

Standard Life
There's a lot to look forward to

Lloyd's Register Superannuation Fund Association (LRSFA) DC Section

Investment guide



This guide explains how your contributions into the LRSFA DC Section will automatically be invested and what investment options you have to choose from.

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The default investment option

If you do not want to make an investment choice then the Trustee selected default option could be for you.

In conjunction with their investment advisers, the Trustees have created the LR Flexible Retirement Strategy as they believe it is an appropriate option for most people's pension plan investments.

Unless you choose another option, this is where your money will be automatically invested.

This option is a lifestyle profile. Lifestyle Profiles are investment options that are specifically designed to make it easy for you to save for retirement. Once you're in a lifestyle profile, you don't need to do anything, although we do recommend that you regularly review your investments to make sure they're on track to meet your goals.

Whilst you are invested in this option you are unable to invest in other funds at the same time.



There are potential advantages and disadvantages to investing in a lifestyle profile.

Advantages

- This investment option offers an alternative to changing your investment funds independently as you head towards retirement.
- During the period leading up to your retirement, your pension fund is moved from investments with a greater exposure to the stock market into more cautious investments. This aims to reduce your exposure to risk from stock market fluctuations.
- Your investments can be amended if you choose to take your benefits earlier or later than planned.
- You can choose to leave the lifestyle profile at any time.

Disadvantages

- There is no guarantee that the lifestyle profile will prove beneficial to your pension fund.
- The value of your investments, even in lower risk funds, can go down as well as up and the value of your pension fund is not guaranteed.
- Taking your retirement benefits earlier or later than planned may have an impact on this investment option and may mean that it is no longer suitable for your individual circumstances.

The graph below illustrates how the funds you invest in will vary during the years before your selected retirement date.



Fund name	Fund code	Volatility rating	FMC	Additional expenses	Scheme rebate	Effective total annual fund charge	Active/Passive investment
LR Adventurous Fund	NACF	4	1.00%	0.11%	0.78%	0.33%	Active
LR Diversified Growth	DDLA	4	1.25%	0.03%	0.77%	0.51%	Active
LR Standard Life iShares Index Linked Gilt Index Pension Fund	BBNK	6	1.00%	0.01%	0.81%	0.20%	Active

The charges and rebates are not guaranteed. They are regularly reviewed and are likely to be changed in the future. The charges in this guide are correct as at November 2020.

Whilst you are invested in this lifestyle profile you are unable to invest in other funds at the same time.

Choosing where to invest

Investment approaches

Passive funds

A 'passive' fund aims to track or replicate the performance of a benchmark (usually a market index or blend of market indices). The performance of this type of fund will be affected by the rise or fall of the market or markets it's seeking to track and any charges which apply. Charges are typically lower for passive funds than active alternatives. But as these funds aren't trying to outperform the markets they track, returns will usually be lower than their benchmark because of the impact of charges. You may also see passive funds called 'tracker' or 'index-tracking' funds.

Active funds

An 'active' fund usually aims to achieve returns that are higher than a 'benchmark' (such as the returns from a market index, cash/inflation, or the average return of other similar funds). The fund manager will try to outperform the benchmark by analysing potential investments to find the ones that they believe will provide higher returns over the longer term. Because of this, active funds are usually more expensive than passive alternatives. There's also no guarantee that returns will be higher than the benchmark.

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.

Risk

When you invest, there is always an element of risk. Putting money into a pension plan is no different. How you balance this risk against any potential reward is the key to investing. Depending on how you want to take your pension savings we recommend you regularly review your plan to ensure you are on track.

Volatility ratings

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.

The value of your investment can go down as well as up, and it may be worth less than you paid in.

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 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.



Charges

Fund management charge

We apply a charge to money invested in our funds. This is known as the fund management charge (FMC) and is shown as an annual rate. However, we deduct the charge from each fund on a daily basis, which has the effect of reducing its unit price.

Additional expenses

Additional expenses may be deducted from some funds. They include items such as custodian, third party administration, trustee, registrar, auditor and regulator fees. Where a fund invests in other underlying funds, they may also include the underlying management charges.

As the additional expenses relate to expenses incurred during the fund management process, they will regularly increase and decrease as a percentage of the fund, sometimes significantly. The additional expenses figure shown is the annual rate of the charge. But where additional expenses apply, they are taken into account when the fund's unit price is calculated each day.

Scheme rebate

We have agreed to provide enhanced terms to give you a rebate on some of the amount you have invested in each fund. The figure shown is the annual rate of the rebate, although the rebate is given to you as additional units in your fund each month. This reduces the effect of the FMC and additional expenses to give you the effective total annual fund charge.

Example: LR Adventurous Fund



*In this example the effective total annual fund charge equates to a monetary cost each year of £33 for every £10,000 invested in this fund.

Self-select funds

If you would like to make your own investment choices, the Trustees have selected a range of funds for you to choose from. You can invest in as many of these as you want to, as long as you are not already invested in a lifestyle profile.

You can check and change your investments at any time through Lifelens.

Fund name	Fund code	Volatility rating*	FMC	Additional expenses	Scheme rebate	Effective total annual fund charge	Active/Passive investment
LR Standard Life Long Corporate Bond Pension Fund	LLJF	5	1.00%	0.01%	0.79%	0.22%	Active
LR SL BlackRock Cash Pension Fund	BBJN	1	1.13%	0.07%	0.94%	0.26%	Active
LR Diversified Growth	DDLA	4	1.25%	0.03%	0.77%	0.51%	Active
LR SL iShares Index Linked Gilt Index Pension Fund	BBNK	6	1.00%	0.01%	0.81%	0.20%	Passive
LR SL iShares Over 15 Year Gilt Index Pension Fund	LPDB	6	1.00%	0.02%	0.81%	0.21%	Passive
LR SL iShares UK Equity Index Pension Fund	LPAD	5	1.00%	0.01%	0.79%	0.22%	Passive
LR Adventurous Fund	NACF	4	1.00%	0.11%	0.78%	0.33%	Active
LR Emerging Markets Equity Fund	MPJL	7	1.00%	0.17%	0.79%	0.38%	Passive
LR Fixed Income Fund	BDIF	6	1.00%	0.01%	0.80%	0.21%	Active
LR Global Equity	MMKE	5	1.00%	0.03%	0.79%	0.24%	Passive
LR Moderate Fund	DDHF	5	1.00%	0.10%	0.79%	0.31%	Active
LR Property Fund	MMPB	2	1.00%	0.03%	0.72%	0.31%	Active
LR Sustainable Investments	BBKN	6	1.00%	0.02%	0.72%	0.30%	Passive

*These volatility ratings are set by Standard Life. See page 5 of this guide for an explanation of how the ratings are set.

Find out more

To manage your pension online, including reviewing your investment performance and changing your investment options, visit Lifelens

For more information on your LRSFA DC Section visit

www.lrpensionport.co.uk

If you have any queries, call us on

0345 850 9186

We're open mon-fri 8am-6pm. Call charges will vary.

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