



Closure of the Standard Life GARS fund

GARS closure, our selected alternative fund and key dates

In February this year we highlighted our concerns with absolute return funds and their failure, over the past number of years, to achieve their performance objectives.

We've undertaken a review of the GARS fund and decided to close the fund. abrdn have conducted a similar review and are merging their abrdn SICAV II Global Absolute Return Strategies Fund into the abrdn SICAV I Diversified Growth Fund.

Why are we closing GARS and what fund have we chosen as a suitable replacement?

The underperformance of GARS over the past number of years has led us to the decision to close the fund. abrdn will move their investors from the abrdn SICAV II Global Absolute Return Strategies Fund to the abrdn SICAV I Diversified Growth Fund. We believe that the [Standard Life MyFolio Market I](#) fund is a more suitable default alternative for your clients.

Why the Standard Life MyFolio Market I Fund?

1. Diversification and transparency: MyFolio Market I is a predominantly passively managed, highly diversified, multi-asset fund that invests across traditional asset classes. The underlying funds within MyFolio Market I are primarily index-tracking funds managed by Vanguard and abrdn.

2. Risk profile: GARS had a volatility target of between one third and one half of that of a conventional equity investment vehicle, with a current volatility of 4.9%. MyFolio Market I is managed to a strict volatility target of between 20-40% of the volatility of global equities. Although MyFolio Market I has a higher volatility than GARS, its max drawdown is significantly lower.

Fund	5-year p.a. volatility	Max drawdown*	ESMA scale 1 to 7
GARS	4.9%	-22.0%	3
MyFolio Market I	6.7%	-14.0%	4

Source: FE fund info, at 30 June 2023. Max Drawdown is net of AMC.

It is important that you review your client's portfolio in terms of overall risk, as MyFolio Market I has a higher volatility than GARS.

3. Cost: MyFolio Market I has a lower Annual Management Charge (AMC) and a lower Total Expense Ratio (TER) than GARS.

Fund	AMC	TER
GARS	1.35%	1.43%
MyFolio Market I	0.95%	0.96%

Source: Standard Life, June 2023

The fund will close on **31 October 2023**, and we can no longer accept new business or switches into the fund from today. Switches out of and withdrawals from the fund are permitted until **close of business on 17 October 2023**.

What does this mean for customers currently invested in the fund?

As the fund will no longer be available after **31 October 2023**, your clients can choose to switch into one or more of our available funds.

If we don't receive a switching instruction from customers (or from you, if you are authorised to initiate a fund switch on your client's behalf) **by close of business on 17 October 2023**, we'll switch the value of their policy's investment in the GARS fund to the **Standard Life MyFolio Market I Fund**, effective on **20 October 2023**. All regular contributions currently being made into GARS will be redirected to the **Standard Life MyFolio Market I Fund** effective from **20 October 2023**.

We are writing to all clients invested in the fund, with details of the fund closure and what investment options are available. We'll ask them to speak to their financial adviser for advice. We would urge you to speak to your client with regards to the full range of investment options available to them.

Your Standard Life Business Manager will be in touch to provide you with a full list of your clients that are invested in the GARS fund. You can also find details of your clients invested in the fund through **Client View**.

If you have any queries on this fund closure, please speak to your **Standard Life Business Manager**.

The value of investments within these funds will go down as well as up and may also be affected by changes in currency exchange rates. The information shown relates to the past. Past performance is not a reliable guide to future performance.



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