

Quilter

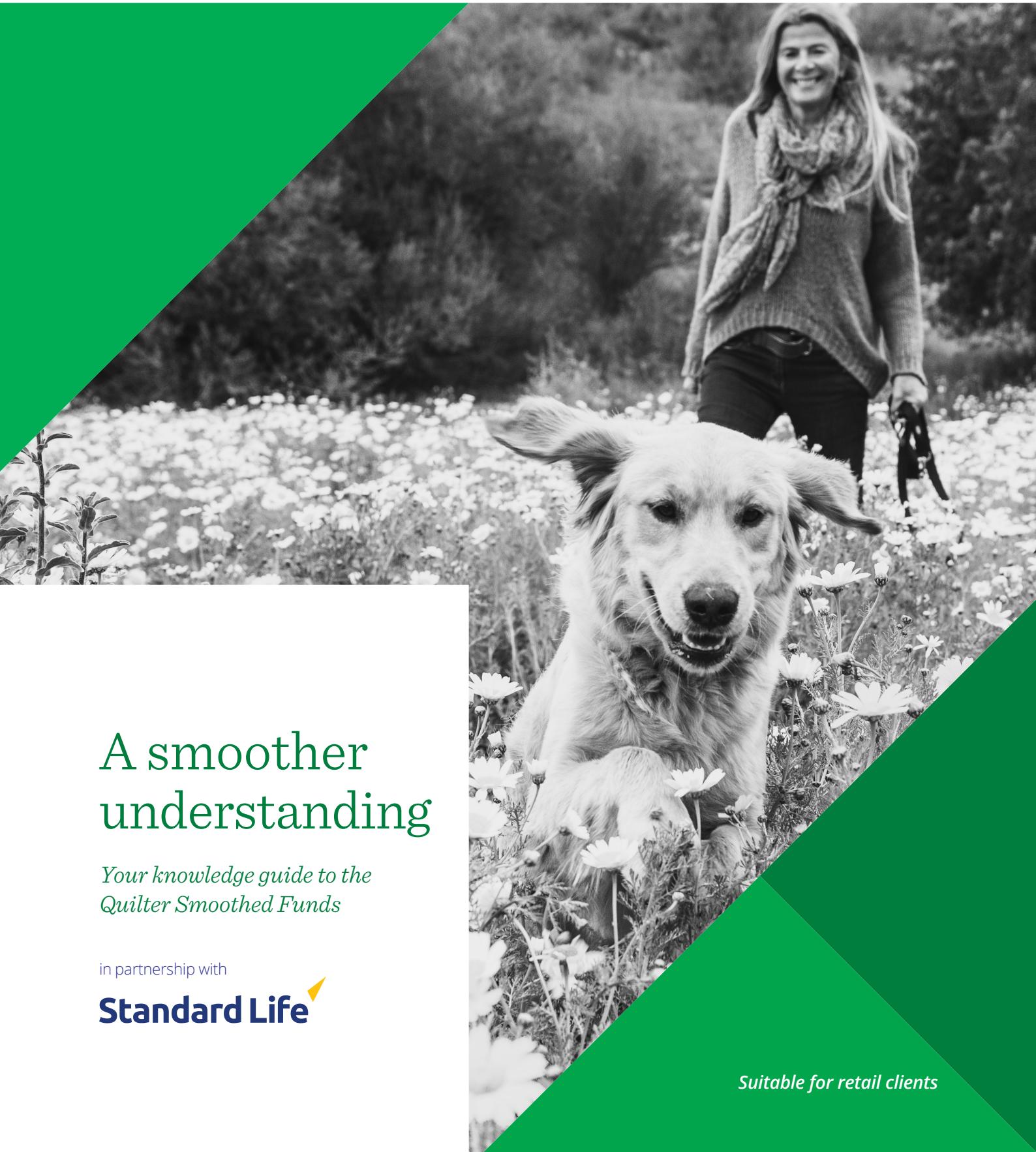
A smoother understanding

*Your knowledge guide to the
Quilter Smoothed Funds*

in partnership with

Standard Life 

Suitable for retail clients



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An enduring partnership committed to fresh thinking

Quilter and Standard Life¹ have teamed up to help you enjoy a smoother investment experience on your 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 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.

Need additional help reading documents?

More and more of our investors are using screen-reading software as a quick and easy way to read their documentation if they are blind, partially sighted, or dyslexic. Alternatively, we can write to you in several alternative formats, such as large print, braille, audio, and OpenDyslexic font.

Find out more about screen readers, accessing your documents online, and our alternative format options at quilter.com/document-help.

Introduction

The Quilter Smoothed Funds have been designed to give you the confidence to invest in your retirement by offering a simpler, steadier, and smoother investment journey.

This guide provides information on the Quilter Smoothed Funds for investors who want to understand the technical details of how the funds operate. If you need more information or explanation, please contact your financial adviser. Your financial adviser is responsible for understanding your specific investment objectives and determining your appetite for risk. They will work closely with you to determine if the Quilter Smoothed Funds are right for you.



The value of your investments can fall as well as rise. You may get back less than you invested.

A smoothed fund aims to reduce the size of the day-to-day fluctuations to the fund value, but it does not provide any guarantees. The smoothing process could reduce returns in rising markets and reduce losses in falling markets.

Supporting documents

This guide contains detailed information about how the Quilter Smoothed Funds operate through the Quilter Collective Retirement Account (CRA). It should be read in conjunction with the following documents:

- Your beginner's guide to smoothing
- Your guide to the Quilter Smoothed Funds
- Your Quilter Smoothed Fund factsheet
- Your Quilter Smoothed Fund fund information document
- Your terms and conditions for the CRA

Definitions

There may be some terms within this guide that you may not be familiar with. The helpful table below can be referred to as you read through the guide.

Term	Definition
Crystallise, crystallised	Any pension savings that have been cashed in or accessed using flexi-access drawdown, annuity, or both, to receive a tax-free lump sum(s) and/or a retirement income.
Holdings	The total value of the units you hold within a fund.
Small pots	A pension plan worth £10,000 or less.
Smoothed price	The price of units in the Quilter Smoothed Funds after the smoothing mechanism has been applied.
Smoothing-in phase	The six-month period immediately following each new investment or contribution in the Quilter Smoothed Funds.
Switch-out	Any switch to a different fund or a switch into cash.
Tax-efficient regular income options (TRIO)	Regular income options within our pension, the CRA, that provide a source of retirement income with no income tax liability.
Transfer out	Moving your pension savings from one provider to another provider.
Uncrystallised	Any pension savings that have not been cashed in or accessed (using flexi-access drawdown, annuity, or both).
Unit(s)	The parts of the Quilter Smoothed Funds that you buy.
Unsmoothed price	The price of the units in the Quilter Smoothed Funds before the smoothing mechanism has been applied.

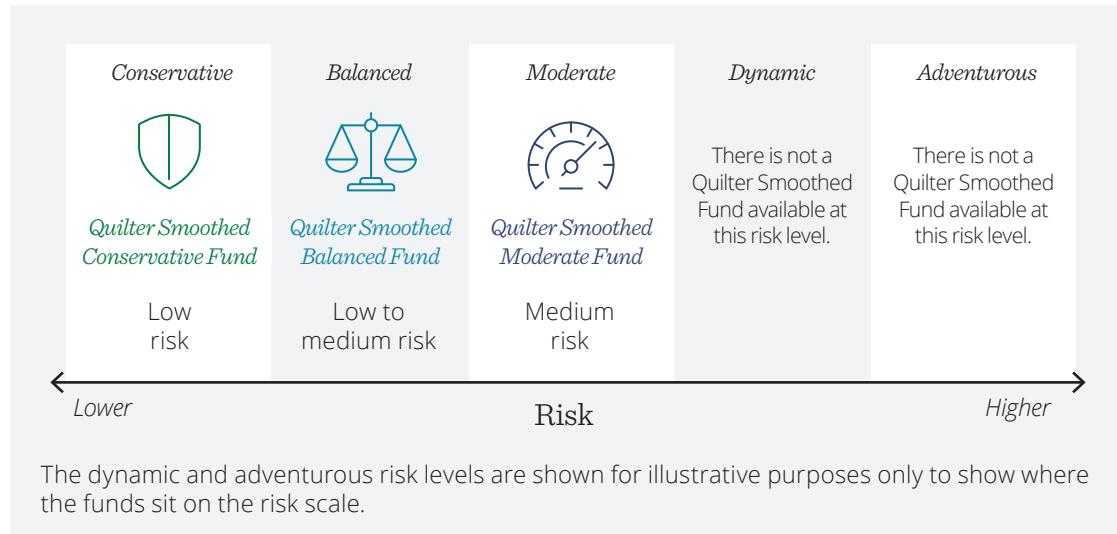
What fund choices do I have?

The Quilter Smoothed Funds offer you an expertly managed investment solution with a smoothing process that could help deliver a more predictable investment journey.

Managed in line with your risk level

The Quilter Smoothed Funds are designed to grow your wealth whilst being continually managed in line with your risk level.

If you consider five risk levels ranging from conservative (lowest risk) to adventurous (highest risk), the Quilter Smoothed Funds are designed for investors at the lower end of this scale with a need for low- to medium-risk investments.



Your risk level refers to the level of investment risk you are comfortable with. If an investment's value fluctuates a lot in a short period, hitting new highs and lows, it is described as higher risk. Your financial adviser will assess your appetite for risk and discuss this with you before making an investment.

Who are the funds suitable for?

The Quilter Smoothed Funds aim to grow your investment over a period of five years or more. The funds aim to reduce the size of the day-to-day fluctuations to your fund value that may be experienced by typical investment funds.



*The funds **may be** suitable for you if:*

- you are approaching or are in retirement
- you want to reduce the size of the day-to-day fluctuations when investing
- you are looking to potentially grow your investment
- you are willing and able to accept some level of risk within your investment
- you intend to invest in the fund for at least five years
- you want to take an income from your investment
- you have a financial adviser.



*The funds **may not** be suitable for you if:*

- you cannot take any risk with your investment, and you need a capital guarantee
- you would like a guaranteed level of income
- you are not prepared to leave your money invested for at least five years
- you are looking for higher risk/return investments
- you have specific sustainable investment, ethical, or faith-based requirements
- you need instant access when you want to withdraw some, or all, of your money
- you do not have a financial adviser.

How does the smoothing process work?

The concept of 'smoothing' is straightforward, but how the funds achieve a smoother investment journey is more detailed as there are quite a few moving parts to explain.

This section of the guide provides more information on how the smoothing process works, what happens when you first invest in the funds and at subsequent investments, and how investments made at different times will be displayed in valuations and statements.

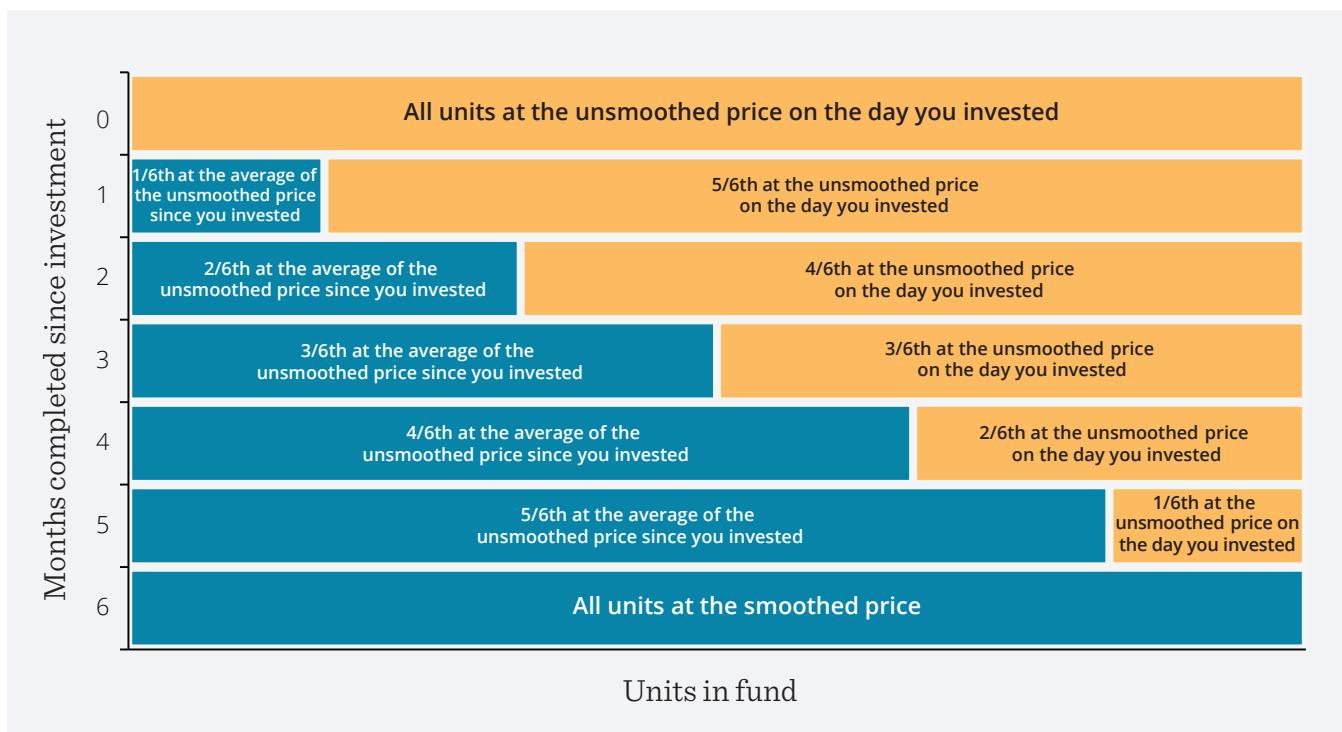
The smoothing-in phase

For each investment you make in any of the Quilter Smoothed Funds, you will purchase units at the unsmoothed price.

Over the next six months, the value of your investment will gradually move towards the smoothed price, which is equal to the average of the unsmoothed price over the previous six months (126 working days). This is known as the smoothing-in phase.

During the smoothing-in phase, the price of your new investment will be calculated daily, taking into account the unsmoothed price on the day that you invested, and the average of the unsmoothed price on each subsequent day during the 126-working-day period. This smoothing-in phase means the value of your investment fluctuates far less than an investment in a typical investment fund.

The diagram below gives an example of how the smoothing is applied during the smoothing-in phase. It illustrates how your investment moves towards the smoothed price.



For illustrative purposes only.

As you can see from the chart on the previous page:

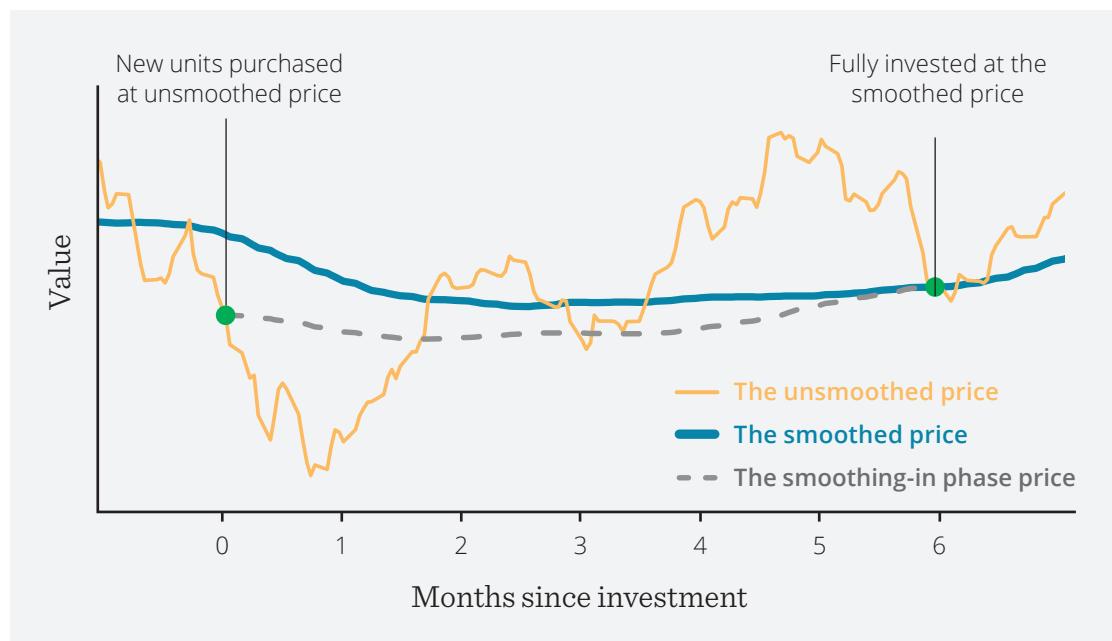
- after one month, 5/6th of the value of your investment is based on the unsmoothed price on the day you invested and 1/6th is based on the average of the unsmoothed price over the first month
- after month three, 3/6th of the value of your investment is based on the unsmoothed price on the day you invested and 3/6th is based on the average of the unsmoothed price over the first three months.

This process continues until, after six months, the value of your investment is based entirely on the average of the unsmoothed price over the previous six months. This is the smoothed price of the fund. From this point onwards, the value of your investment will be calculated using the six-month average smoothed price.

Additional investments

Each time you make any new investment into any of the Quilter Smoothed Funds, the smoothing-in phase ensures that each investment has smoothing applied to it from the very first day. This means that you do not experience material downs or ups in the fund price in the early days of your investment.

The chart below shows how the smoothing is applied to a new investment during the smoothing-in phase.



For illustrative purposes only.

Valuations during the smoothing-in phase

If you make more than one investment into the fund, such as an additional lump sum or an ongoing regular investment, then you could have multiple tranches of investments that are receiving their own unit price each day that reflects where the investment is in the six-month smoothing-in phase.

Rather than show you different unit prices for multiple tranches of investment in the six-month smoothing-in phase, we will present a single unit price based on the size and value of all your holdings. This could mean the published price of the fund is different from the unit price shown to you in any valuations you receive from us.

Example

If you have three tranches of investment on a given day:

- 1,000 units purchased two months ago. Priced at £1.00 per unit today = £1,000.
- 1,000 units purchased four months ago. Priced at £1.10 per unit today = £1,100.
- 10,000 units purchased more than six months ago. Priced at £1.20 per unit today = £12,000.

We would display this as an aggregated position on any valuation you receive from us:

- 12,000 total units with a total value of £14,100 gives an aggregated price of £1.175 per unit today.

The aggregated price of £1.175 is different from the published fund price of £1.20 (which is the smoothed price of the fund). After each new investment has passed through the smoothing-in phase, they will all be valued using the six-month average smoothed price of the fund.

When would the smoothed price be adjusted?

In exceptional circumstances, the smoothed price may need to be adjusted down or up to match the unsmoothed price. The conditions that may prompt an adjustment include:

Price adjustments for extreme market movements

The price may be adjusted if markets rise or fall extremely quickly, resulting in the unsmoothed price having a very different value to the smoothed price.

If the smoothed price and unsmoothed price are different by more than the percentages shown in the table below (the tolerances), the smoothed price will be adjusted either downward or upward, to be equal to the unsmoothed price.

Quilter Smoothed Fund	Difference between smoothed and unsmoothed price
Quilter Smoothed Conservative Fund (Standard Life)	15% higher or lower
Quilter Smoothed Balanced Fund (Standard Life)	18% higher or lower
Quilter Smoothed Moderate Fund (Standard Life)	20% higher or lower

For example, if the smoothed price of the Quilter Smoothed Conservative Fund is higher or lower than the unsmoothed price by 15% or more, then the smoothed price will be adjusted so that it is equal to the unsmoothed price.

Following any adjustment, the smoothing process will begin again by calculating the average price over the number of days following the adjustment, until the smoothed price is restored after six months. For example, five days after the adjustment, the smoothed price will be the average of the unsmoothed price of those five days, and so on.

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.

Price adjustments for exceptional outflows

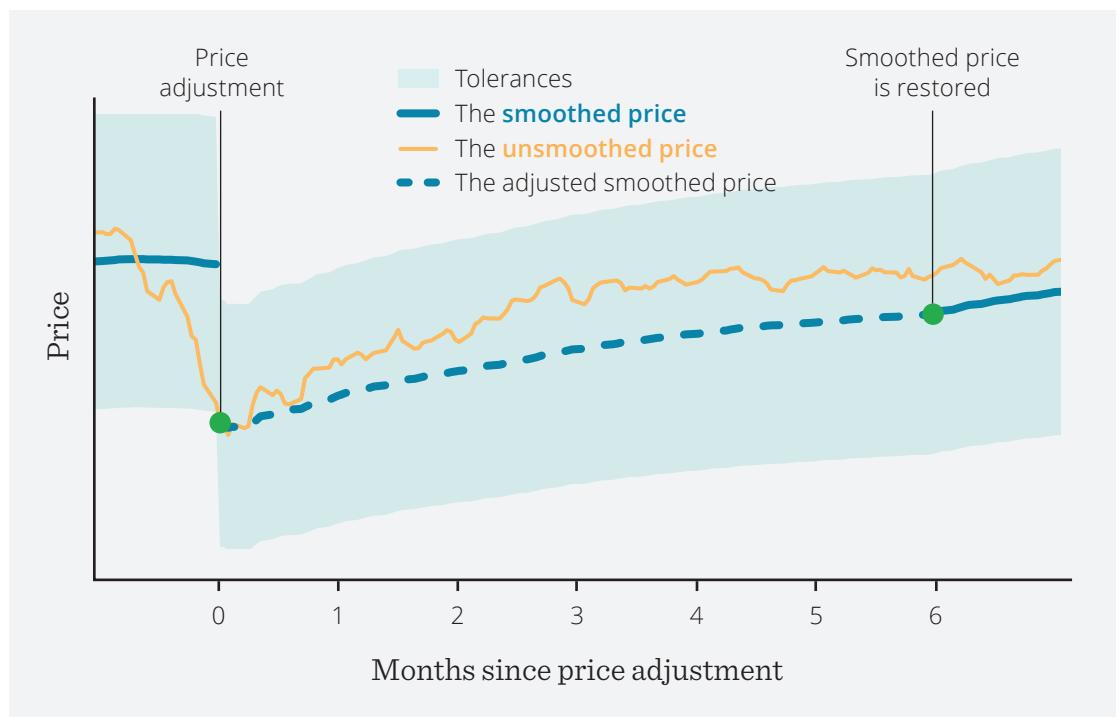
The smoothed price may also be adjusted to be equal to the unsmoothed price during a period where large amounts of money leave the fund, and the unsmoothed price is below a pre-defined level of the smoothed price. When this happens, the smoothing process will not begin again until the smoothed price is restored.

The smoothed price will be adjusted if:

- more than 5% of the total fund is withdrawn over a 30-calendar-day period, or more than 15% of the total fund is withdrawn over a six-month (126 working days) period
- the unsmoothed price is 3% or more below the smoothed price.

However, should outflows return to a more normal level, the smoothed price will immediately, and ordinarily, return to being calculated over six months (126 working days). An exception to this is where a price adjustment has been applied previously due to extreme market movements and this occurred less than six months prior. In this instance, the smoothed price will immediately be calculated by averaging the price over the number of days since the market movement adjustment until the smoothed price is restored.

The chart below shows where there has been a downward price adjustment. The dashed line shows the adjusted smoothed price following a price adjustment, which is gradually averaging back towards the smoothed price (the blue line). You can see that where the price adjustment has taken place, the tolerances for any future price adjustment have also moved.



For illustrative purposes only.

Withdrawals following a price adjustment

Following an adjustment, all withdrawals will receive the adjusted smoothed price except for regular withdrawals as explained on the next page, and payments in the event of serious ill health or death. We will use the higher of the adjusted smoothed price and the smoothed price in the event of death or serious ill health transactions.

For more information on serious ill health or death transactions, please visit quilter.com/help-and-support/supporting-customers-with-additional-needs/health-support/diagnosis-of-serious-illness.

How do regular withdrawals work?

You can set up regular withdrawals of any amount from the fund as part of the regular withdrawal options within your CRA. These withdrawals can be made monthly, quarterly, half-yearly, or yearly.

Regular withdrawal when a downward price adjustment happens

A unique feature of the Quilter Smoothed Funds is the regular withdrawal allowance. Where you have set up regular withdrawals, up to 7.5% of your investment each year (the regular withdrawal allowance) will not be subject to downward price adjustments.

This means that regular withdrawals up to this level will always receive the smoothed price when a downward price adjustment occurs (other than if the smoothing process is suspended in certain extraordinary circumstances).

In the rare event that there has been a downward price adjustment to the smoothed price, any element of a regular withdrawal that is above the 7.5% per year regular withdrawal allowance will receive the adjusted smoothed price as you will see in the chart on the next page.

How is your allowance calculated and used?

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

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

Your 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 recalculated at the start of each month in which a regular withdrawal will be made, depending on the frequency of your regular withdrawal instruction.

Example: Regular withdrawal allowance calculation

You invested £95,000 into one of the Quilter Smoothed Funds, and the current value of your investment at the start of the month is £100,000 based on the smoothed price. As your current investment value at the smoothed price is the higher value, this is used to calculate the 7.5% per year regular withdrawal allowance.

The 7.5% per year regular withdrawal allowance means that £7,500 (for an annual regular withdrawal), £3,750 (for a six-monthly regular withdrawal), £1,875 (for a quarterly regular withdrawal), or £625 (for a monthly regular withdrawal) can be taken at the smoothed price. This calculation will be repeated at the start of the month of your next regular withdrawal, meaning the allowance could change. Please be aware that any unused allowance from a previous regular withdrawal is not carried forward.

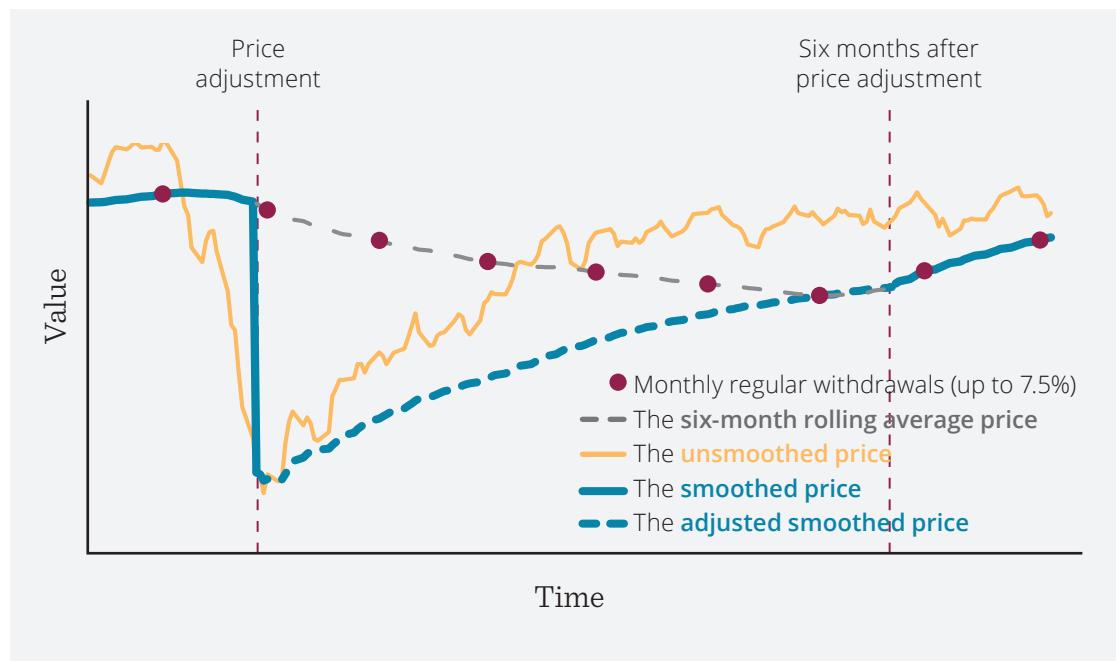
If you have more than one regular withdrawal instruction, the calculation will divide the allowance proportionately across all withdrawals and will consider the withdrawal allowance over the last 12 months. For example, a £200 monthly regular withdrawal and a £2,400 annual regular withdrawal would both have a 3.75% per year allowance. The calculation will also consider if any of the withdrawal amounts or frequencies have changed in the last 12 months.

Example: Using the regular withdrawal allowance

You have an annual regular withdrawal only of £6,000 set up for 1 January and a current investment value of £100,000. Your allowance for this withdrawal is calculated by taking 7.5% divided by the expected number of withdrawals for the year (in this case one annual regular withdrawal), giving an allowance of £7,500. Your £6,000 withdrawal is within the allowance of £7,500. However, the remaining £1,500 that has not been used is not carried forward to any subsequent withdrawal.

This withdrawal will use your entire annual allowance for the next 12 months. Any changes to the frequency of your regular withdrawals that would result in an additional withdrawal during the following 12 months, cannot be withdrawn at the smoothed price in the event of a downward price adjustment.

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 receive the six-month rolling average price.



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

Regular withdrawals when an upwards smoothing adjustment happens

If there is an upwards price adjustment, regular withdrawals of up to 7.5% of your investment each year will be priced using the higher of the smoothed price and adjusted smoothed price.

Regular withdrawal allowance qualifying period

If you set up an annual regular withdrawal, the 7.5% regular withdrawal allowance will apply to payments after a 28-calendar-day qualifying period from your initial instruction date. This means that if you set up an annual withdrawal and the withdrawal is made in the first 28 calendar days, you will not receive the smoothed price if it has been adjusted.

Multiple regular withdrawals

If you have more than one regular withdrawal set up, we will proportion the 7.5% regular withdrawal allowance between them. This will generally only apply to a minority of investors where, for example, there is both a regular withdrawal and a tax-efficient regular income instruction set up on the same account.

Other transactions

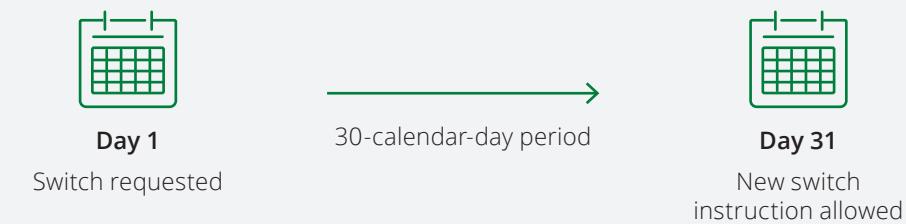
The 7.5% per year regular withdrawal allowance only applies to regular withdrawals. This is where you have actively chosen to disinvest from the Quilter Smoothed Fund, either through the specific assets option or proportionally across your holdings as described in the CRA terms and conditions.

How do I sell, switch, or reinvest in the funds?

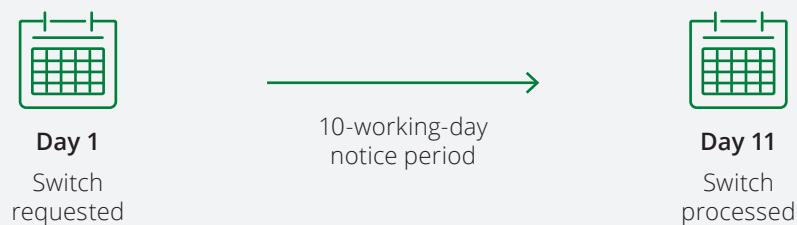
If you decide to sell your holding in any of the Quilter Smoothed Funds in full, in part, or if you want to switch to an alternative fund, you simply complete a sell or switch-out instruction.

There are certain conditions that apply to both a switch-out to a different fund and a one-off withdrawal from any of the Quilter Smoothed Funds:

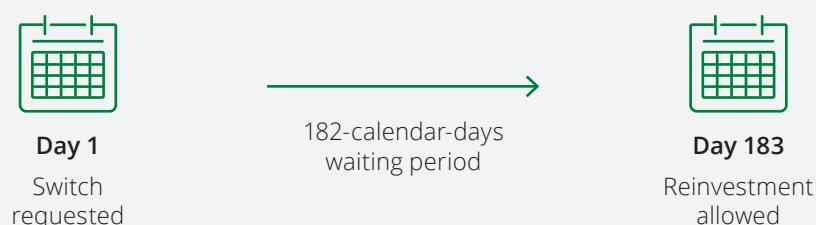
- You can only instruct one switch-out in any 30-calendar-day period (switch instruction waiting period).



- Switches out and one-off withdrawals will be subject to a 10-working-day notice period, ie your instruction will be received but will not be processed for 10 working days. Please note, once you have submitted your request, you will not be able to cancel it.



- Following either a switch-out or a one-off withdrawal, there is a waiting period of six months (182 calendar days) before you can reinvest into the same Quilter Smoothed Fund (the reinvestment restriction). A regular investment instruction that is already in place will not be impacted by this.



These restrictions do not apply to any other transactions, including regular investments and regular withdrawals. Where these restrictions do apply, they apply to both crystallised and uncrystallised sub-accounts within your CRA. For example, if you instruct a switch-out of your uncrystallised holding, you will not be able to instruct a switch-out of either your crystallised or uncrystallised holdings for another 30 calendar days.

As a result of these features, you will not be able to instruct switches at an overall account level where you hold one of the Quilter Smoothed Funds – each fund switch must be instructed individually.

Selling assets

All sales of assets from the Quilter Smoothed Funds will be processed on a first-in, first-out basis, so that your holdings that have been in the fund the longest are sold first. Where a sale of assets is from different tranches of investment (which may occur if you have put money in the fund in the last six months), we will display a consolidated transaction.

Example

You instruct a withdrawal of £10,000 from your holdings less than six months after adding to your investment:

Investment held:

5,000 units purchased two months ago, priced at £1.05 per unit today = £5,250 value

5,000 units purchased four months ago, priced at £1.00 per unit today = £5,000 value

5,000 units purchased more than six months ago, priced at £1.10 per unit today = £5,500 value

To meet your withdrawal request, we will sell your entire holding that is older than six months (£5,500) at a price of £1.10 per unit and £4,500 of the investment you made four months ago, at a price of £1.00 per unit.

We will display your transaction as:

9,500 units sold, priced at £1.053 per unit = £10,000 value

Your remaining holdings in the fund would be:

5,000 units purchased two months ago, priced at £1.05 per unit today = £5,250 value

500 units purchased four months ago, priced at £1.00 per unit today = £500 value

We would display this as an aggregated position after the withdrawal:

5,500 units, priced at £1.045 per unit today = £5,750

Cancellation (in the cooling-off period)

When a cancellation request is received, units in the fund will be sold on a first-in, first-out basis as described above. This means that where you have made prior investments into the fund, these older units will be sold to meet the cancellation request.

Instructions to crystallise

As with any other fund you hold in the CRA, you will be able to move all, or part, of your fund holding from your uncrystallised account to your crystallised account. Any such transfer must be completed before you can instruct a one-off withdrawal from the Quilter Smoothed Funds.

We are not able to offer a combined facility to crystallise assets and make a one-off withdrawal for the Quilter Smoothed Funds, due to the 10-working-day notice period that applies to one-off withdrawals. We therefore require the instruction to crystallise assets to be completed before the one-off withdrawal is instructed.

Reinvesting

Following either a switch-out, or a one-off withdrawal from the Quilter Smoothed Fund, there is a six-month reinvestment restriction before you can reinvest back into the same Quilter Smoothed Fund.

If you already had a regular investment in place prior to switching out or withdrawing, the regular investment will continue through this six-month period. However, if during this six-month period, you:

- increase the percentage that you have selected for this regular investment by more than 10%, or
- increase the frequency of your regular investment,

the whole of the regular investment relating to the Quilter Smoothed Fund will go into cash and only be invested into the fund after the six-month period has ended.

Summary of notice periods and restrictions by transaction type

Transaction type	Subject to 10-working-day notice period	Triggers reinvestment restriction (six months)	Switch instruction waiting period
Switch-out	Yes	Yes	Yes
One-off income withdrawal	Yes	Yes	No
Tax-free lump sum	No	No	No
Transfer out	No	No	No
Small pots	No	No	No
Pension sharing	No	No	No
Death claim	No	No	No
Serious ill health	No	No	No
Regular fees and charges	No	No	No
Ad hoc fee	No	No	No
Product cancellation	No	No	No
Regular income withdrawals (drawdown)	No	No	No
Regular income withdrawals (TRIO lump sum and drawdown)	No	No	No



What else do I need to know?



What are the risks of investing in the fund?

- The value of your investment may go down as well as up and you may get back less than was invested.
- The amount of potential growth in the fund is not guaranteed.
- The level of income you can take is not guaranteed.
- The smoothed price may be adjusted either down or up in exceptional circumstances.
- In certain extraordinary conditions, the smoothing mechanism can be suspended.
- When you take money out of the fund, there can be a delay of up to 10 working days before your instruction is carried out. The unit price may go down as well as up during this period.



How much do the Quilter Smoothed Funds cost?

The Quilter Smoothed Funds have a fund charge that is deducted from the funds on a daily basis. This is the annual charge paid to cover the fees and expenses relating to the management, operation, and administration of the funds but excludes platform charges and adviser fees. The fund charge is a percentage of the fund value at the unsmoothed price.

To see the current fund charge, please see the fund information document at quilter.com/smoothed-funds.



Will the fund charge change?

The fund charge may increase:

- to reflect increases in overall costs
- where the assumptions used to set the charges have changed
- if the criteria on which special terms were agreed have not been satisfied
- to cover any other circumstances permitted by the terms and conditions.

Any relevant regulations will also be taken into account when changing the fund charge.



Will the investment objectives of the funds change?

The investment objectives for funds are reviewed, for example to ensure performance and risk-management align with our expectations, so may be adjusted at any time. Where possible, we will let you know 60 days in advance of any significant change to the investment objective.



How can I invest in the funds?

You can invest in the funds through our award-winning pension, the Quilter CRA, available on Quilter's platform.

You can only invest in the funds if your financial adviser has recommended them to you.



What is the governance approach for the funds?

We have designed our governance model and oversight process to ensure we are delivering the best outcomes for our investors.

Good governance is embedded in our culture. It involves ensuring that the Quilter Smoothed Funds perform in line with our expectations. Our governance model is designed around three key areas:

- Our investors
- Running the business
- Managing the risk



How do you choose what the funds invest in?

Our dedicated manager research team is responsible for identifying and researching the strategies used in the Quilter Smoothed Funds.

When validating and assessing current asset managers and screening for new ones, the team of analysts focuses on in-depth quantitative and qualitative research. The manager research team also conducts regular meetings with all our existing managers to ensure the initial rationale for holding the investment still stands.

The team tailors their manager research to meet specific fund constraints and requirements. They also seek to select best-in-class managers with robust and repeatable investment processes.

After the manager research team has identified a potential strategy, our operational due diligence team assesses the manager's financial stability and operational resilience, including their investment and operational processes, systems, and resources. This assessment aims to identify and mitigate operational risk before and after investment.



Who is involved in the operation of the funds?

Quilter makes the Quilter Smoothed Funds available as an investment option within our pension, the CRA. Quilter also manages the underlying investments, whilst Standard Life applies the smoothing.

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.

For each of the Quilter Smoothed Funds:

1. Standard Life has created the Quilter Smoothed Fund and appointed Quilter to manage the underlying investments.
2. The price of the Quilter Smoothed Fund is smoothed by Standard Life using the rolling-average smoothing process.
3. The Quilter Smoothed Fund is made available as an investment option through the CRA by a reinsurance arrangement between Quilter and Standard Life.



How could smoothing impact the value of the funds?

A smoothed fund does not react as quickly to market changes as a typical investment fund. If markets fell steadily over time, a smoothed fund would have a higher value than a typical investment fund. If markets rose steadily over time, a typical investment fund would have a higher value than a smoothed fund.

For example, based on an initial investment of £10,000, if markets fell steadily by 5% over one year, the investment in a smoothed fund would be worth £9,614 rather than £9,500 before any charges. However, if markets rose steadily by 5% over one year, the investment in a smoothed fund would be worth £10,386 rather than £10,500 before any charges.



How could the operation of the funds change?

The operation of the Quilter Smoothed Funds may change where it is reasonably necessary or prudent to do so. Generally, changes will only be made:

- if there are changes in general law or decisions of the Financial Ombudsman Service, the Pensions Ombudsman, or the Financial Services Compensation Scheme (FSCS)
- to meet regulatory requirements
- 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
- to reflect any change in the risk appetite of Standard Life and ensure that the funds can continue to operate 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 of alternative third parties to provide services in connection with the funds
- to respond proportionately to changes in the terms and conditions or charges of any third parties appointed in connection with the funds
- if the point in the day that funds are priced needs to change or to vary the frequency of pricing.

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



When might smoothing be suspended?

In certain extraordinary circumstances, the smoothing process may be suspended, so that one or more of the Quilter Smoothed Funds are valued using the unsmoothed price, or all pricing and trading of one or more of the funds is suspended.

This may happen in circumstances such as, but not limited to:

- significant disruption in the market affecting our ability to trade in the underlying assets
- failure of communications, technology, or other networks that are relied upon
- failure of a third party that is relied upon
- industrial action
- war, terrorist attack or threat, or civil commotion
- a change in law or regulation, or government directive that prevents Standard Life from providing smoothing
- insolvency of Quilter and/or Standard Life
- the fund closing.

Where all pricing and trading within a fund is suspended, it means that it will no longer be possible to buy and sell units in the fund until the suspension period is lifted.

Where the fund remains open and the smoothing process has been suspended, then all transactions and valuations will receive the unsmoothed price, including regular withdrawals and payments on death or serious ill health.

When a suspension period is lifted, the fund price will be calculated by either reverting to the six-month rolling average smoothed price, or by calculating the average price over the number of days since the suspension was lifted until the smoothed price is restored after six months.



How are the unsmoothed funds valued?

A value is calculated for most of the assets in each fund on a daily basis. For example, if an asset is listed on a stock exchange, the quoted price is used to value it. However, for some assets, such as land and buildings, the value is based on independent periodic valuations. For any external funds, the prices provided by the external fund manager are used.

The value of all the assets within each fund are combined to determine a total asset value for the fund. The values chosen seek fairness between all investors. Any income due is added to the value of the assets, and any anticipated costs and taxes are accounted for to calculate the fund value.

The value placed on the assets within each fund also depends on whether the fund is expanding or contracting.

What does expanding or contracting mean?

When the fund is expanding, more units are being bought by policyholders than are being sold.

When a fund is contracting, more units are being sold by policyholders than are being bought.

How does this impact the pricing of the funds?

If the fund is expanding, additional units are generally created in the fund and invested in more assets. The fund value is calculated based on the price at which these assets can be bought, allowing for any costs or taxes associated with their purchase. In this scenario, the fund pricing is referred to as being on a 'creation' basis.

If the fund is contracting, units are generally cancelled in the fund, which involves assets being sold. The fund value is calculated based on the selling price for these assets, and an allowance for any costs or taxes associated with selling them. In this scenario, the fund pricing is referred to as being on a 'cancellation' basis.

In general, the value placed on the unsmoothed fund, if its pricing is on a 'creation' basis, will be higher than if it is on a 'cancellation' basis.

A longer-term view is normally taken when deciding whether a fund is expanding or contracting. Normally, this approach ensures investors are not impacted by unexpected short-term investment activity of other investors. When making a decision, the recent past and expectations for the near future are taken into account. The unsmoothed fund is reviewed regularly in this way, usually on a monthly basis.

Investors should expect to enter a fund on a 'creation' basis and leave on a 'cancellation' basis. However, they may transact on a more favourable basis depending on what other transactions take place on the day. If significant transactions occur, the basis may be changed on that day to make sure all investors are treated fairly. The aim is to ensure investors who generate transaction costs pay those costs, rather than other investors.

The pricing basis will be established for the 'creation' or 'cancellation' pricing of each fund to ensure the fairness for investors joining, leaving, and staying in the fund.



What are pricing errors and how are they resolved?

A pricing error occurs when there is a mistake in any published unit-linked fund price. This error is identified by Standard Life and is caused by a failure, either by Standard Life or a relevant third party, to accurately implement the pricing calculation process. If any pricing error is material, we will make the appropriate corrections and inform you of the error.

Standard Life will record and assess any identified pricing errors for their significance. This assessment will determine whether the error is a systemic error. Any customer complaints resulting from these errors will be handled according to the normal complaint-handling procedures.



How financially secure is Quilter?

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are part of Quilter plc and are UK-regulated firms. This means that they must comply with the rules of the UK regulatory regime relevant to them.

Key details in relation to Quilter plc are:

Assets under management: £123.4bn (as at 30 June 2025).

Whilst credit/financial strength ratings may not reflect the potential impact of all risks related to a firm, independent financial services research firm, AKG, has awarded a financial strength rating of A ('Superior') to Quilter Investment Platform Limited, and B+ ('Very strong') to Quilter Life & Pensions Limited (13 November 2025).

Quilter plc is well capitalised with a Solvency II ratio of 214% (as at 30 June 2025). This means it operates with sufficient capital resources to meet regulatory requirements, with a capital buffer to help protect against unexpected events.

Solvency II focuses on the amount of capital that UK insurance companies must hold to reduce the risk of insolvency. A Solvency II ratio is a key measure used to demonstrate the financial strength of a business to its stakeholders, including the regulator and its investors.



What would happen if Quilter Life & Pensions Limited became insolvent?

In the unlikely event of Quilter Life & Pensions Limited becoming insolvent, the FSCS would work with the FCA to secure continuity of cover through the transfer of holdings to, or the issue of substitute policies by, another firm.

The UK Solvency II rules and guidelines contain specific rules dealing with the winding up of insurance companies, meaning that policyholder claims take precedence over most other claims. Only if meeting these other claims meant that the remaining assets are insufficient to meet policyholder claims in full would a policyholder need to call upon the FSCS.

The amount that can be claimed from the FSCS is up to 100% of the amount payable under the policies or contracts you have with Quilter Life & Pensions Limited, with no upper limit. This compensation is only applicable in the unlikely event that Quilter Life & Pensions Limited itself was to become insolvent and was unable to meet policyholder claims in full.

Further information about compensation arrangements is available from the FSCS website at [fscs.org.uk](https://www.fscs.org.uk).



How financially secure is Standard Life?

Standard Life is a trading name of Phoenix Life Limited, part of the Phoenix Group. Phoenix Life Limited is a UK-regulated firm. This means that Phoenix Life Limited must comply with the rules of the UK regulatory regime relevant to them.

Key details in relation to Phoenix Group are:

Assets under management: £295bn (as at 30 June 2025).

AKG financial strength rating of A ('Superior') (as at 13 November 2025).

Phoenix Group is well capitalised with a Solvency II Shareholder Capital Coverage Ratio of 175% (as at 30 June 2025).



What would happen if Standard Life became insolvent?

Quilter is a reinsurance policyholder of Standard Life*, a trading name of Phoenix Life Limited. The assets of the Quilter Smoothed Funds are held by Standard Life in fund-specific segregated custody accounts.

In the highly unlikely event that Standard Life became insolvent, Standard Life has provided a charge with the effect that Quilter shall rank in the same priority of recovery as other unsecured insurance policyholders of Standard Life with products provided by Phoenix Life Limited. Any loss will be reflected in the value of your CRA. Quilter would not be able to claim compensation from the FSCS because it would not be eligible to claim under the FSCS compensation rules.

* For more information visit theapacheixgroup.com/investors.



What happens if I no longer have a financial adviser?

The Quilter Smoothed Funds are intended to be used in conjunction with financial advice to help ensure that you have an effective investment and retirement plan, and have the best chance of achieving your goals.

You will not be able to make an initial investment into the Quilter Smoothed Funds without having received financial advice. If you already have an investment and are no longer advised, you will **not** be able to:

- make ongoing regular contributions
- make additional investments (top-ups)
- switch in other investments
- set up and amend regular investments.

You will be able to:

- sell, switch out, or take regular or ad hoc withdrawals from the Quilter Smoothed Funds you hold, either fully or partially.



How do I make a complaint?

We strive to do everything we can to ensure things run smoothly, but regrettably there may be times when you feel you do not receive the service you expect from Quilter. If you have a complaint, please contact us:

Customer Complaints Manager, Quilter, Sunderland SR43 4JP.

Tel: 0808 171 2626.

Email: complaints@quilter.com

If you are writing to us or contacting us by telephone, it would be helpful if you could provide the relevant policy or account number(s). In all cases, please provide as much information as possible to help us understand your concerns and to assist us with our investigation.

Please note that if your complaint is about the advice you have been given, such as the funds you have invested in or the way in which a product was sold to you, you should direct it to your financial adviser.

Your next step

The Quilter Smoothed Funds could give you a simpler, steadier, and smoother investing journey.

You can invest in the funds through our pension, the CRA. You can only invest in the funds if your financial adviser has recommended them to you.

For more information on the Quilter Smoothed Funds, please contact your financial adviser or visit our website at quilter.com/smoothed-funds.

Your financial adviser is responsible for understanding your specific investment objectives and determining your appetite for risk. They will work closely with you to determine if the Quilter Smoothed Funds are right for you.



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.

The Standard Life trademark is owned by Phoenix Group Management Services Limited and is used by Quilter under licence.

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