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FundZone Mutual Funds Platform Technical Guide



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What is FundZone?

FundZone is a Mutual Funds Portfolio Platform for advisers, available only through Standard Life. It offers a wide choice of funds, online transactions and a selection of risk assessment and fund analysis tools. FundZone is accessed via **adviserzone**. If you are not already registered for **adviserzone**, you will need to do so to fully utilise the FundZone platform.

The advantages

FundZone offers a wide range of funds and fund managers covering all of the main asset classes. FundZone also provides a range of support and research tools to make fund analysis, selection and review more efficient:

- Fund selection filters (such as asset class, IMA sector, performance and citicode)
- Fund Factsheets
- Links to literature library
- Links to fund manager websites and microsites

Who is eligible?

Age Restrictions

Minimum Age for Investing: FundZone is available to anyone over 18 years of age.

Maximum Age for Investing: There is no maximum age limit (unless Funded Initial Commission is taken, in which case the maximum age is 69 years. Where there are joint investors, one of them must be 69 or under).

Restrictions on Term

There is no fixed term for investing.

Geographical Limits and Acceptable Applicants

Supermarket Cash and Investment Fund: FundZone can only accept investments from investors based in the UK. They must have a UK bank account.

ISA: An investor must be a UK resident. ISAs are available to foreign nationals resident in the UK.

FundZone can accept the following trustee business:

- the trustees of a family trust
- the corporate trustee of a family trust
- SIPP/SSAS/Final Salary where there is co-trusteeship between the corporate trustee and the individual member as trustee (this cannot be on a nominee basis)

Corporate Investments: FundZone is not available for Corporate Investments.

What products are available on FundZone?

Investments can be made direct into Supermarket Cash, through an ISA wrapper, or directly into funds through an Investment Fund (OEIC or UT).

Investments can be made on FundZone by:

- Putting money into Supermarket Cash
- Investing in a new Stocks & Shares ISA
- Cash transfer of an existing Cash or Stocks & Shares ISA from another ISA Manager.
- Investing in a new OEIC/UT
- Re-registering an existing OEIC/UT from another OEIC/UT Fund Manager
- A combination of the above

ISA Cash Transfers

Both Cash and Stocks & Shares ISAs can be transferred onto the FundZone platform in cash. If you transfer a Cash ISA though, it can only be reinvested into a Stocks & Shares ISA on the FundZone platform. We do not offer a Cash ISA.

Transfers can be done either by completing the paper application form or by submitting the request online. A Letter of Authority signed by the client is also required. An ISA transfer must be made into a fund that offers an ISA investment option. If you want to transfer an ISA part way through the tax year to which it applies, the full year's subscription must be transferred. Partial transfers can be accepted for previous tax years.

Re-Registration (ISA/Investment Funds)

ISA and Investment Funds can be re-registered onto the FundZone platform. Re-registration (also known as an in-specie transfer) is simply moving the administration of the investment from one company to another. Re-registration is completed online, and the transfer can be part in-specie and part as cash. A Letter of Authority signed by the client is also required. There is no charge made by Standard Life for re-registering online. However, we reserve the right to pass on any charge made by an existing manager or ISA manager. Only full tax years for ISAs can be re-registered onto FundZone. Please refer to 'FundZone: Re-registration & cash transfer ISAs & Investment Funds' (FZMF12) for further information.

We can pay the standard renewal commission on investments re-registered onto the FundZone platform. Alternatively, the option to select nil commission is also available.

Investment Amounts

Stocks & Shares ISA

- Minimum regular investment is £50 a month
- Minimum single investment is £500
- Maximum investment per tax year is £7,200, or from 6th October 2009 £10,200, if you are aged 50 or over at any time during the 2009/10 tax year.
- From 6th April 2010 the maximum investment limit of £10,200 per tax year applies to all eligible ISA investors on FundZone.

Please note that an ISA can only be held on FundZone through a fund that offers the ISA investment option.

Investment Funds (OEIC & UT) and Supermarket Cash:

- Minimum regular monthly investment is £50
- Minimum single investment is £500

There is no maximum amount for an investment fund.

Additional Investments

Additional investments can be made at any time.

For lump-sum/yearly investments, the minimum additional investment is £250.

For monthly investments, the minimum additional investment is £25.

For quarterly investments, the minimum additional investment is £75.

For half-yearly investments, the minimum additional investment is £150.

Frequency of Investments

Regular investments can be made:

- Monthly
- Quarterly
- Half-Yearly
- Yearly

Regular investment must be made by direct debit.

Investment frequency can stop, start or be varied as an investor wishes.

Single investments can be made at any time to Standard Life by cheque or direct debit. Cheques should be made payable to Standard Life Savings Limited.

Payment Methods

- Payments to the FundZone platform can be made by:
- Cheque
- Direct Debit
- BACS (this option is only available if the application is submitted online).

All payments should be made to Standard Life Savings Limited.

Share Classes

The funds available on FundZone have the following investment options:

- Income shares, where the income received by the funds is paid out as a regular income.
- Income shares, where the income received by the fund is used to purchase more shares for the investor.
- Accumulation shares, where the income is re-invested in the fund to increase the value of the fund.
- A combination of the above options.

Buying and Selling Shares

An adviser can instruct the purchase and selling of shares on behalf of their client online, by telephone or in writing.

Buying Shares

Investments by lump-sum payments will reflect the price of the funds available at the next Pricing Point after the next dealing cut-off point. Investments made by Direct Debit will reflect the price of the funds after the next dealing cut-off point following collection of the investor's Direct Debit. This is normally the next business day.

Selling Shares

Shares will be bought back by the manager of the fund in which the client has invested, at the price available at the next Pricing Point for the fund in question after the next dealing cut-off point following receipt of the verbal or written sale instructions. A verbal sale instruction must also be followed by a written confirmation of the instruction. Payment is made to the client's bank account within eight business days of our receiving their written confirmation of the sale instructions.

Written confirmation must be signed by the client.

The investor must be aware of the minimum value of shares that can be sold and the minimum value of shares that must be retained for each fund. These minimums are explained in the Key Features Document (FZMF17) and in the relevant Fund Factsheet.

Fund Switches

Funds can be switched on the platform, with a charge of 0.25% applied on the monies being switched. This charge may be altered for a particular fund (e.g. soft closure of a fund). For fund switches, 'sell' and 'buy' contract notes are issued. Commission can be taken on fund switches.

Withdrawals

Regular Withdrawals

Regular withdrawals can be made as detailed below:

- Regular withdrawals can be taken from funds with an accumulation share class, and from funds with an income share class. If a client has chosen to take income payments, these will continue in addition to any regular withdrawal unless the client has instructed us to reinvest the income. Regular withdrawals can also be taken from Supermarket Cash.
- Regular withdrawals are taken at product level – ISA/Investment Fund/Supermarket Cash.
- Withdrawals can be taken on a monthly, quarterly, half-yearly and yearly basis.
- Withdrawals are taken either on a percentage or monetary amount basis.

If an investor takes regular withdrawals they also have the option to take any income generated by the fund, or have this income re-invested.

Payment is made into the investor's bank account by the date they have selected. If the date of payment falls on a weekend or Bank Holiday, the payment is made on the last working day prior to the start of the holiday period/weekend.

An investor can cease to take regular withdrawals or re-start them at any time.

The minimum regular withdrawal is £25 or 0.5% (provided that this % equates to £25). There must be a minimum of £500 within the contract to allow regular withdrawals to be paid.

If the value of an ISA or Investment Fund falls below £250 the investment will be automatically cancelled and the money returned to the investor.

Withdrawals can be set up at the New Business stage or later.

One-off Withdrawals

One-off withdrawals can be made at any time without penalty, subject to a minimum of £250. There must be at least £500 remaining in the contract for the redemptions to be paid.

All withdrawal payments will be made to the investor's nominated external bank account.

Note: For ISAs the amounts withdrawn do not affect the allowable payment, so an investor cannot 'replace' withdrawn funds.

Charges

This section applies to Investment Funds and ISAs. It does not apply to Supermarket Cash.

Initial Charge

We make an Initial Charge from an investment. This will depend on the terms of the chosen Fund(s) and if an investor has asked us to pay Initial Commission to their Financial Adviser for that Investment. This charge will be taken from the amount invested, reducing the number of Units an investor can buy. Investors can obtain details of the Initial Charge from their Financial Adviser or the Fund Factsheets.

Annual Management Charge

This is a daily charge levied by the Manager and is taken via adjustment of the Unit price. It is applied as a percentage in respect of each Unit. Investors can obtain details of the Annual Management Charge from their Financial Adviser or the Fund Factsheets.

Additional Charge for Funded Initial Commission

If an investor agrees with their Financial Adviser to pay them Funded Initial Commission, we will deduct an Additional Charge of 0.2% a year for every 1% of commission we pay on the investment. This percentage charge applies to the value of the initial investment. The Additional Charge will only apply for 6 years from the start of an investment. Please note, if Initial Commission is also paid on an investment then this Additional Charge may increase.

Funded Initial Charge

Where full commission give-up is insufficient to eliminate the Initial Charge, an investor can do so by accepting an Additional Charge over the first six years of the contract. This works on the same principles as Funded Initial Commission, as it allows investors to avoid paying an Initial Charge and to have 100% of their money invested when commission give-up does not reduce the Initial Charge to zero. Funded Initial Charge (FiCh) is the value of the remaining Initial Charge, once all commission has been given up. FiCh is calculated on the Outstanding Initial Charge once all Initial Commission has been given up. For each 1% Funded Initial Charge selected then a 0.2% charge will apply. This charge is applied for 6 years. The charge is paid from cash in the account or by disinvestment of holdings, and is applied on a monthly basis in arrears, on the arrangement date. This charge is applied at investment level.

Charge for Additional Renewal Commission

This is a regular charge taken against an investor's account to pay for Additional Renewal Commission taken by the adviser. This charge is equal to the Additional Renewal Commission amount, as only the additional amount that is paid to the adviser is recovered. The charge is paid from cash in the account or by disinvestment of holdings. It is calculated on the last day of the month, monthly by default, with quarterly, half-yearly and yearly as alternative options.

Switch Charge

This charge is levied if an investor switches their money from one fund to another fund, within FundZone. It is deducted from the money being switched and is a percentage of this amount. The switch charge is 0.25%, but on occasions different levels of charges can be applied to a fund. This charge is a one-off charge.

Other Expenses

Further remuneration, fees and expenses will be incurred by each Fund. These include, but are not limited to fees of auditors, custodians, and regulatory fees and remuneration of any depository or trustee. These are normally paid from the Fund directly but more details of these can be found in the Prospectus for the relevant Fund. Charges and additional expenses are not guaranteed. They are regularly reviewed and may be changed in the future.

Exit Penalties

This section only applies to Investment Funds and ISAs. It does not apply to Supermarket Cash.

Recovery of Outstanding Additional Charge for Funded Initial Commission

Any Outstanding Additional Charge for Funded Initial Commission (FIC) will be recovered if an investor makes an encashment, either partial or in full, that takes their residual investment value below the amount of Funded Initial Commission taken at outset.

The sum of the Outstanding Additional Charge will be deducted from the remaining investment value.

The table below provides an example of how any Outstanding Additional Charge for Funded Initial Commission will be recovered. This example assumes that the value of the investment, during each year, will remain the same as the value of the initial investment.

Initial Investment	£10,000
FIC Taken	3% (£300)
FIC Charge	0.6% (applied for 6 years)
A client cashes in their investment during year	Outstanding Additional Charge recovered
1	£360 (£10,000 X 0.006 X 6)
2	£300
3	£240
4	£180
5	£120
6	£60
7	£0

Recovery of Outstanding Additional Charge for Funded Initial Charge

Any Outstanding Additional Charge for Funded Initial Charge (FIC_h) will be recovered if an investor makes an encashment, either partial or in full, that takes their residual investment value below the amount of Funded Initial Charge accepted at outset.

The sum of the Outstanding Additional Charge will be deducted from the remaining investment value.

The table below provides an example of how any Outstanding Additional Charge for Funded Initial Charge will be recovered. This example assumes that the value of the investment, during the year, will remain the same as the value of the initial investment.

Initial Investment	£10,000
FIC _h Taken	1% (£100)
FIC _h Charge	0.2% (applied for 6 years)

A client cashes in their investment during year	Outstanding Additional Charge recovered
1	£120 (£10,000 X 0.002 X 6)
2	£100
3	£80
4	£60
5	£40
6	£20
7	£0

Further Administration Fee

Exit penalties may also be taken when funds are re-registered off the FundZone platform. A charge of £25 may be applied when fund(s) are transferred from the platform.

Commission

FundZone offers advisers a wide range of commission options to choose from. For full, detailed information on this range of commission options, please read the document ‘FundZone – Mutual Funds, Guide to commission and charges’ (FZMF21).

Supermarket Cash Account

Each investor has a Supermarket Cash Account set up automatically as part of their holding on FundZone. This is used for receiving any rebates on fund charges. An investor can also choose to have distributions paid into their Supermarket Cash Account or to hold deposits in Supermarket Cash for investment purposes. For example, to hold money while an investor comes out of the market. Cash funds are also available on the platform for this purpose.

Monies held in the Supermarket Cash Account receive interest.

When an Additional Charge is levied, such as for Funded Initial Commission or increased Renewal Commission, the FundZone platform will take this from any money in the Supermarket Cash Account before any units or shares are encashed to pay the charge.

Rebates and Cancellation of Units

If an adviser takes less than the standard Renewal Commission entitlement, the monetary value of the rebate is applied to the investor's Supermarket Cash Account.

If the investor's standard Initial Charge and Annual Management Charge are insufficient to pay for the charges on his account, perhaps because an adviser is taking an increased level of Renewal Commission or Funded Initial Commission, the additional charge is levied by the cancellation of units (i.e. the sale of some of the investor's units or shares to cover the additional charge) on the most recent investment as it works on a last in first out basis.

Taxation

Tax Paid by Standard Life

Tax is deducted before income is paid or the income can be re-invested. The investor's liability to tax depends on the individual's circumstances.

Funds distribute income, which may be made up of interest or dividend distributions. Any distribution by a fund must be treated as income for tax purposes, with the exception of payments of equalisation.

Standard Life typically offers a choice of accumulation or income share types in our funds. Some funds offer both of these share types, while others offer only one.

Tax Paid by Fund Holder

Capital gains within the funds are exempt from Capital Gains Tax (CGT) but an investor may have a personal liability to CGT when they cash in all or part of their investment.

If an individual is invested in a fund that makes interest payments, and if the 20% rate at which the tax is deducted from their interest payments is higher than their income tax rate, the investor can claim the difference from HM Revenue & Customs.

Dividend payments carry a tax credit, and, if an investor's highest personal tax rate on income is the basic or lower rate, they will have no further tax to pay on the dividends. Nil-rate taxpayers cannot recover tax credits.

Higher-rate taxpayers will have further income tax to pay.

On an investor's death, the money in the investment will form part of their estate and may be liable for inheritance tax.

When we speak about tax and legislation, we base our views on our understanding of law and HM Revenue & Customs practice at time of writing. Tax and legislation could change in the future.

ISA – Tax

If the investor chooses to invest in income shares, they will receive the gross income distributions, the gross interest distributions, or the dividend distributions, including an amount equal to the tax credit. The investor can then choose to use the tax recovered or tax credit: to purchase more shares in the funds that are invested in; to have it moved to their Supermarket Cash Account; or have it paid into their bank account.

All ISA earnings, whether derived from income or capital growth or both, are exempt from both UK personal Income Tax and Capital Gains Tax. Shares in the funds pay distributions net along with associated tax credit (dividend distributions) or tax deductions certificate (interest distributions).

If the client has invested in income shares, each distribution will include an amount equal to the tax credit or deduction payable at our expense. When we reclaim the tax credit or deduction from HM Revenue & Customs it will be paid into the client's ISA and will be refunded to us.

If the investor has invested in accumulation shares, tax will be reclaimed on the investor's behalf and reinvested in their ISA by the purchase of more shares in the relevant fund.

The investor should be aware that any description of tax relief in the terms and conditions refers to those currently in place at that time.

Supermarket Cash – Tax

Interest on deposits in Supermarket Cash is paid net of tax at 20%.

Income Shares

If the investor chooses income shares, they will receive the gross income distributions, the gross interest distributions or the dividend distributions, including an amount equal to the tax credit. If the investor has chosen income shares, each distribution will include an amount equal to the tax credit or deduction payable at our expense. When we reclaim the tax credit or deduction from HM Revenue & Customs, it will be paid into the investor's fund and it will then be refunded to us. If the investor chooses to have an income paid out, it will be paid to their personal nominated account.

If the investor chooses income shares and does not want to have their income paid out, it will be used to buy more shares in their fund.

Accumulation Shares

If an investor chooses to invest in accumulation shares, any income due is automatically re-invested in the relevant funds. The retained income increases the value of the investment and is reflected in the price of shares. The tax recovered or tax credit is used to purchase more shares in funds that the client has invested in.

If the client has invested in accumulation shares, tax will be reclaimed on their behalf and re-invested in their fund by the purchase of more shares in the relevant fund.

Functionality

New Business Submission

Advisers are able to submit new business on the FundZone platform. Access terms for FundZone will be the same as **adviserzone**. When an adviser has signed up for **adviserzone**, no further authorisation is required.

NB: An adviser must sign up to the FundZone online Terms and Conditions.

Fund Selection Filters

Advisers are able to use the Fund Selection Filters to search for particular funds. These can be displayed in a variety of ways such as, Investment Type; Fund Manager; Type of Fund; Fund Rating; Performance and Sector. Multiple filters can also be applied in order to narrow down fund selection, to identify a range of funds that meet a very specific set of criteria.

Risk Profiling Tool

A stand-alone version of the Risk Profiling Tool is available on **adviserzone**. This tool provides a risk questionnaire that assesses each client's overall attitude to risk. This tool can be used in conjunction with the FundZone tools.

Servicing Functionality

Servicing

Advisers have transactional access to FundZone and can perform servicing online, including fund switches, purchases, transfers, encashments and changes to clients' personal details. Advisers can also run reports at client and adviser firm level, including valuations and investment transaction reports.

Clients may request read-only access to FundZone.

The FundZone Customer Centre will provide support to advisers. The FundZone Customer Centre can be contacted on 0845 279 2002 (call charges may vary) during the following times:

Monday to Friday, 9am-5pm.

The address for writing to us is:

FundZone Customer Centre
Dundas House
20 Brandon Street
Edinburgh
EH3 5PP
United Kingdom

Standard Alterations

Standard alterations can be made via the FundZone Customer Centre. For example, a client's change of address can be completed by writing to the FundZone Customer Centre and provided the instruction comes from an authorised person the change will be made. Similarly, the change can be made over the telephone by an authorised person. We will not issue a confirmation letter unless one is requested. Documentation is required to verify a change of name.

Advisers are also able to make certain changes online, such as updating a client's change of address.

Valuations

Client valuations can be obtained online, and are also available on request. A client can request a valuation either by writing to the FundZone Customer Centre or over the telephone.

Telephone Dealing

Telephone dealing is available for Investment Funds only. It is not available for ISAs. To place a telephone deal, advisers will telephone the FundZone Customer Centre, confirm that they have a completed application form and a cheque and instruct the investment. The funds will then be automatically purchased. The deal will be placed in anticipation of receiving settlement.

Statements

Statements

Statements will be issued every six months. These are issued at product level (ISA or Investment Fund). Ad-hoc statements are available on request to the FundZone Customer Centre.

Advisers can access current valuations online or by contacting the FundZone Customer Centre.

Contract Notes

Consolidated contract notes will be issued to the client and adviser. These contract notes consolidate multiple deals onto single contract notes. The client must receive the contract note. For fund switches, separate 'sell' and 'buy' contract notes are issued.

Cancellation Rights

Investment Funds

The investor has 30 calendar days from the date their money is invested in which to cancel their investment. The cancellation request should be sent to the FundZone Customer Centre. If the investor cancels, we will return their money including the Initial Charge less, for lump sum investments only, any fall in the investment value.

ISA Investment transfer

The investor has 30 calendar days from the date their money is invested in which to cancel their investment. If the investor wishes to cancel their ISA transfer they must exercise their cancellation rights within 30 calendar days of opening the ISA. The cancellation request should be sent to the FundZone Customer Centre. If the investor cancels, we will return their money including the Initial Charge less, for lump sum investments only, any fall in the investment value.

Upon an Investor's Death

Once we have received all the necessary details from the investor's legal representatives, we will calculate the final value of the investment and transfer the proceeds to them. Alternatively, we can transfer their holdings to another individual providing that we receive evidence of their identity as proof that they are entitled to receive the proceeds.

We will hold any income generated after the investor's death until we receive all the necessary details.

On the investor's death, their account stops qualifying for the tax advantages of an ISA. The shares will continue to be held in their account and their value may continue to rise or fall from day to day. If they were not entitled to all tax credits we have already allocated to their account, some may be recovered.

Illustrations and Key Features

Sample illustrations are provided within the Key Features Document (FZMF17).

Legislation

Standard Life Investments Funds

All Standard Life Investments Funds (SLIC I, SLIC II, GMIC) on the FundZone platform are governed by UCITS III. Similarly, all Standard Life Investments Funds adhere to the rules set out by the New Collective Investment Schemes sourcebook (COLL) rules.

External Funds

External funds are a mixture of OEIC funds and unit trusts, which are covered by their own fund manager's structure.

External funds are governed by the terms in the fund manager's 'Simplified Prospectus'.

Unlike External Fund Links (EFLs) for Life and Pension products, Standard Life does not create new Standard Life funds for external mutual funds. We sell shares or units in the external funds, so fund prices and performance are those of the External Fund Manager (EFM).

Abbreviations

- COLL: New Collective Investment Schemes sourcebook. This is the revised rulebook that sets out the criteria that funds must comply with in order to meet FSA requirements.
- GMIC: Global Managers Investment Company. This is a stand-alone, open-ended company that offers Manager of Manager funds.
- SLIC: Standard Life Investment Company. This is a stand-alone, open-ended investment company which offers a variety of funds in which you can buy shares.
- SLIC II: Standard Life Investment Company II. This is a stand-alone, open-ended company set up to deal with Capital Protected Funds (CPFs), accessed through Secured Capital Plans. It also offers a variety of other funds.
- UCITS III: Undertaking of Investments for Collective Investment in Transferable Securities rule. This is legislation issued by the EU.

