withdrawals in a year. This allowance is re-calculated at the beginning of each month in which a regular withdrawal will be made.

The regular withdrawal allowance

The chart below shows where there has been a downward price adjustment. The dashed blue line is the adjusted smoothed price following the downward price adjustment. All through this period, regular withdrawals of up to 7.5% per year will still receive the six-month rolling average price.



For illustrative purposes only. The chart shows monthly regular withdrawals. However, regular withdrawals can be on a monthly, quarterly, half-yearly, or yearly basis. The value of your clients' investments and the income they produce can fall as well as rise. Your clients may get back less than they invested.

Flexible and tax-efficient withdrawals

We make the Quilter Smoothed Funds available as an investment option through our award-winning pension, the Collective Retirement Account (CRA).

The CRA offers some of the most comprehensive withdrawal options in the market. These options are designed so they can be tailored to meet the different needs of your clients. This could help to grow their pension savings, be more tax-efficient, and maximise their legacy, if required.



Flexible income payments dates

We give you the freedom to choose any day from the 1st to the 28th of the month so that your clients can enjoy a retirement income that works around them.



Tax-efficient regular income options

We give you the control to make your clients' pension funds last longer by providing a source of retirement income with no income tax liability. Tax treatment varies according to individual circumstances and is subject to change.



Fund-specific withdrawals

We give you the flexibility to choose how you meet the income needs of your clients. The CRA allows you to select specific assets to sell for income or take it proportionally across all assets.



Please note, if your clients decide to switch to a different fund or make a one-off withdrawal from any of the Quilter Smoothed Funds, there will be a 10-working-day notice period before your clients' request is actioned. Once you have submitted your request, your clients won't be able to cancel it.

To find out more about withdrawals from the Quilter Smoothed Funds, please read your knowledge guide at quilter.com/smoothed-funds or open your phone camera and scan the QR code.





Proven and established expertise

When you choose the Quilter Smoothed Funds, you are investing with Quilter and Standard Life. Both bring proven expertise and a commitment to the financial success of your clients.



Quilter is a trading name of Quilter Life & Pensions Limited and Quilter Investment Platform Limited, and Standard Life is a trading name of Phoenix Life Limited.

We make the Quilter Smoothed Funds available as an investment option through our pension, the CRA. Standard Life is the operator of the fund and applies the smoothing. Standard Life has appointed Quilter to manage the underlying investments.

Roles and responsibilities

For each of the Quilter Smoothed Funds:

- 1** Standard Life has appointed Quilter to manage the underlying investments of a managed account. The custodian of this account is HSBC.
- 2** The managed account is wrapped by Standard Life within an insurance wrapper to create the Quilter Smoothed Fund, a unit-linked insured fund that sits on the balance sheet of Standard Life.
- 3** The price of the Quilter Smoothed Fund is then smoothed using the rolling-average smoothing process. Any difference between the smoothed price and the unsmoothed net asset value is financed with Standard Life shareholder capital.
- 4** The Quilter Smoothed Fund is made available as an investment option through the CRA by a reinsurance arrangement between Quilter and Standard Life.



The power of multi-asset investing

At Quilter, we are experts in multi-asset investing and are dedicated to creating and managing multi-asset investments for you and your clients. We use this expertise to diversify your clients' investments in the Quilter Smoothed Funds across different asset classes, sectors, and regions, with the aim of improving performance and managing risk.

Our multi-asset approach to investing gives you and your clients:



Expertise

Access to experienced portfolio managers who make informed, active investment decisions to deliver specific outcomes that meet your clients' investment needs.



Diversification

An established way to invest across different asset classes, sectors, and geographies to manage risk, making sure your clients have their eggs in multiple baskets.



Choice

An investment strategy with a range of different options that supports how your clients want to invest and helps them achieve their financial goals.

Explore the benefits

The Quilter Smoothed Funds have been designed to offer you and your clients a simpler, steadier, and smoother way of investing.

You can trust the Quilter Smoothed Funds for three key reasons:



Simple and transparent smoothing

The Quilter Smoothed Funds are designed with simplicity and transparency in mind. Standard Life applies a rolling-average smoothing process to ensure you and your clients can easily understand how their savings are managed.



A more predictable and reliable income

The Quilter Smoothed Funds offer a range of flexible income options and guarantee that regular withdrawals of up to 7.5% of your clients' investments each year will not be subject to any downward price adjustments².



Proven and established expertise

The underlying investments are expertly managed by Quilter, who have a pedigree of experience in managing multi-asset investments supported by a depth and breadth of investment talent.

² Other than if the smoothing process is suspended in certain extraordinary circumstances.

Your next step

We look forward to showing you how the Quilter Smoothed Funds could give your clients the confidence to remain invested and enjoy a more sustainable income in retirement.

Contact your Quilter investment director:



1. Open the camera app on your phone.
2. Scan the QR code.
3. Tap to open the website.
4. Call their direct number.

The Quilter Smoothed Funds have been designed to provide your clients with a smoother investment experience.

By giving them the confidence to invest and the composure to remain invested, we hope to help them achieve a brighter financial future.

Marcus Brookes
Chief Investment Officer, Quilter



Important information

quilter.com

This communication is issued by Quilter, a trading name of Quilter Life & Pensions Limited, who make the Quilter Smoothed Conservative Fund (Standard Life), Quilter Smoothed Balanced Fund (Standard Life), and Quilter Smoothed Moderate Fund (Standard Life) available as an investment option through the Collective Retirement Account (CRA).

Quilter Life & Pensions Limited is registered in England and Wales under number 04163431.

Registered office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Phoenix Life Limited, trading as Standard Life, is registered in England and Wales under number 01016269. Registered office at 10 Brindleyplace, Birmingham, B1 2JB. Phoenix Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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