

# Property funds - Questions & Answers

## Update 15 December 2016

### Background

In July 2016, a number of fund management groups suspended trading or delayed withdrawals from their commercial property funds.

As a result customers invested in some commercial property funds:

- ▶ haven't been able to transfer money in or out, or
- ▶ have experienced delays in taking their money out.

Here we give some more information about why this happened, the funds affected and what this has meant for you if you're invested in one of these funds.

If you originally invested with us through a financial adviser, you may want to speak to them in the first instance as this Q&A doesn't apply to some products and investment options available through financial advisers. We also recommend getting financial advice if you have any concerns about your investments.

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## Q1: Why have fund managers done this?

A: Commercial property funds invest mainly in physical assets, such as buildings and land. In the same way as selling your home can take time, it can take time to sell a large office building or shopping centre.

When the number of requests to withdraw money is greater than the rate at which properties can be sold at a favourable price, fund managers can decide to suspend all trading on their funds or delay withdrawals. This allows them to sell properties in a controlled way so that they can get the best deal both for investors who wish to take their money out and those who wish to stay in the funds.

## Q2: Does this affect me?

A: This only directly affects customers who are invested in certain commercial property funds – see **Q4** for a list of the funds affected. Some commercial property funds have remained open for trading throughout this period, while others have now lifted restrictions they had previously imposed.

## Q3: I don't know if I'm invested in a commercial property fund; how can I check?

A: You can see which funds you're invested in by logging into **online services** or you can call us.

## Q4: Which funds are affected?

A: These are the funds which are currently affected (as at 15 December 2016). These may change.

### **Insured (pension and life) fund**

- SL Aviva Investors Property Pension Fund – delay period

## Q5: What's the difference between a suspension and a delay period?

A: Where a fund manager **suspends trading** on a fund, it means that no new money can be invested in it and no money can be taken out of it until the suspension is lifted.

Where a fund manager introduces a **delay period** on a fund (also known as a deferral period), it means that any requests to take money out or move money to a different fund will be placed in a queue. The requests will then be processed in the order they've been received once the fund manager has released money. See also **Q9**.

## Q6: Can I still pay money into these funds?

A: If you're in a fund that's **suspended**, you can usually continue to make regular payments, but these payments won't be invested until the suspension is lifted. So you can change where these payments go until the suspension is lifted if you wish. No additional payments, including single payments, will be accepted until the suspension is lifted.

Where a **delay period** is in place, you can continue to make regular payments, and these will be invested in the relevant Standard Life insured fund.

In the case of the SL Aviva Investors Property Pension Fund, you can also make additional payments as the externally managed fund it invests in has a delay period, and so is accepting new money.

## Q7: How do I know if I'm in an insured fund or a mutual fund?

- A:
- If you have a pension, other than a self-invested personal pension (SIPP), or an onshore bond, you'll be in an **insured fund**.
  - If you have an ISA or Personal Portfolio, you'll be in a **mutual fund**.
  - If you have a SIPP or International Bond, you have the choice of investing in both **insured** and **mutual funds**.
  - Insured funds have the prefix 'SL' or 'Standard Life', while mutual funds have the prefix of the name of the fund management group, eg 'Aviva Investors'.

If you're still not sure, **contact us** or speak to a financial adviser.

## Q8: How long do you expect suspension and delay periods to last?

A: We can't say, but in the case of **suspensions** the fund managers will usually review them every 28 days.

The **delay period** for a property-based insured fund is normally up to six months, or nine months if you're invested through some bond products (for example our International Bond). But where a property-based insured fund invests in an externally managed fund, the delay period can be longer if the terms and conditions of the externally managed fund allow this.

## Q9: I'm invested in one or more of the affected funds. Does this mean I can't access my money?

A: If you're invested in a fund that's **suspended**, you won't be able to request a switch or transfer out until the suspension is lifted.

If you're invested in a fund that has a **delay period**, you can request a switch or transfer out, but this will be placed in a queue and we'll process it as money becomes available from the fund managers.

See **Q5** for more information about suspensions and delay periods.

## Q10: What if I'm already taking money out of my pension? Will I be affected?

A: If you're currently taking money from your pension, these payments won't be affected – we'll continue to process retirement benefits as usual.

## Q11: What if I'm already taking money out of my bond? Will I be affected?

A: If you're already taking regular withdrawals from your bond, these will continue. However, we reserve the right to pay you a reduced amount if the suspension or delay period has an impact on our ability to pay the full withdrawal amount. We'll pay you the outstanding amount once money becomes available.

You won't be able to change the amount you're withdrawing or start a new regular withdrawal until the suspension or delay period is lifted.

## Q12: What if I'm already taking money out of my ISA or Personal Portfolio? Will I be affected?

A: If you've set up regular withdrawals to take money out proportionally across all your funds, you shouldn't be affected. However, we reserve the right to pay you a reduced amount if the suspension or delay period has an impact on our ability to pay the full withdrawal amount. We'll pay you the outstanding amount once the suspension or delay period is lifted and money becomes available.

If you've set up regular withdrawals to take money only from a fund that's suspended or has a delay period, this may not go ahead. You should either speak to your financial adviser or call us about this.

If you want to make a one-off withdrawal, you can do so, but it will have to come out of your other funds – you won't be able to make a one-off withdrawal from a fund that's suspended or has a delay period.

### Q13: I'm due to retire soon, and will want to access my pension savings. Will I be affected?

A: If you're in an **insured fund** and your selected retirement date falls within a period when a fund has introduced a delay period, you won't be affected and you'll be able to access your money as normal – whether that's using it to buy an annuity, or to take a lump sum or a flexible income (also known as drawdown), or a combination of these.

However, if you're invested in a **mutual fund** through a SIPP, you will be affected. You won't be able to access the money you have invested in this fund until the suspension has been lifted.

### Q14: I recently requested a switch/transfer out of one of the affected funds. Will this still be processed?

A: If you made the request before the suspension or delay period came into effect, then we'll have processed it as normal.

### Q15: Can I switch or transfer into another fund?

A: If you're in a fund that's **suspended**, you'll have to wait until the suspension is lifted until you can request a switch or transfer.

If you're in a fund that has a **delay period**, you can request a switch or transfer, but it will only be processed once the fund manager has released enough money to cover the transaction.

### Q16: Do you expect the price of the funds to fall?

A: Fund managers are continuing to price funds affected by a suspension or delay period, and the unit price will reflect market conditions, as well as movements in the values of the underlying properties and fund charges. We can't forecast movements in fund prices.

### Q17: What price will be used when transactions are processed?

A: We'll use the unit price at the date on which we complete the transaction.

### Q18: Do you expect more suspensions or delay periods for any other property funds?

A: We can't tell if there will be any more suspensions or delay periods for other property funds – it's up to the fund managers to make that decision. We'll then let customers know as soon as possible. We'll also let customers know when suspensions and delay periods are lifted.

**This information is correct as at 15 December 2016.**

