

Suspended funds Q&A

What happens while the suspension is in place and actions needed

What happens where the fund is held in a model portfolio?

Rebalance (please note this is different to a switch)

If you rebalance a model portfolio that contains a suspended fund then the platform will create a new weighted target allocation, increasing the amount in the remaining tradeable assets. The allocation assumes that the suspended fund is no longer included in the rebalance trade instruction, with the remaining tradeable assets now accounting for 100% of the portfolio target allocation. The number of units held in the non-tradeable fund remains unchanged in suspension but remains visible in all platform reporting and screens.

Please see the examples below which illustrate the weighted rebalance.

Model switching

If you are wanting to bulk switch when a suspended asset is held in the source model you'll still be able to do so through the platform but please note the suspended asset will be moved to the target model.

Buys

You'll still be able to buy into a model that contains a suspended fund, however the amount that was due to go into the suspended fund will instead be applied proportionally across the other assets in the model. If you don't feel this is appropriate for your client(s) then you should amend the model portfolio.

Sells

It will only be possible to sell down tradeable assets within the model. The platform won't create any orders for the assets in the suspended fund. So long as the sale is for less than the remaining tradeable assets in the model then this will complete as expected. However if the remaining tradeable assets in the model are less than the sale amount then the sell will not realise as much as you and your client expected. You may wish to address this shortfall by selling from other assets.

Regular withdrawals

So long as the withdrawal amount is less than the value of the tradable assets within the model then the withdrawal will complete as expected.

Model to model switches

Model to model switches will be processed, but it's worth bearing in mind that we will need to make an intervention to administer these unless you ensure that the destination model also holds the suspended fund with the same percentage allocation. If you do not take this action, then the switch may be delayed and you should check any model switches have completed as you expected.

What happens where the fund is held outside of a model portfolio?

Regular contributions

For clients making regular payments outside of a model portfolio, trades destined for this fund will be redirected to cash. You may want to look at alternative assets if you feel this is not appropriate for your clients' needs.

Regular withdrawals

If your client is taking income from the affected fund outside of a model portfolio, then while the suspension is in place, so long as there are enough tradable alternative assets, they'll get the full withdrawal amount. It will be taken proportionately from these other assets.

If your client does not have enough alternative tradable assets, the withdrawal amount would be reduced by the amount you'd expected to take from this fund. In this case you may want to look at taking any additional amount your client needs from other investments while the suspension is in place.

How will transfers in and out be affected?

For cash transfers in, it will not be possible to buy into the suspended fund and it will not appear in the journey.

For transfers out, it won't be possible to sell to cash.

For transfers out, you'll be able to re-register all tradable assets as normal. It may not be possible to re-register non-tradable assets while the fund is suspended, or there may be a delay in being able to do so.

What happens where my client is taking dividends from the Fund as an income?

If your client is taking dividends from the Fund as an income, this won't be affected by the suspension. We'll still pay income from dividends as normal.

What happens with the automatic disinvestment process during suspension?

Where there isn't enough money in your client's cash account to pay charges, the automatic disinvestment process sells down enough assets/units needed to meet this charge. While the suspension is in place, investments in the suspended fund can't be sold, so provided

your client has enough alternative tradable assets, we'll disinvest proportionately across those to meet the charges. If your client doesn't have enough alternative assets, there may not be enough cash generated to pay charges.

We will not automatically disinvest if your client is only invested in the suspended fund.

What about pending trades?

If you placed a trade in a fund after it suspended, then the trade will be rejected and cancelled.

How can I find out which clients have holdings in the fund?

To find details of your client(s) with holdings in the fund, go to 'Platform Services' on the Aviva Platform and select the 'Asset Holdings report' through the Reports function.

When will the suspension be lifted?

The suspension can continue for as long as market conditions mean the fund group feels it is necessary.

Any further questions?

If you have any questions, you can contact your usual Aviva consultant, call **0800 056 2026**, or email **advisedplatform@aviva.com**

Examples – rebalancing result

These tables show how a rebalance will work:

Rebalance where non-tradeable asset is overweight									
Fund	Tradeability	Current Value	Target Allocation	Current allocation	Weighted Target	Weighted Value	Orders placed	end value	end allocation
Fund A	Tradeable	5	30%	5%	33.33%	26.67	21.67	26.67	26.67%
Fund B	Tradeable	30	20%	30%	22.22%	17.78	-12.22	17.78	17.78%
Fund C	Tradeable	40	30%	40%	33.33%	26.67	-13.33	26.67	26.67%
Fund D	Non-Tradeable	20	10%	20%	N/A	N/A	0.00	20.00	20.00%
Cash	Tradeable	5	10%	5%	11.11%	8.89	3.89	8.89	8.89%

Rebalance where non-tradeable asset is underweight									
Fund	Tradeability	Current Value	Target Allocation	Current allocation	Weighted Target	Weighted Value	Orders placed	end value	end allocation
Fund A	Tradeable	15	10%	15%	14.29%	12.86	-2.14	12.86	12.86%
Fund B	Tradeable	30	20%	30%	28.57%	25.71	-4.29	25.71	25.71%
Fund C	Tradeable	40	30%	40%	42.86%	38.57	-1.43	38.57	38.57%
Fund D	Non-Tradeable	10	30%	10%	N/A	N/A	0.00	10.00	10.00%
Cash	Tradeable	5	10%	5%	14.29%	12.86	7.86	12.86	12.86%