

Sovereign Pension Services

Sovereign House, Port Causeway, Bromborough, Wirral, CH62 4TP, United Kingdom Tel: +44 151 328 1777

Fax: +44 151 328 0707 | ukpensions@SovereignGroup.com | SovereignGroup.com

SOVEREIGN INTERNATIONAL SIPP INVESTMENT GUIDELINES

The Sovereign International SIPP is a personal pension scheme registered with HMRC in the UK that allows the Member to direct the investments within the pension. This means that the Member has responsibility for choosing how the funds within their pension are invested. This allows a Member to choose which investment specialists they appoint to assist them with such investments, including investment advisers, investment managers and custodians.

Sovereign does not accept any liability for any decisions relating to the purchase, retention and sale of the investments within a Member's pension. The Member agrees to hold Sovereign fully indemnified against any claim in respect of such investment decisions or instructions.

However, Sovereign is involved with the investment process and plays a role in the administration of a Member's SIPP investments, and investments are always made by the Trustee of the Sovereign International SIPP in the name of a Member's SIPP.

All investment instructions received from Members, or their appointed specialist advisers, are considered by the Trustee and Scheme Administrator in light of the Member's risk profile, as detailed by the Member in the Sovereign International SIPP Application Form.

Members should be aware that the value of investments can fall as well as rise and is not guaranteed. Past performance is no guide to future performance.

To assist a Member in ensuring that investments are appropriate for their SIPP, Sovereign has produced the following guidelines.

Standard Investments

The Sovereign International SIPP allows a Member to invest in 'Standard Investments'.

The FCA standard asset list was last updated in December 2015 and Sovereign will accept the following investments into the Sovereign International SIPP:

- Cash
- Cash funds
- Deposits
- Exchange traded commodities
- Government and local authority bonds and fixed interest stock
- Physical gold bullion
- Investment notes (structured products) where there is a ready and clear secondary market – Sovereign will only accept a maximum of 20% within the fund.
- Shares in investment trusts
- Managed pension funds
- National Savings and Investment products
- Permanent interest bearing shares (PIBs)
- Real estate investment trusts (REITS)
- Securities admitted to trading on a regulated venue
- Units in Regulated collective investment schemes
- Investments into bonds require a minimum investment amount of £250,000
- Broker funds are not permitted
- Funds deemed to have a high expense ratio/ongoing charges figure (over 2.5%) are not permitted
- Please note that a minimum of 3% of the initial funds transferred/contributed will be retained in cash, from which the trustee's fees and other agreed fees will be paid.

Sovereign expects that most investments will be held in a bond, on a platform, in a managed portfolio service, or via a discretionary fund manager. The key is that an investment (including investments within a wrapper product) must be capable of being sold within 30 days, and be on the FCA standard asset list.

The FCA describes Standard Investments as:

'Standard assets must be capable of being accurately and fairly valued on an ongoing basis, readily realised whenever required (up to a maximum of 30 days), and for an amount that can be reconciled with the previous valuation.'

Non-Standard Investments

Sovereign will not accept non-standard investments into the Sovereign International SIPP.

The FCA in a policy statement PS14/12 in 2014 stated:

'Non-standard investments are typically higher risk or speculative propositions, and the entire amount invested is at risk. These investments tend to be illiquid and difficult to value, and there may be little or no recourse to the Financial Ombudsman Service and Financial Services Compensation Scheme, for example if the arrangement is mismanaged. Some may be outright scams. Most non-standard investments, such as UCIS, unlisted shares and speculative overseas property schemes, are unlikely to be suitable for those retail investors of ordinary sophistication and means who make up the vast majority of the retail market in the UK. However, more sophisticated investors may consider them to be appropriate investment opportunities.'

Sovereign also, whether they are captured by the non-standard definition or not, excludes from the Sovereign International SIPP investments in:

- Commercial property
- Residential property
- Land
- Art
- Antiques
- Wine
- Cars
- Unregulated collectives
- Expert, professional, and sophisticated (investment funds)
- Crypto assets
- Other investments that one may call into question forming part of a retail investor's portfolio.

Any initial fee or commission is capped at 4% and must be reasonable for the work undertaken. This can be discussed with your local Sovereign representative

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