Allowable Investment Schedule

Howden SSAS

The following table sets out which investment classes our appointed trustee company would accept in principle as an investment request by trustees of our small self-administered schemes (SSAS) and those which we would not accept in any circumstances.

We suggest that trustees adhere to this Allowable Investment Schedule even where we do not act as trustee, as we consider our approach to be a prudent way of retaining tax efficiency and protecting trust assets.

This schedule may be updated at any time. The current version will be available at www.howdengroup.com/uk-en/ssas or from the SSAS team at Howden.

Some investment classes are accepted in principle only in certain circumstances, and these are indicated by symbols, as explained below:

! The investment may put the scheme at risk of acquiring Taxable Property (see Note iii) and so will only be acceptable if it is clear that there is no holding of taxable property at outset and the trustees are able to demonstrate that they will ensure that a holding of taxable property will not result in the future.

? The investment is likely to be sufficiently complex that we would need to conduct Enhanced Due Diligence (See Note x) before being able to assess whether the investment is acceptable.

	Acceptable in principle
Bank Accounts	
Bank accounts where our appointed trustee company is a mandatory signatory	Yes
Deposit accounts where monies can only be returned to an account where our appointed trustee company is a mandatory signatory	Yes
Any account where funds can be removed from the control of the trustees without the authorisation of our appointed trustee company	No
National Savings and Investments (NS&I)	
Products allowable by NS&I to be held by a corporate trustee	Yes
All other products including Premium Bonds	No
Stocks and Shares	
Securities (other than derivatives) listed on the London Stock Exchange, the AIM[1] or any overseas HMRC[2] recognised stock exchange	Yes
UK government treasury bills	Yes
Unlisted securities – unconnected parties	Yes ?
Unlisted securities – connected parties	Yes ! ?
Listed depositary interests listed on the London Stock Exchange, the AIM, or any overseas HMRC recognised stock exchange	Yes
Unlisted depositary interests	Yes ?

[1] Alternative Investment Market
[2] HM Revenue & Customs – see https://www.gov.uk/government/publications/recognised-stock-exchanges-section-1005-income-tax-act-2007/shorter-tables

Derivative Contracts and Structured Products

Warrants, covered warrants, futures, options and other derivatives where the liability under the contract cannot exceed the amount invested in that contract	Yes
Warrants, covered warrants, futures, options and other derivatives where the liability under the contract could exceed the amount invested in that contract	No
Structured products	Yes ?

Collective Investment Schemes

Exchange traded funds	Yes
Exchange traded commodities	Yes
Tax exempt unauthorised unit trusts	Yes !
Open ended collectives including unit trusts, OEICS and protected cell companies	Yes
Closed ended collectives listed on the London Stock Exchange, the AIM, or any overseas HMRC recognised stock exchange, including closed ended investment companies, investment trusts and real estate investment trusts	Yes
Other Unregulated Collective Investment Schemes (UCIS)	Yes ?

Investments Structured Through Partnerships

Limited liability partnerships ('LLPs') domiciled in the UK	Yes ! ?
Limited liability partnerships ('LLPs') domiciled outside the UK	Yes ! ?
Limited partnerships ('LPs') domiciled in the UK	Yes ! ?
Limited partnerships ('LPs') domiciled outside of the UK	Yes ! ?

Insurance Company Funds and Policies

Insurance company funds and policies, including traded endowment policies and with profit contracts with a UK or EEA[3] regulated insurance company	Yes
All insurance company funds and policies with a non-EEA regulated insurance company	Yes ?

Direct Property Holdings (see Note xi)

UK directly held commercial property including land	Yes
Overseas directly held commercial property excluding land (see Note xii)	Yes

[3] EEA - European Economic Area

Loans

Authorised Employer Loans[4]	Yes
Loans to other connected companies that do not participate in the Scheme	No
Loans to individuals, sole traders or partnerships	No
Loans to unconnected companies (including loan syndicates)	Yes ! ?
Crowdfunding or Peer-to-Peer lending	Yes ?

Physical Commodities

Investment grade gold[5]	Yes
Physical commodities other than investment grade gold (such as silver bullion)	No

Patents and Intellectual Property

Intellectual Property eg Patents, rights to royalties on music or literature.	Yes ?
Rights to a brand in a connected company	No

Unacceptable Non-standard Investments

Tangible Assets (eg classic cars, yachts, wine, jewellery, fine art, antiques)	No
Plant and Machinery	No
Carbon credits or similar	No
Rooms in non-UK hotel developments including fractional ownership	No
Non-UK direct forestry, biofuel or similar investments	No
Any land which appears to be marketed and sold as part of a land banking arrangement	No
Residential property including Ground Rents whether in UK or overseas	No
Wasting assets[6]	No
Cryptocurrencies including Bitcoins	No

[4] An Authorised Employer Loan is a loan to a sponsoring employer of the SSAS that meets the requirements set out in Finance Act 2004; details of which can be provided by the SSAS team at Howden.

[5] The definition of 'investment grade gold' is gold of a purity not less than 995 thousandths that is in a form of a bar or a wafer, of a weight accepted by the bullion markets. Gold bullion may only be acquired when it is to be stored in vaults by an independent third party acceptable to our appointed trustee company.

[6] A wasting asset is as defined in S.44 of The Taxation of Chargeable Gains Act 1992

Notes and general conditions

i. Our philosophy for running small self-administered schemes is that members may direct how their fund is invested, taking full responsibility for the suitability and appropriateness of the investments. The trustees with beneficial interest are responsible for the management of the investments.

ii. Our appointed trustee company will not review whether a particular investment is suitable for any particular set of circumstances. Its role in assessing investments is limited to determining whether our appointed trustee company is comfortable being shown as a registered co-owner of the investment.

iii. No investment which would result in the holding of taxable property as defined in Schedule 29A of The Finance Act 2004 is acceptable to our appointed trustee company, whether taxable property is held directly or indirectly, unless exemptions apply. For example, residential property is not acceptable to our appointed trustee company except in very limited circumstances and details of these exceptions are available in HMRC's Pension Tax Manual, at page PTM125200.

iv. If any transaction is to be carried out between the trustees and a connected party, the transaction must take place on an arm's length basis at market value to be tax efficient. Market value is the price an investment may reasonably be expected to fetch on the open market calculated in accordance with section 272 of the Taxation of Chargeable Gains Act 1992. A connected party is as defined in Section 993 of the Income Tax Act 2007. Any investment transaction involving or benefiting a connected party which is not demonstrably arm's length will not be acceptable to our appointed trustee company.

v. Investments which cannot be realised for cash within a two-year period or be freely transferred to another eligible investor for that investment might not be suitable as a pension scheme investment where benefits might need to be paid at short notice, and it is for the members making investment choices to factor this into their investment decisions.

vi. Any acceptable asset must be capable of being registered in a way acceptable to our appointed trustee company and designated with the scheme name so that there is a clear record of ownership. In certain circumstances, we may direct that our appointed trustee company is not included on the asset registration. To reduce administration costs, it is preferred that all securities, collective investment schemes, derivatives and structured products that are listed on any recognised stock exchange should be acquired via an investment manager, stockbroker or platform and held by that investment manager using their nominee or other custodian arrangements.

vii. An investment with the potential to create a liability beyond the fully paid up acquisition price of that investment will not be acceptable to our trustee companies unless our liability is clearly restricted to the assets of the scheme in the investment documentation.

viii. As part of determining whether a particular investment is acceptable, we may need to see any investment recommendation made to the trustees, members or beneficiaries. If we have concerns that a transaction might be considered by HMRC to be trading (in applying their published "Badges of Trade"), we may require an independent accountancy opinion on that matter so that we can consider whether to agree to investment.

ix. Enterprise Investment Schemes, Seed Enterprise Investment Schemes, Venture Capital Trusts, and Hedge Funds are not listed within this schedule as they represent investments attracting certain tax reliefs, with a particular regulatory status or with a particular investment strategy but are not a type of investment vehicle in their own right. These investments may be structured via a number of different investment vehicle types and these alternative vehicle types are included within the schedule.

x. On occasion, particularly for complex investment structures or overseas investments, we may need to engage the services of third parties and the co-operation of the investment provider to conduct enhanced due diligence to determine whether the investment is acceptable to our appointed trustee company. This will be notified to you in advance, as our time and any incurred costs will be chargeable. This due diligence is separate from any investigations the trustees may wish to make to determine whether they wish to proceed with the investment.

xi. Please refer to the Terms of Business Agreement and Property Guide documents for additional information relating to the holding of property in a form acceptable to our appointed trustee company. A specific property may or may not be acceptable depending on the particulars of the case. For example, there may need to be additional documents, assurances or declarations in place before the transaction can proceed.

xii. We will consider requests to invest into direct overseas commercial property but reserve the right at our discretion to decline to allow the investment for SSAS where we are appointed as trustee. Direct overseas commercial property will only be considered where:

- It is located in a country where the primary language spoken is English, UK trusts are recognised and a land registry exists similar to that in the UK;
- Legal advice is provided by a solicitor acceptable to us on any taxation or legal issues that would apply to investment into property in that country;
- A property manager resident in the country where the property is located, acceptable to us is appointed;
- There is a connection between the member and the country where the property is located through personal residence or business interests;
- The outcome of any due diligence on the property undertaken is acceptable to us; and
- We are satisfied that the trustees can carry out the necessary administration for the property effectively, including the SSAS obtaining appropriate insurance cover.

Please contact the SSAS team at Howden if you would like to discuss any of the above in more detail.

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www.howdengroup.com/uk-en/ssas

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