

## Modular iSIPP

# Permitted Investments List

(including Modular iSIPPs applied for prior to March 2014)

This document details the permissible investments for the Modular iSIPP. For information relating to the purchase of these investments, please refer to the relevant Technical Guide. Please also refer to the Important Notes section at the end of this document.

## Permitted Investment Categories

### Core iSIPP

SIPP Bank Account
Fixed term deposits from our cash panel
Unit trusts, OEICs and pension funds held on the Investment Centre platform (the Select and Collect fund ranges)
Investments traded via a Panel Execution Only Stockbroker, including: <ul style="list-style-type: none"> <li>- stocks and shares traded on the London Stock Exchange or AIM</li> <li>- stocks and shares traded on a recognised overseas stock exchange</li> <li>- Investment Trusts</li> <li>- UK REITs (Real Estate Investment Trusts)</li> <li>- Government Securities, loan stocks and other securities traded on a recognised stock exchange</li> </ul>

### Commercial Property Module

Direct purchase of commercial property in the UK (including agricultural land, hotels, nursing homes and public houses)
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### Specialist Investments Module

Non-Mainstream Pooled Investments (NMPIs) - this includes Unregulated Collective Investment Schemes (including Offshore funds) and similar vehicles. (Only available if you are taking financial advice. Please see page 4 for further details)
Shares in Unquoted private companies - both UK and overseas unquoted*
Loans to unconnected third parties (excluding individuals, sole traders and partnerships with 3 or fewer partners)*
Investment grade gold bullion*
Pooled investment vehicles and syndicates where the member cannot influence or control the investment (known as 'Genuinely Diverse Commercial Vehicles')*

\* Should you wish to invest in this asset type and you have not engaged a financial adviser who is both promoting and advising you to proceed with this investment, please call us on 03455 212414 to ensure that your proposed investment can be considered in line with our policies and any limits in place at that time.

**Whole of Market Module**

OEICs, unit trusts and units/shares in other collective investment schemes not held on the Investment Centre
Insurance company managed funds and unit linked pension funds not held on the Investment Centre
Second hand/traded endowment policies
Structured products
Managed portfolios of collective investments

Investment plans and income bonds
National Savings and Investments (NS&I) products
Investments held by a third party Investment Manager or Execution Only Stockbroker not on our Panel (please refer to the Investment Manager/Execution Only Stockbroker for full details). The Investment Manager/Execution Only Stockbroker must be UK based and FCA regulated and agree to our operational requirements

**Non-Permitted Investments**

Direct purchase of residential property
Direct purchase of tangible, moveable property
Commodities
Loans to connected parties
Wasting assets (defined as having an expected life span of 50 years or less)
Property limited liability partnerships
Premium bonds
Residential ground rents

Indirect investment in residential property and tangible moveable property i.e. where the pension fund purchases shares or units in a company or fund which enables the member or connected parties to control or influence the investment strategy of that company or fund. For example, the SIPP purchases 50% of the shareholding in a company, which invests in residential property
US mutual funds
Direct purchase of commercial property overseas (including agricultural land, hotels, nursing homes and public houses)

**Investments Guidance**

The following are general guidance notes. For further information please refer to your Financial Adviser.

**STOCKS AND SHARES**

Stocks and shares that are listed, or dealt in, on a recognised stock exchange. These must be purchased and held by a UK based Stockbroker/Investment Manager who is Financial Conduct Authority (FCA) regulated. A recognised stock exchange for these purposes is either:

- The London Stock Exchange or the Alternative Investment Market (AIM), or
- an overseas exchange recognised by HM Revenue & Customs (HMRC), or
- an exchange recognised by the FCA as either a Recognised Investment Exchange or a Recognised Overseas Investment Exchange or a Designated Investment Exchange or a regulated market in the European Economic Area (EEA).

This covers most transferable securities, including:

- Shares in companies (equities)
- Fixed interest securities issued by government or other bodies
- Debenture stock and other loan stock
- Warrants (for Equities)
- Permanent Interest Bearing Shares (PIBS)
- Convertible securities
- Exchange Traded Funds (ETFs).

## INVESTMENT TRUSTS

Investment Trusts that are listed, or dealt in, on an HMRC or FCA recognised stock exchange as defined above. These must either be purchased and held by a UK based Execution Only Stockbroker/Investment Manager that is FCA regulated or purchased and held through an Investment Trust savings scheme operated by a UK based and FCA regulated company.

## UK REAL ESTATE INVESTMENT TRUSTS (REITs)

REITs that are resident in the UK for tax purposes and listed on the London Stock Exchange (this does not include the Alternative Investment Market) or any overseas exchange recognised by HMRC. These must either be purchased and held by a UK based Execution Only Stockbroker/Investment Manager that is FCA regulated or purchased and held through an Investment Trust savings scheme operated by a UK based and FCA regulated company.

## VENTURE CAPITAL TRUSTS (VCTs)

Venture Capital Trusts (VCTs) that are listed, or dealt in, on an HMRC or FCA recognised stock exchange as defined above. These must be purchased and held by a UK based Execution Only Stockbroker/Investment Manager that is FCA regulated.

The Modular iSIPP can only buy shares in a VCT through the stock exchange and not directly through a new issue.

## UNITS/SHARES IN COLLECTIVE INVESTMENT SCHEMES

- Unit Trusts:
  - Authorised Unit Trusts, which are based in the UK and FCA regulated, or
  - Tax exempt unauthorised Unit Trusts whose gains are not chargeable by virtue of section 100(2) of the Taxation of Chargeable Gains Act 1992.
  - If these invest in residential property, they must be genuinely diverse commercial vehicles.
- Open Ended Investment Companies (OEICs):
  - Listed on an HMRC or FCA recognised stock exchange, or
  - Within the meaning of section 236 of the Financial Services and Markets Act 2000 (FSMA 2000) and are UK incorporated and FCA regulated, or

- Constituted in an EEA member State and are recognised schemes under section 264 FSMA 2000, or
  - Collective Investment Schemes constituted outside the UK and EEA but satisfy the authorisation requirements under section 270 of the FSMA 2000 as being managed and authorised in a designated country or territory.
- Closed Ended Investment Funds.
  - Undertaking for Collective Investments in Transferable Securities (UCITS) which are recognised schemes within the meaning of section 264 of the FSMA 2000.

## MANAGED PORTFOLIOS OF COLLECTIVE INVESTMENTS

Managed portfolio arrangements provided by an FCA regulated company which invests in collective investment schemes that qualify as permissible investments in accordance with the Units/Shares in Collective Investment Schemes section of this document.

## INSURANCE COMPANY MANAGED FUNDS AND UNIT LINKED FUNDS

The insurance company must either be:

- Based and authorised within the UK or EEA in accordance with Article 3 of Directive 92/96, or
- Based and authorised on the Isle of Man under the Manx Insurance Act 1986 and authorised to carry out investment business in the UK by the FCA.

## TRADED ENDOWMENT POLICIES

Second hand or Traded Endowment Policies bought through an FCA regulated broker.

## DEPOSIT ACCOUNTS

Other than the SIPP Bank Account held with Santander and selected Fixed Term Deposit accounts on our Cash Panel, any other deposit account must be held by an Investment Manager in their nominee's name.

## STRUCTURED PRODUCTS

The structured product must either be:

- a deposit account with a licensed deposit taker based in the UK on terms under which any interest or premium paid is according to a formula which involves the performance of an index or combination of indices (other than money

market indices). The term must be for a specified period with access being available during the term, albeit at possible penalties, but partial withdrawals are not allowed; or

- an equity based product which provides an agreed level of income or growth over a specified investment period with the return of initial capital at the end of the investment period linked by a pre-set formula to the performance of an index or a combination of indices or a basket of listed shares. The underlying equity investment must itself be listed on a recognised stock exchange.

## NATIONAL SAVINGS AND INVESTMENTS (NS&I) PRODUCTS

Subject to the NS&I product being able to be owned by a corporate Trustee and paying out in the event of the death of the underlying pension scheme Member.

## COMMERCIAL PROPERTY

See our Commercial Property Purchase Guide or speak to our Property Team for more details.

## INVESTMENT PLANS AND INCOME BONDS

Investment plans provided by an FCA regulated company which are designed to be held by the Trustees of a registered pension scheme.

Income bonds provided by an insurance company that is based and authorised within the UK or EEA in accordance with Article 3 of Directive 92/96. This is provided that the insurance company is able to accept an investment made by the Trustee of a UK registered pension scheme and can confirm that any benefits from the investment (including death benefits in the event of the death of the pension scheme Member) will be paid to the Trustee.

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# Restrictions and requirements for investments into Non-Mainstream Pooled Investments (NMPIs)

NMPIs are defined by the FCA and cover unregulated collective investments scheme (UCIS) and close substitutes.

Where an NMPI is a permitted investment under one of the above categories, the following restrictions will apply to new investments into NMPIs.

1. You must receive financial advice from an authorised Financial Adviser, advising you to invest in an NMPI before we carry out your investment instruction. This includes additional investments into NMPIs in which you have already invested.
2. Your Financial Adviser must submit a completed "Confirmation of Promotion and Recommendation to Invest in NMPI" form confirming that they have promoted the NMPI to you; and advised you to invest in the NMPI.
3. We cannot carry out your instruction to invest in an NMPI unless you appoint a Financial Adviser for the transaction and your appointed Financial Adviser complies with the above requirements.
4. A Collective Investment Scheme listed on a recognised exchange, but still recognised as an Unregulated Collective Investment Scheme, will be classified as an NMPI and will be subject to the above requirements.
5. We do not accept cases where a Financial Adviser confirms that they have advised on the investment, but did not promote the investment to you.
6. Overseas undertakings for the collective investment of transferable securities (UCITS) which have not applied for recognition in the United Kingdom must comply with the above requirements.
7. Officers or employees of an NMPI must be advised as above if investing in an NMPI.

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## Important Notes

- It is your responsibility in conjunction with your Financial Adviser and/or Investment Manager (if applicable) - to ensure any investments purchased are permissible. In particular, if any investment/asset purchased is deemed to be taxable property under pension legislation and/or HMRC rules, any subsequent tax liability incurred will be your responsibility.
- We are not regulated to provide investment advice. You are responsible in conjunction with your Financial Adviser and/or Investment Manager (if applicable) for choosing investments that are suitable for your individual circumstances.
- All investment transactions must be carried out on a commercial basis.
- We will only appoint UK based Execution Only Stockbrokers/ Investment Managers who are regulated by the FCA and who agree to our operational requirements.
- We reserve the right to decline making an investment for any reason deemed appropriate.
- Borrowing by the Modular iSIPP is only permitted in connection with a commercial property purchase – please refer to the Commercial Property Purchase Guide or contact our Property Team for more details.
- The Collect and Select ranges of funds, offered through our Investment Centre, are a mixture of authorised Unit Trusts and OEICs, which qualify as Collective Investment Schemes and pooled pension funds, which qualify as insurance company managed funds.





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