

Wrap Investment Portfolio Permitted Investments List

This document details the permissible investments for the Wrap Investment Portfolio. For information relating to the purchase of these investments, please refer to the Wrap Technical Guide, available from our website at www.jameshay.co.uk. Please also read the Important Notes section at the end of this document.

Permitted investments

Stocks and shares

Stocks and shares listed or dealt in on a recognised stock exchange. These must be purchased and held by a UK based stockbroker/investment manager that is regulated by the Financial Conduct Authority (FCA).

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 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 AIM) or any overseas exchange recognised by HMRC. These must either be purchased and held by a UK based 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.

Units/Shares in Collective Investment Schemes ¹

(a) Unit Trusts:

- Authorised Unit Trusts which are based in the UK and FCA regulated.

(b) Open Ended Investment Companies (OEICs):

- Within the meaning of section 236 of the Financial Services and Markets Act 2000 (FSMA 2000), and that are UK incorporated and FCA regulated, or
- Constituted in an EEA member State and is a recognised scheme under section 264 FSMA 2000, or
- Collective Investment Scheme constituted outside the UK and EEA but satisfies the authorisation requirements under section 270 of the FSMA 2000 as being managed and authorised in a designated country or territory.

(c) Undertakings 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 Investment Schemes ¹

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

Deposit accounts

Deposit accounts, other than the James Hay product bank account, must be held by an investment manager in their nominee's name.

Structured products ¹

The structured product must either be:

(a) 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

(b) 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. The underlying equity investment must itself be listed on a recognised stock exchange.

Depository interest ¹

These must be purchased and held by a UK based and FCA regulated stockbroker/investment manager.

¹ These investment types could be 'Complex Products' and where they are, we will only allow clients to invest in them if they have received financial advice. Please see the section on Complex Products.

Investments permitted under certain circumstances

If you already hold one of the following types of investments in your Wrap Investment Portfolio, you may be able to make additional investments (top ups) into the same investment, subject to our due diligence review and requirements in place at the time the investment is requested. If you wish to top up an existing investment, please read our Specialist Investments (also known as Non-Standard Investments) Guide which is available from our website at www.jameshay.co.uk.

- Non-Mainstream Pooled Investments (NMPs) - this includes Unregulated Collective Investment Schemes (including Offshore funds) and similar vehicles
- Second Hand/Traded Endowment Policies

Complex Products

We will only allow clients to invest in Complex Products if they have received advice from a financial adviser in respect of the proposed investment.

Under regulations, there is no definition of Complex Products. However, the regulations do define Non-Complex Products as follows;

- Units/shares in a UCITS qualifying Collective Investment Scheme;
- Shares, Bonds and other forms of securitised debt admitted to trading on a trading venue;
- Structured deposits;
- Money market instruments; and
- Other Non-Complex Products that meet certain criteria, including having frequent opportunities to trade at publicly available prices, do not involve potential liability that exceeds the original investment, do not include exit charges that have the effect of making the investment illiquid and where adequate comprehensive information on the investment is publicly available and likely to be readily understood by the average retail client.

Complex Products are therefore anything that is outside of the above definition of Non-Complex. Specifically, Complex Products are anything involving derivatives or where the opportunity to sell is infrequent.

This will include:

- Structured Products;
- Units/shares in some Non-UCITS Retail Schemes (NURS) (this will depend on the individual fund); and
- Futures and Options.

If you are investing without having received financial advice and are unsure if your proposed investment is a Complex Product, please ask the provider of your investment.

If you are investing in a Non-Complex Product without having received financial advice, please note that we will not assess whether the proposed investment is appropriate for you.

Important notes

- James Hay Partnership will only appoint UK based investment managers/stockbrokers regulated by the FCA to deal on overseas exchanges.
- James Hay Partnership reserves the right to decline making an investment for any reason it deems appropriate, including where it may deem the asset to be a non-readily realisable investment.
- We reserve the right to decline making an investment if the investment provider will not provide us with suitable monthly reconciliation data.
- James Hay Partnership is not regulated to give financial advice and we will not assess whether any investment is appropriate for you. The client is responsible, in conjunction with their financial adviser/investment manager, for choosing investments that are suitable for their personal circumstances.
- We will confirm the acceptability of certain investments – should you have any queries please contact us.
- The Wrap Investment Portfolio is not able to lend money to any person, organisation or company.
- The Wrap Investment Centre consists of a mixture of authorised Unit Trusts and OEICs which qualify as Collective Investment Schemes.

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).

James Hay Partnership is the trading name of James Hay Services Limited (JHS) (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). JHS has its registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH. IPS, JHAC, JHPT, JHWM, JHWNC, SPTCL, SarumTL, IPS Plc, PAL, STL, UPT and UPTL have their registered office at Dunn's House, St Paul's Road, Salisbury, SP2 7BF. JHAC, JHWM, IPS and IPS Plc are authorised and regulated by the Financial Conduct Authority. The provision of Small Self Administered Schemes (SSAS) and trustee and/or administration services for SSAS are not regulated by the FCA. Therefore, IPS and IPS Plc are not regulated by the FCA in relation to these schemes or services. (04/19)