

# Permitted investments schedule

Your specialist pension provider



Hornbuckle



## Introduction

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This document sets out the types of investment that we will permit you to hold in your Hornbuckle SIPP, FIPP or SSAS, and what restrictions we place on investments in certain asset types.

This document also sets out which asset types we regard as “traditional” investments and “non-traditional” investments for the purposes of our Fee Schedules.

Whether an investment is regarded as traditional or non-traditional also determines how we assess it before permitting our members to buy certain assets, and which application forms should be submitted to help us process your request.

**This document forms part of the terms and conditions of the Hornbuckle Mitchell SIPP, Private Pension, Hornbuckle Mitchell Private Pension and Flexible Income Pension Plan (FIPP). It also forms part of our agreement to establish and operate a Small Self-Administered Scheme (SSAS).**

**We will not inform you on each occasion that we update this document, and you should check our website for the latest version before instructing us to place an investment.**

### Annual management fees

If your Hornbuckle SIPP holds only traditional investments (see page 3) it will be subject to a lower annual management fee than a plan holding only non-traditional investments (see pages 4 to 6) or a mixture of traditional and non-traditional investments.

For our FIPP and SSAS products the annual management fee is the same regardless of the type of assets held.

Further details of our annual management fees are provided in section 1A of our Fee Schedules.

Some asset types are subject to an additional annual fee that is applied to each holding (for example, overseas investments are subject to an annual supplement). These fees are detailed in section 2E of our Fee Schedules.

### Investment transaction charges and fee categories

In addition to categorising assets as traditional and non-traditional investments, assets are further divided into a number of different fee categories. The fee category of an asset determines the charges involved in a range of activities as detailed in section 2 of the Fee Schedules, including:

- due diligence activities
- purchases
- sales
- in specie transfers in and out

### Investment Selector tool

We have designed an Investment Selector tool to show you what you can and cannot invest in through one of our products, and how we treat each asset type. It’s a web-based, easy-to-use interactive tool that provides you with a quick and simple guide to the wide range of investments that we permit.

You can access our Investment Selector at:

[www.hornbuckle.co.uk/clients/products-and-services/investments](http://www.hornbuckle.co.uk/clients/products-and-services/investments)

## Investment limits

We require that 10% of the value of each of our SIPP plans and SSAS schemes should be held in traditional investments (including cash deposits). There are also limits on how much of the fund value we will permit you to invest in different non-traditional asset classes:

Unlisted securities and related instruments	50%
Authorised employer loans (SSAS loanbacks)	50%
Other non-traditional investments	75%

You can hold multiple non-traditional asset classes, provided none of the above limits are breached and 10% of the fund value continues to be held in traditional investments. For example, using a fund value of £100,000, all of the following scenarios would be acceptable:

- A. Property (£90k) + traditional investments (£10k)
- B. Property (£50k) + unlisted securities (£20k) + SSAS loanback (£20k) + traditional investments (£10k)
- C. Property (£140k) + borrowing (-£50k) + traditional investments (£10k)
- D. Non-traditional investments (£75k) + unlisted securities (£15k) + traditional investments (£10k)
- E. Unlisted securities (£50k) + Non-traditional investments (£40k) + traditional investments (£10k)

## General notes on investments

You are responsible, together with your financial adviser, for choosing investments that are suitable for your individual circumstances. The fact that we may permit (or not permit) a particular investment is not a recommendation as to the suitability of that investment for any of our members.

When dealing with any transaction that is carried out between connected persons, we must be able to demonstrate that the transaction takes place at arm's length. For this purpose the definition of "connected persons" is as set out in section 993 of the Income Tax Act 2007.

Demonstrating that a transaction has been carried out at arm's length will require establishing the "market value" of the asset(s) involved, as defined in section 272 of the Taxation of Chargeable Gains Act 1992 i.e. the price that the assets might reasonably be expected to fetch on a sale on the open market.

In the case of some assets a market valuation may not be readily available (because, for example, the investment is not frequently traded on a recognised stock exchange), and we may require a valuation carried out by a suitably qualified professional. The cost of such a valuation will be payable from the SIPP, FIPP or SSAS concerned.

All investments are only permissible if they are made in the interests of the scheme member(s) in that capacity. Investments cannot be made to benefit any member in a personal capacity, or for the benefit of any member's business or any connected persons.

Our agreement to place any individual investment is subject to due diligence requirements determined by us at our absolute discretion from time to time.

We recommend that you take specialist advice from a financial / professional adviser to understand the suitability of any investment for your plan.

The Financial Conduct Authority (FCA), the UK financial services regulator, requires SIPP operators to retain a capital reserve that depends, amongst other factors, on how many of its SIPP plans hold investments that are not regarded by the FCA as "standard". For the avoidance of doubt, our classification of investments as "traditional" and "non-traditional" is not meant to reflect the way that assets are classified by the FCA for regulatory purposes.



## Traditional investments

Traditional investments tend to be highly liquid and simple to value on an ongoing basis. They may be regulated by the Financial Conduct Authority (FCA), or listed on a stock exchange recognised by HM Revenue & Customs (HMRC).

Although in general traditional investments could be regarded as representing lower risk asset classes than non-traditional investments, not all traditional investments should be regarded as low risk. Indeed, some traditional investments may be very high risk.

The categorisation of an asset as a traditional investment in this document is not intended as an indication of the investment risk involved, but simply a reflection of the processes involved in its purchase, sale and administration.

### List of traditional investments

Fee category	Asset types
See note on page 1	
<b>Cash and treasury accounts</b> Must be held with an authorised EEA Credit Institution listed on the EBA Register (excluding NS&I products)	Cash deposits National Savings & Investments (NS&I) products Savings Bonds
<b>Listed securities</b> Must be traded on an HMRC recognised stock exchange	Corporate bonds Equities Exchange traded commodities (ETCs) Exchange traded funds (ETFs) Futures, options and warrants Government bonds Investment notes Investment trusts Permanent interest bearing shares (PIBS) Split capital investment trusts
<b>Collective investments (regulated)</b> Investment must be authorised or recognised by the FCA	Money market funds Multi-manager funds OEICs and ICVCs Real estate investment trusts (REITs) SICAVs Structured products Unit trusts
<b>UK portfolio services (DFM and brokerage)</b> Service provider and custodian must be regulated by the FCA	Broker accounts Discretionary fund management (DFM) accounts Investment bonds Liquidity management accounts Trustee investment plans (TIPs) Other portfolio investment accounts
<b>Non-UK portfolio services (DFM and brokerage)</b> Service provider and custodian must be regulated in the EEA or Channel Islands	Broker accounts Discretionary fund management (DFM) accounts General investment accounts (GIAs) Investment bonds Liquidity management accounts Trustee investment plans (TIPs) Other portfolio investment accounts

### Required forms

Additional forms are also required from those issued by the investment provider (or the wrap or platform provider, if applicable). If you wish to open an account with a DFM without receiving advice from your financial adviser, you must complete our Member Certification Form (H119).



## Non-traditional investments

In most cases non-traditional investments are not directly regulated by the FCA. They are often based outside the UK. They may be difficult to sell and may not be regularly valued. You may not benefit from any form of UK government protection (or any other protection) if the investment provider fails.

Non-traditional investments are subject to higher fees than traditional investments. This is to reflect the additional complexity and risk involved in administering these assets.

### List of non-traditional investments

Fee category See note on page 1	Asset types
<b>Unlisted securities and related instruments</b> Not available through Single Investment SIPPs	Corporate bonds Equities Loan notes
<b>Non-UK unlisted securities and related instruments</b> Not available through Single Investment SIPPs. Must be issued in the EEA or Channel Islands	Corporate bonds Equities
<b>Collective investments (non-regulated)</b> Must be operated in the UK by an operator regulated by the FCA	Alternative Investment Funds (AIFs) Exempt Property Unit Trusts (EPUTs) Money market funds Multi-manager funds OEICs and ICVCs SICAVs Unauthorised unit trusts
<b>Specialist investments</b> UK assets only	Authorised employer loans (only available through SSAS) Gold bullion
<b>Specialist collectives</b> Must be operated in the UK by an operator regulated by the FCA	Limited Partnerships Special Purpose Vehicles (SPVs) Qualified Investment Schemes (QIS)

### Investment Limits

We place certain restrictions on the amount of your fund value that can be held in the form of non-traditional asset classes. See page 2 for further details.

### Required forms

Unlike traditional investments, we will require an additional form to be completed in relation to purchases of non-traditional investments:

Unlisted securities and related instruments:	<a href="#">Unlisted Securities Form (H112)</a>
Authorised employer loans (SSAS loanbacks):	<a href="#">SSAS Loanback Application Form</a>
Other non-traditional investments:	<a href="#">Alternative Investment Form (H113)</a>

Non-traditional investments are subject to additional acceptance criteria (to establish, for example, that the investment will not incur certain tax charges). We will only be able to accept an investment once we have been able to assess it against the relevant criteria.



## Commercial property

Pension schemes are allowed to invest directly in a wide range of properties. HMRC applies certain tax penalties to investments in residential property, however, so we only permit our pension schemes to invest in commercial property.

Single Investment SIPPs are not permitted to invest directly in commercial property.

Different fees apply to different types of commercial property, and depending on how a property is occupied. These fees are set out in detail in section 3 of our Full SIPP, FIPP and SSAS Fee Schedules.

**Direct investments in property are treated as non-traditional investments for the purpose of our annual management fee.**

### List of permitted property types

Fee category	Asset types
<b>Annual property administration</b>	
UK single / multi-tenant property	Commercial offices
UK other / non-office property	Light industrial / mixed use Retail UK hotel / leisure
Land	UK land (excluding land banking schemes)

Rental payments in relation to direct holdings of commercial property must be made via a property manager. All properties must have appropriate insurance at all times, and be subject to a full repairing and insuring (FRI) lease.

Investments in commercial property may also be made indirectly through investment vehicles such as unit trusts, Real Estate Investment Trusts (REITs) and Exempt Property Unit Trusts (EPUTs). For further details on these asset classes, refer to the traditional and non-traditional investment sections above.

We also permit our pension schemes to take out commercial mortgages to facilitate property purchases.

### Investment Limits

Where a SIPP or SSAS holds a direct interest in commercial property we will require that 10% of the fund value should be held in traditional investments, including cash deposits (see page 2 for further details).

The maximum amount that any SIPP or SSAS can borrow is 50% of the net value of the pension fund, which is a limit set by HMRC.

### Required forms

The form required to instruct us to begin the process of a property purchase depends on which of our property services you are using:

- Signature property purchase: [Signature property purchase application form \(H301\)](#)
- Bespoke property purchase: [Bespoke property and land purchase form \(H302\)](#)

You can find further details of our property purchase services at:

[www.hornbuckle.co.uk/clients/products-and-services/commercial-property](http://www.hornbuckle.co.uk/clients/products-and-services/commercial-property)



## Non-permitted investments

**Any asset that is not on the lists of permitted traditional, non-traditional and property investments cannot be purchased through any of our pension products.**

For information purposes, we have listed below some of the more common non-permitted investments we are asked to consider.

We may decide not to permit an investment where we feel that a class of investment poses a particular risk of poor outcomes for our members (or where we have observed poor outcomes in the past). Additionally, some types of investment attract a tax charge from HMRC – or it can be difficult to verify with any certainty whether a tax charge may be applicable – and we will not permit these types of investments in our schemes.

We will continue to monitor and administer non-permitted investments already held in one of our plans or schemes, but we will permit no further purchases of these investments.

**All non-permitted investments are treated as non-traditional investments for the purpose of our annual management fee.**

### List of non-permitted investments

Fee category See note on page 1	Asset types
Specialist investments	Carbon credits Contracts for Difference (CFDs) Intellectual property Investment bonds (UK unregulated) Limited liability partnerships (LLPs) Offshore property Residential property Third party loans Traded Life Policy Investments (TLPIs)
Specialist collectives	Forestry / tree-cropping schemes (collective investments) Land-banking schemes (collective investments)
Non-UK unlisted securities and related instruments	Loan notes (issued by companies operating outside the UK)
Non-UK portfolio services (DFM and brokerage)	Investment bonds (offshore unregulated)
Land	UK forestry / tree-cropping (direct property investments) UK land-banking (direct property investments)
Non-UK property	Offshore forestry / tree-cropping (direct property investments) Offshore land-banking (direct property investments)

All other assets are categorised as Specialist investments for the purposes of section 2 of our Fee Schedules.

# Get in touch with us

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\* Calls to this number are charged at the national rate.

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