

# Due Diligence Guide

“ We expect firms to undertake due diligence on the platform(s) they intend to use to help ensure the selection is suitable for their clients.”

The FSA's paper on Investment Advice and Platforms (March 2010)

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This document aims to provide answers to some frequently asked due diligence questions regarding our SIPP and Wrap products, however, it does not provide advice as to whether a product is suitable to meet an individual client's needs.

**For professional advisers only**

The FSA's paper on Investment Advice and Platforms (March 2010) stated: "We expect firms to undertake due diligence on the platform(s) they intend to use to help ensure the selection is suitable for their clients."

At James Hay Partnership we understand that financial advisers have a responsibility to investigate providers on behalf of their clients. This document aims to provide answers to some frequently asked due diligence questions regarding our SIPP and Wrap products, however, it does not provide advice as to whether a product is suitable to meet an individual client's needs.

## About James Hay Partnership

### How financially secure is James Hay Partnership?

Following the completion of the purchase of James Hay in March 2010, IFG Group Plc (IFG group) consolidated this acquisition with its existing IPS Partnership business. The combined business called James Hay Partnership is now one of the largest independent SIPP, SSAS and Wrap providers with over 45,000 clients and £14 billion assets under administration as at December 2011. IFG Group plc is a large, diverse, and financially secure financial services company. The IFG group of companies cover the provision of independent financial advisory services, fund administration services and international and trustee services, with operations in Ireland and the UK. The IFG group achieved revenue of over £110m and operating profits of £22.6m with assets under administration of over £70 billion in 2011. The James Hay Partnership group of companies achieved operating profits of £11m in 2011.

### How is James Hay Partnership financed?

James Hay Pension Trustees Limited was founded as a private company in 1979. The company grew to become the UK's foremost independent\* provider of self-administered pensions and went on to pioneer the development of SIPPs. James Hay has been profitable in every year of trading. Now joined by The IPS Partnership which is another profitable provider in its own right the combined business is stronger than ever. The independent and profitable IFG Group will continue to invest in the new combined business under the James Hay Partnership name to become the best at what we do.

### What is your parent company's credit rating?

IFG Group Plc does not have any rated debt and therefore this does not apply.

### Does James Hay Partnership have a sustainable business model?

The assets under administration within James Hay Partnership were £14 billion (as at December 2011). The administration of these assets allow us to be profitable and enable us to invest in our products so that we continue to meet both financial adviser and client needs. By continually providing excellent service we are able to attract more assets and in turn generate greater profits, giving us a sustainable business model.

### Is the owner committed to developing James Hay Partnership?

Provision of self-administered pension administration has been our core business for over 25 years. The IFG group has committed to further developing our SIPP, SSAS and Wrap products to meet the future needs of financial advisers.

### What is James Hay Partnership's performance in terms of service?

We are specialists in the SIPP, SSAS and Wrap industry, winning various awards for customer service and product range over the last 7 years. We have been awarded the 5 star SIPP Defaqto rating for 7 years running, and were recently voted Highly Commended at the Investment Life

\* Independent provider means the provider does not offer advisers their own investments and therefore does not have pricing or other bias towards the investments available.

and Pension Moneyfacts Awards 2011. We also received an award from Adviser Asset for best fit with IFA support requirements. Further service enhancements include the introduction of a dedicated account team to provide a single point of contact for enquiries, and numerous website enhancements to help financial advisers manage client portfolios more effectively.

### **Does James Hay Partnership own its technology?**

Yes, we have established a fully bespoke IT platform that is used to manage all our business. It has real time links between back office databases and the website, daily investment pricing, online applications, online illustrations and secure online dealing 24 hours a day 7 days a week. This is a highly resilient multiple site platform held within the IFG group's infrastructure which benefits from disaster recovery and business continuity planning.

### **Are Financial Advisers entitled to shares if sufficient business is placed with James Hay Partnership?**

We offer a transparent structure for all our SIPP and Wrap products, which enables financial advisers to take flexible up front or ongoing fees; therefore we do not reward financial advisers with shares, incentives, side payments or other inducements.

The FSA states clearly that if an adviser has a financial interest in a particular product, they must not only disclose the potential conflict of interest but also manage it effectively.

### **Is there a minimum amount my clients need to hold in a cash account with James Hay Partnership before they can make an investment?**

No, we don't believe in restricting clients' investment options and operate a 'whole of market' approach to investments. We just ask that sufficient funds be held in the client's account to cover any fees due.

# Fees and Charges

## Do James Hay Partnership's products incur a switching charge?

The James Hay iSIPP and James Hay Wrap provide clients with access to a range of 1850<sup>†</sup> funds, which are available through the Investment Centre. Any switches made within our Investment Centre funds would not be charged a fee; in addition we will endeavour for this to happen on the next business day meaning clients are out of the market for the minimum amount of time.

A wider range of other funds and third party investments are available via the James Hay Partnership SIPP and within the whole of market option of the James Hay Wrap SIPP. If a switch were made using this investment option James Hay Partnership would not usually apply a transaction charge but this may not apply to the underlying investment company.

## Are there any fund manager initial charges?

With the James Hay iSIPP and James Hay Wrap, around 90% of our Investment Centre funds do not incur an initial charge. The remainder incur a charge averaging 0.3%. This still represents a discounted rate in comparison to purchasing directly from the relevant fund manager. Details of the specific charges for each fund available on our Investment Centre are available on our website. We believe we should offer the best funds from the best fund managers regardless of charges and allow the adviser to choose the most appropriate funds for their client.

## How simple and consistent is James Hay Partnership's charging structure and how does it measure up to the competition?

We measure competitiveness by the provision of value for money rather than charging the lowest level of fees. We offer a premium service primarily for financial advisers and their clients, and our charges vary depending on the product. Financial advisers can review our products to match their client's needs to the appropriate product. Please see across for a breakdown of the charges associated with the various products.

## Is there an annual charge?

We have 3 separate products available in which clients can invest:

### James Hay Partnership SIPP (not subject to VAT)

Initial (set up) charge	£495
Annual fee/admin charge*	£445

### James Hay iSIPP (not subject to VAT)

Initial (set up) charge	nil
Annual fee/admin charge*	£180

### Wrap (not subject to VAT) Overall Wrap Portfolio Valuation\*\*

First £500,000	0.35%
Next £500,000	0.15%
Over £1 million	0.05%
Minimum charge	£32 per month
Minimum charge for 2nd connected Wrap	£12.50 per month
Minimum charge for subsequent connected Wrap	£7.50 per month

For more information and to view all charges associated with the different products, please visit our website; a charges schedule for each product can be accessed via the Literature section.

\* If payable annually, charges will increase in line with the rise in the Average Weekly Earnings Index during the previous calendar year as calculated on 5 April each year.

\*\*Excluding the cash in the bank account, any product bank account, the cash panel term deposit account and the value of any SIPP property.

† This refers to the entire number of funds available via the James Hay Investment Centre, however the number of funds available to particular products may differ.

# Fund Selection

## How does James Hay Partnership select the funds that are offered?

Investment Centre funds are selected from the most popular funds, driven by financial adviser demand and sector coverage. Outside of the Investment Centre, we will undertake a review of any proposed 'esoteric' funds before they will be permitted to be held in one of our products.

We are independent from the investment choice, but we provide an administration and investment platform that assists the financial adviser when they select and instruct the execution of the right investments for their clients.

## Which fund sectors are available?

We offer all sectors to our financial advisers; therefore we do not restrict investment choice.

## Which tax efficient wrappers are available on the James Hay Wrap platform and how many funds are available?

- Individual Savings Account (ISA) - both Cash and Stocks & Shares ISAs
- Self Invested Personal Pension (SIPP)
- Offshore Bond

The James Hay Wrap provides access to over 1850<sup>†</sup> discounted funds, an execution-only share dealing service, a panel of cash providers, the ability to appoint a third party Discretionary Investment Manager or stockbroker as well as a 'whole of market' option allowing virtually any investment to be purchased subject to individual product permissibility.

<sup>†</sup> This refers to the entire number of funds available via the James Hay Investment Centre, however the number of funds available to particular products may differ.

## Is the James Hay Partnership Wrap fund range consistent across all Wrap products?

Yes, where possible. The vast majority of assets are available on all products; however, some investments may not be permissible in certain products.

## Can I re-register collective assets out of the product?

Yes, all our products allow re-registering of investments as part of the transfer out process. We would process this as an in-specie transfer and a single transfer out fee would be charged for our SIPP products. The James Hay Wrap does not have a transfer out charge.

## Online Tools

### How does James Hay Partnership meet my compliance needs?

Our secure online reporting system offers a full audit trail of transactions, asset histories and online communications; for example, secure messaging. However, financial advisers will need to continue recording and storing client assessments, advice rationale and client communications separately.

### Does James Hay Partnership provide an online audit trail?

All web users will generate an audit trail detailing times, tasks and actions of every user including a full history of activity.

### Do your products offer automatic portfolio rebalancing?

We offer a portfolio rebalancing facility with automated rebalancing e-mail reminders triggered when the portfolio deviates from set parameters.

### When is the secure site accessible to me?

The secure James Hay Partnership Online website is available 24 hours a day, 7 days a week. Financial advisers must register with us before access is granted to the secure website.

### Can I carry out new business illustrations and re-quotes online?

Yes, through the James Hay Partnership Online website at <https://www.jameshay.co.uk/portal/Login.aspx>

### Do James Hay Partnership's products take advantage of straight-through processing?

Yes, all Investment Centre and Selftrade dealing is undertaken via straight through processing firstly into our systems and then onto our trading partners to ensure the transaction is promptly executed. Online deals via our Investment Centre would be placed either the same day or within one business day depending on when the transaction was received and the next trading point for the relevant fund.

### Do James Hay Partnership's products provide access to client documents?

A number of key documents can be viewed and stored via the secure James Hay Online website such as valuations and application forms. The James Hay iSIPP for example will store all important documents within the 'client documents' section of the secure website.

### Can I change my client details online?

Yes, financial advisers can change client addresses online and they can request other changes via the secure messaging tool.

### Does James Hay Partnership provide risk profiling tools?

We currently provide an un-biased investment platform through which financial advisers can execute investment strategies for their clients. To date we have not been satisfied that the risk profiling and stochastic modelling tools currently available on the market offer adequate transparency and independence for inclusion on our platform.

### Does James Hay Partnership provide the ability to manage your own model portfolios, perform re-balancing and view performance-reporting tools?

Yes, financial advisers can create, trade and rebalance model portfolios, built from Investment Centre funds through James Hay Online.

Performance-reporting tools can be viewed at both the plan and asset level. A selection of indices is also available to chart against the performance to see how the plan has performed against a benchmark.

# Support

## What regional support does James Hay Partnership provide?

James Hay Partnership has 5 regional offices in the UK that are dedicated to servicing the needs of financial advisers and their clients. We have 10 Business Development Managers available regionally to support financial advisers in all aspects of service, and 4 sales support staff around the country.

In addition, we have a Technical Support Unit, responsible for providing technical support on complex pensions, trusts and benefits cases, to financial advisers.

## What telephone support does James Hay Partnership provide?

Each financial adviser is provided with a designated Account Executive who is the single point of contact for all aspects of administration. The Account Executives are available from 9:00am to 5:00pm Monday to Friday to answer any queries you may have.

## Do you have a disaster recovery process?

Yes, one of the benefits of being part of a large group means we can call upon a depth of technical, administrative and facilities resources in a crisis. We have developed and maintain a set of up to date business continuity and contingency measures and procedures.

We have an advanced and tightly governed approach to disaster recovery, work area recovery, data backups and replication.

**If you have any further questions regarding the content of this document, please contact us on 0845 850 4455 or visit our website at [www.jameshay.co.uk](http://www.jameshay.co.uk)**

James Hay Partnership is able to provide literature in alternative formats. The formats available are: Large Print (as recommended by RNIB), Braille, Audio Tape and PC Disk. If you would like to receive this document in an alternative format please contact us on 0845 850 4455. For the hard of hearing and / or speech impaired, please use the Typetalk service via 18001 0845 850 4455.

James Hay Partnership is the trading name of James Hay Insurance Company Limited (JHIC) (registered in Jersey number 77318); IPS Pensions Limited (IPS) (registered in England number 2601833); James Hay Administration Company Limited (JHAC) (registered in England number 4068398); James Hay Pension Trustees Limited (JHPT) (registered in England number 1435887); James Hay Wrap Managers Limited (JHWM) (registered in England number 4773695); James Hay Wrap Nominee Company Limited (JHWNC) (registered in England number 7259308); PAL Trustees Limited (PAL) (registered in England number 1666419); Santhouse Pensioner Trustee Company Limited (SPTCL) (registered in England number 1670940); Sarum Trustees Limited (SarumTL) (registered in England number 1003681); Sealgrove Trustees Limited (STL) (registered in England number 1444964); The IPS Partnership Plc (IPS Plc) (registered in England number 1458445); Union Pension Trustees Limited (UPT) (registered in England number 2634371) and Union Pensions Trustees (London) Limited (UPTL) (registered in England number 1739546). JHIC has its registered office at IFG House, 15 Union Street, St Helier, Jersey, JE1 1FG. IPS, JHAC, JHPT, JHWM, JHWNC, SPTCL, SarumTL, STL and IPS Plc have their registered office at Trinity House, Buckingham Business Park, Anderson Road, Swavesey, Cambs CB24 4UQ. PAL, STL, and UPT have their registered office at Dunn's House, St Paul's Road, Salisbury, SP2 7BF. UPTL has its registered office at Boundary House, 91-93 Charterhouse Street, London, EC1M 6HR. JHIC is regulated by the Jersey Financial Services Commission and JHAC, JHWM, IPS, and IPS Plc are authorised and regulated by the Financial Services Authority. The provision of Small Self Administered Schemes (SSAS) and trustee and/or administration services for SSAS are not regulated by the FSA. Therefore, IPS and IPS Plc are not regulated by the FSA in relation to these schemes or services.