

# SIPP Permitted Investment Schedule

**This document is a guide only for investments that may be permitted within the Legal & General WorkSave Pension Plan (WPP).**

You can purchase and hold investments within the WPP Self-Invested Pension Plan (SIPP) via one of two routes. These are:

- 1) Stocktrade (our nominated stockbroker); or
- 2) One of our panel of Discretionary Fund Managers (DFMs).

**We don't allow direct investments outside of these routes.**

For more information please see the Terms Explained on page 3. All defined terms are highlighted in blue like this.

## Standard and non-standard investments

The FCA classifies the investments in SIPPs as either 'standard' or 'non-standard'. This is to reflect the difference in the responsibilities that SIPP operators have when they hold the different classifications of investment. The classification is not an indication of potential investment risk or reward; both standard and non-standard investments may be high risk.

Standard investments are usually easier to value and are either easily sold for cash or are freely transferable. They may also be regulated by the FCA or listed on a stock exchange that is recognised by the FCA.

Non-standard investments may be difficult to sell and may not be regularly valued. The FCA has a concern that most non-standard investments are unlikely to be suitable for ordinary investors. You should regularly review your investments to make sure they're suitable for your retirement aims and your own risk appetite.

We only allow standard investments in the Legal & General WPP SIPP. Some of the investments shown in this document may be classified as standard but we have decided not to allow them.

## Allowable investments

### Stocks and shares

- Company shares listed on the London Stock Exchange (LSE) or the Alternative Investment Market (AIM)
- Company shares listed on a recognised overseas stock exchange (that are traded on the LSE and held in CREST Depository Interest (CDI) form)
- Securities listed on the LSE including fixed interests securities and loan notes
- UK Government Bonds (Gilts)
- Investment Trusts

### Collective investment schemes

- Open Ended Investment Companies (OEICs), Unit Trusts and other similar collective investment schemes (including Undertakings Collective Investment in Transferable Securities (UCITS) schemes) that are Authorised or recognised by the FCA
- Exchange traded funds that comply with the UCITS Directive listed on the LSE or AIM
- Exchange traded commodities listed on the LSE or AIM
- Real estate investment trusts (REITs) listed on the LSE or AIM

### Structured products

- Where underlying investment is an EEA deposit account
- Where the underlying investment is a security allowed elsewhere under this schedule

## Investments we don't allow

### Securities

- Private company and unlisted public company shares
- Unlisted fixed interest securities and loan notes

### Collective investment schemes

- Non UCITS retail schemes
- Unregulated Collective Investment Schemes
- Tax exempt property unit trusts and similar property collective investment schemes
- Tax exempt unauthorised non-property unit trusts

### Insurance company funds

- Traded endowment policies and with profit contracts with UK insurance companies
- Individual Pension Accounts

### National Savings & Investments (NS&I)

- Guaranteed Bonds (Growth, Income, Equity)
- Income Bonds
- Fixed Interest / Index Linked Savings Certificates

### Bank accounts

- Standard SIPP bank account
- Fixed Term, Fixed Rate deposits
- All other accounts

### Property

- Commercial property
- Residential property

### Other asset classes

- Direct investment into Limited Partnerships and Limited Liability Partnerships
- Warrants, futures, and other derivatives
- Gold bullion

## General conditions

### Liquidity requirements

Investments must be:

- freely transferable to another person eligible to invest in that investment; or
- redeemable for cash within 30 days;

These liquidity requirements are for the benefit of your WPP. They exist to provide liquidity to meet pension legislation and other exceptional circumstances where we are required to sell assets. For example, to pay death benefits or fees and charges. The above requirements do not guarantee liquidity if you want to sell the investment.

### Valuation requirement

Investments must be capable of being accurately and fairly valued on an ongoing basis.

### Indirect holding of taxable property

An investment must not be purchased or held if it holds an interest in taxable property. That is assets that attract a tax charge if held directly or indirectly (i.e. within certain investments unless covered by specific exemptions) by your WPP which includes residential property and physical assets such as cars, art, or stamps. The full details are set out in Schedule 29A to the Finance Act 2004. This applies whether the interest in the taxable property is held directly or indirectly through another vehicle or vehicles.

In some cases, an investment may not currently hold taxable property but may not rule out doing so at some point in the future. We'll consider such investments on a case by case basis (without any obligation to accept them) and may require you to sign a letter (before proceeding) indemnifying us against any tax liabilities which might arise in the future.

### Connected party transactions

If any transaction is to be carried out between your WPP and you or your connected parties, the transaction must take place at market value. 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 defined in Section 993 of the Income Tax Act 2007. This includes amongst others, your spouse, registered civil partner, children, parents, siblings and other direct descendants and ancestors of you and your spouse or registered civil partner.

## Terms explained

**Bond (non-NS&I)** – A loan which can be returned on a specified future date. Also known as fixed interest securities and gilts.

**Collective Investment Scheme** – An investment which allows investors to pool their money together to invest. Common examples are unit trusts and OEICs.

**Connected Party** – This includes amongst others, your spouse, registered civil partner, children, parents, brothers, sisters and other direct descendants and ancestors of you and your spouse or registered civil partner. If you need more information, please contact your adviser. A connected party is defined (as a 'connected person') in Section 993 of the Income Tax Act 2007).

**CREST Depository Interest** – A UK security representing ownership of an underlying interest in an overseas security.

**Derivatives** – An investment whose characteristics and value depend upon the characteristics and value of one or more other assets or indices, typically a commodity, bond, equity, or currency. Examples of derivatives include contracts for differences, futures, and options.

**EEA** – European Economic Area, which comprises the current members of the European Union and Iceland, Liechtenstein, and Norway.

**Exchange traded fund** – A fund that tracks an **index** or a collection of assets, but which can be traded on a stock exchange.

**Exchange traded commodities** – A fund that tracks a commodity which can be traded on a stock exchange.

**FCA** – Financial Conduct Authority, our regulator.

**Fixed Interest Securities** – Type of investment that pays a set rate of interest that does not change. Such securities will often have a repayment date when the issuer repays the capital. Examples include gilts (loans to the UK Government) and corporate **bonds** (loans to companies).

**Futures** – are financial contracts giving the buyer an obligation to purchase an asset (and the seller an obligation to sell an asset) at a set price at a future point in time.

**Index** – A statistical measure of the value of a certain portfolio of securities. Used as an indicator to measure changes in the economy in general or areas.

**Investment firm** – A firm you appoint to hold the investments within your SIPP on your behalf and:

- to carry out your investment instructions (e.g. Stocktrade); or
- to make investment decisions on your behalf on a discretionary basis (e.g. DFM).

**Investment trusts** – A type of company quoted on the London Stock Exchange that invests its shareholders' funds in the shares of other companies.

**Liquidity** – The ability to convert an asset to cash.

**Loan notes** – A security where the investor receives repayments of a loan over a set period. This can include interest.

**Market Value** – The price an investment may reasonably be expected to fetch on the open market. If you need more information, please contact your adviser. Market value is defined in Section 272 of the Taxation of Chargeable Gains Act 1992.

**National Savings & Investment (NS&I)** – is a state-owned savings bank in the United Kingdom backed by HM Treasury.

**OEIC** – Open Ended Investment Company. An investment that allows investors to pool their money to invest in a single fund.

**Property** – Land, buildings and anything fixed to the land. This includes houses, hotels, schools, hospitals, offices, shops, warehouses, factories, and any other business premises.

**Real Estate Investment Trust (REIT)** – A collective investment scheme that allows tax efficient investment in property

**Security** – A general term for an investment such as a share or bond.

Listed securities is a term for Investment trusts and Real Estate Investment Trusts (REITs) which can be held either:

- by an **investment firm**; or
- through an **investment trust** savings scheme.

Other listed securities must be held by an investment firm.

**Taxable property** – Assets that attract a tax charge if held by your SIPP. This includes residential property and physical assets such as cars, art, or stamps. If you need more information, please contact your adviser. The full details are set out in Schedule 29A to the Finance Act 2004.

**UCITS** – Undertakings Collective Investment in Transferable Securities - are investment funds regulated at European Union level. The legislative instrument covering these funds is Directive 2014/91/EU. The funds can be marketed across the EU without having to be concerned with which country a fund is domiciled in. Due to the intense regulatory process to have a fund approved as UCITS compliant by a regulator, the UCITS label serves as a stamp of quality and reliability for investors.

**Unit trusts** – An investment, like an OEIC, that allows investors to pool their money to invest in a single fund. It can also spread their risk across a range of investments and allow them to get the benefit of professional fund management and reduce their dealing costs.

**Unregulated Collective Investment Scheme** – A collective investment scheme that has not been authorised or recognised by the FCA. Unregulated collective investment schemes are not protected by the Financial Services Compensation Scheme.

**Warrants** – A security issued by a company (often an investment trust) which give their owners the right to purchase shares in the company at a specific price at a future date.

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