



Professional Footballers' Pension Scheme Income Section

Member Announcement

Changes to Standard Life Funds and how they might affect you

Summary of Changes

Standard Life has recently notified the Trustees of a couple of changes to some of the funds offered to members with investments in the Income Section. This announcement provides a brief overview of these changes and how they may affect you.

Transfer of Tracker Fund Management

Standard Life has transferred the management of its tracker funds to Vanguard Asset Management Limited (Vanguard), another leading tracker fund provider. This transfer took place over a couple of stages and was finalised at the end of June 2012. Standard Life tracker funds are easily identifiable as all the funds in this category include "tracker" in their fund name.

Am I Affected?

- **Yes** - If you are invested in the *lifestyling strategy* or you have selected one of the Standard Life tracker funds to invest in.
- **No** – If you do not invest in any of the "tracker funds" offered by Standard Life.

What will change?

Most of the existing Standard Life tracker funds are no longer available and investments will need to be moved out of these tracker funds. However, similar tracker funds are available through Standard Life with Vanguard. Most of the benchmarks will remain the same, a few will change but these will be very similar in nature to the existing ones. The additional note to this announcement provides further details.

A couple of Standard Life tracker funds will remain open for future investments:

- Overseas Equity Tracker Fund
- Global 50:50 Tracker Fund

The Consensus Tracker Fund and the Overseas Bond Tracker Fund assets have already transferred into alternative Standard Life Funds. Further details can be found in the additional notes accompanying this announcement.

When will the change take place?

The Trustees have arranged for the transfer of assets from the Standard Life tracker funds to the equivalent Vanguard funds to take place on 1 December 2012.

Will the annual management charges stay the same?

Annual management charges for the Standard Life tracker funds that remain open will reduce. Additionally, annual management charges for most of the equivalent Vanguard Funds are lower than those of the Standard Life tracker funds with the exception of the FTSE Tracker Fund and UK Gilt Tracker Fund which remain unchanged at 0.1% per annum. Further details are provided in the additional notes to this announcement.

What Action is required?

No action is required if you are happy for your assets to be invested in the equivalent Vanguard funds. If you would prefer to select your own alternative investments you will need to obtain a switch form for the Scheme Administrator.

Are there any other changes that affect me?

Yes, there have been a couple of name changes to funds that you may have investments in. Details of fund name changes can be found in the additional notes to this announcement.

In the meantime, if you have any immediate questions or you wish to request a switch form you should contact your Scheme Administrator either by:

E-mail : Footballerspensions@aonhewitt.com

Post : The Scheme Administrator, Professional Footballers' Pension Scheme, AonHewitt,
5th Floor Fountain Precinct, Balm Green, Sheffield, S1 2JA



Further Details on Standard Life Changes

Why has Standard Life decided to exit the tracker market?

Standard Life Investments Limited (Standard Life) historically offered a range of tracker funds. However, they have decided to withdraw from the tracker fund market and concentrate on their actively managed funds. Standard Life has given a number of reasons for its withdrawal and lists small fund sizes and the resulting effects on tracking errors as part of their reasoning. Additionally, a change to the double taxation agreement meant that the US Equity fund was suffering a 15% withholding tax for which there was no effective solution to the problem. In all, Standard Life felt that it would not be able to continue to provide a “best in class” service and has therefore chosen to exit the tracker market.

Why choose Vanguard?

Vanguard Asset Management Limited (Vanguard), a large and respected tracker fund manager, has been appointed to manage the assets of Standard Life’s tracker funds on behalf of Standard Life

Standard Life has selected Vanguard to manage these funds because of Vanguard’s extensive worldwide experience in the index fund industry. Vanguard introduced the concept of passive funds during the 1970s and has since become the largest tracker fund manager in the world. Furthermore, Standard Life felt that Vanguard offered a similar charging structure, with an extensive range of products and more appropriate benchmarking than Standard Life currently employed. Vanguard also provided Standard Life with a solution to the US Equity Fund problem mentioned above.

Transfer of Assets

There will be very little change, other than Vanguard managing the tracker funds rather than Standard Life.

Once the Income Section has transferred its assets across to the corresponding Vanguard tracker funds, Annual Management Charges (AMCs) will reduce for most of the tracker funds and risk profiles will broadly remain the same. There will, however, be some changes to the benchmarks used, although the characteristics of the new benchmarks will be very similar to those used by the Standard Life funds.

Two Standard Life tracker funds will remain open: the Overseas Equity Tracker Fund and the Global Equity 50:50 Tracker Fund.

The date for the transfer of assets across to the equivalent Vanguard funds has been set as 1 December 2012 for the Income Section of the Professional Footballers’ Pension Scheme.

A full list of the tracker funds transferring to Vanguard, and the corresponding AMCs that will apply thereafter, is provided at the end of this announcement.

Deferral Rights

Standard Life is currently allowed to delay processing a switch or payment transfer out of funds for up to a month. As is common with external management, Vanguard has its own deferral rights which allow it to delay processing payments out of its funds indefinitely.

We understand from Standard Life that this is only intended to cover delayed payments in the event of war / legal activity / political turmoil and market closure etc. The last known event of market closure in developed countries was that following the events of 11 September 2001, where markets closed for a few days. However, Standard Life has given an assurance that there will be no delay where payments are as a result of a member’s death or retirement.



Further Details on Standard Life Changes

Stock Lending

Vanguard uses stock lending as part of its investment strategy.

Stock lending is a common practice and is regulated by the Financial Services Authority (FSA). It allows fund managers to lend some of the fund's assets to a borrower in return for a fee in order to generate additional returns for investors.

However, Vanguard takes a very conservative approach to stock lending and the general requirement is for cash as collateral to the value of 102% of the asset loaned.

Furthermore, unlike some managers that only pass on part of the profits made from stock lending, Vanguard passes all profits to the fund in question.

Additional Information

Vanguard is a worldwide tracker fund provider looking after c\$2 trillion of assets for both individual and institutional investors in over 80 countries.

As such they are a reasonable choice to carry forward the management of the Standard Life tracker fund assets. The underlying custodian and risk profiles will remain unchanged for these funds, with only a minor change to the benchmark that some of these funds will be tracking.

Fund Name Changes

Original Fund Name	New Fund Names
Sterling Fund	Money Market Pension Fund
Managed Cash Fund	Deposit and Treasury Fund
UK Fixed Interest Pension Fund	UK Mixed Bond Pension Fund
Overseas Fixed Interest Pension Fund	Global Mixed Bond Pension Fund
Cautious Managed Fund	Multi Asset Managed (20-60% Shares) Fund
Balanced Managed Manager of Managers Fund	Multi Asset Managed (40-85% Shares) Manager of Managers Fund

These name changes do not indicate a change in any aspect of the fund's management or investment style. There has been no other change to these funds.

Change to lifestyling strategy

Current Lifestyling Funds	Replacement Lifestyling Fund
FTSE Tracker Fund	SL Vanguard FTSE All Share Index Pension Fund

The Managed Cash Fund will remain unchanged (other than the aforementioned name change).



Further Details on Standard Life Changes

Standard Life Tracker Funds Remaining Open

Existing Standard Life Tracker Fund	Current Annual Management Charge	New Annual Management Charge
Overseas Equity Tracker Fund	0.15%	0.10%
Global Equity 50:50 Tracker Fund	0.125%	0.10%

Vanguard Equivalent Funds

Existing Standard Life Tracker Fund	Current Annual Management Charge	Vanguard Equivalent Fund	New Vanguard Annual Management Charge
FTSE Tracker Pension Fund	0.10%	SL Vanguard FTSE UK All Share Index Pension Fund	0.10%
UK Gilt Tracker Pension Fund	0.10%	SL Vanguard UK Government Bond Index Pension Fund	0.10%
US Equity Tracker Pension Fund	0.15%	SL Vanguard US Equity Pension Fund	0.10%
Japanese Equity Tracker Pension Fund	0.15%	SL Vanguard Japan Stock Index Pension Fund	0.10%
Pacific Basin Equity Tracker Pension Fund	0.15%	SL Vanguard Pacific ex Japan Stock Index Pension Fund	0.10%
European Equity Tracker Pension Fund	0.15%	SL Vanguard FTSE Developed Europe ex UK Equity Index Pension Fund	0.10%

Fund Closures

Fund name	Management	AMC	Fund benchmark
Overseas Bond Tracker Fund	Passive	0.125%	JP Morgan Global Bonds ex UK
↓ to the Global Mixed Bond Fund	Active	0.3%	JP Morgan Global Bonds
Consensus Tracker Fund	Passive	0.125%	CAPS Balanced Median
↓ to the Managed Pension Fund	Active	0.5%	CAPS Balanced Median