GUIDE

JAMES HAY PARTNERSHIP

Specialist Investments (also known as Non-Standard Investments) Guide

We no longer allow new specialist investments (also known as Non-Standard Investments) into our products. We will consider top ups to existing holdings on certain SIPP products. For top ups to be considered, the value of the total holdings in specialist investments must not exceed 40% of the overall product's value at the point of the top up purchase.

We have a robust due diligence process for the acceptance of all investments into our products, including top ups of existing specialist investments.

In order to carry out our obligations as Trustee and Scheme Administrator, we will require the provision of comprehensive information to allow the appropriate due diligence to be completed on all proposed top ups of specialist investments. Requestors should allow approximately four weeks for a decision on an investment proposal (after all the supporting information has been received).

Any specialist investments as listed here will only be accepted if it tops up an investment that is already held within the scheme and we receive sufficient evidence that a Financial Conduct Authority (FCA) regulated financial adviser has recommended the investment and, where applicable, promoted it.

Mandatory corporate actions are exempt from this policy. Although they will still be subject to our specialist investment due diligence process, they are not required to be advised.

Specialist investments are any assets/investments that do not meet the FCA's definition of standard assets/investments and include:

- Non-Mainstream Pooled Investments (NMPIs) including Unregulated Collective Investment Schemes
- Offshore funds
- Hedge funds
- Qualified investment schemes
- Shares in unquoted private companies
- Pooled investment vehicles and syndicates where the member cannot influence and control the investment (known as 'Genuinely Diverse Commercial Vehicles')
- Secured loans to unconnected third parties
- Second hand/traded endowment policies

There are some specialist investments that we do not accept within our products, including:

- Intellectual property
- Land banking
- Overseas commercial property
- Peer to peer lending
- Crowdfunding
- Residential property
- Commodities
- Connected loans
- Unsecured loans
- Investments considered to be personal chattels
- Carbon credits
- Storage pods
- Any taxable moveable property

Please contact our Specialist Investments Team to discuss specific requirements.

Below are points to consider before topping up a specialist investment:

- The proportion of a client's product invested into specialist investments is limited to 40% of the total value of the product held with us at point of purchase.
- The requirements for secured lending are separately detailed in the loan questionnaire you will be required to complete for your specific product. In line with this policy, unsecured loans are not accepted.
- We will not allow a top up of unquoted shares where the SIPP, in combination with connected parties (broadly speaking, these are close relatives or business partners), would end up owning 20% or more of the following:
  - the share capital of the company;
  - the voting rights in the company;
  - rights to the company assets in the event of liquidation.
- Where we are asked to engage in a transaction with a connected party, a full independent valuation of the proposed investment must be provided by a recognised professional firm experienced in carrying out valuations of the required asset type and dealing with subsequent enquiries from HMRC. The valuation should include us as an addressee and the cost will be borne by the client.
- Where an independent valuation is not routinely available (e.g. unquoted shares), we will require you/your client to arrange for a valuation to be provided at least every twelve months.
- Where we are asked to consider topping up an investment in an overseas company, an independent professional third party (e.g. law firm) in the applicable jurisdiction should be appointed to conduct due diligence on the investment. This may (by way of illustration) include a site visit, meeting the directors of the company and production of a report which should include James Hay as an addressee. The cost of this report will be borne by the client.

It should be noted that, even though a proposed investment may comply with this policy, we will, in every case, carry out a review of the investment. We require all appropriate questionnaires and supporting documentation to be provided in order that we can carry out the review, and we reserve the right to reject any proposed top up investment.

Any review of an investment that we conduct is not intended to determine whether the investment is suitable for your personal circumstances. You (with the help of your financial adviser) should satisfy yourself of this before approaching us to make the top up investment. Under no circumstances shall any act or omission of James Hay constitute financial or investment advice. For the avoidance of doubt, our acceptance of a top up investment must not be misconstrued as financial advice in any way and does not guarantee or validate any projected investment returns or statements made by the investment promoter. Specialist investments are typically higher risk investments and the value of the capital invested can fall as well as rise.

Further information

If you have any queries in relation to the above policies, please contact the Specialist Investments Team:

03333 206 182

nsienquiries@jameshay.co.uk

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).