Is Member Trading Right For me?

Permitted Investments Explanatory Notes

A helpful booklet from London & Colonial for those customers looking to self manage the investments within their SIPP

Purpose of this document:

These Explanatory Notes, to be read in conjunction with London & Colonial Permitted Investments List, are issued by London & Colonial and are designed to assist you where you are considering undertaking your own investment trading in connection with your London & Colonial Simple Investment SIPP.

The financial protection of our members is our number one priority, which is why we have published these Explanatory Notes. These Notes are based on our own experience; financial industry comment and analysis; and guidance provided by the UK financial regulator (the Financial Conduct Authority - FCA).

When you are saving for your future you want to know, no matter how financially proficient you may be, that the investments you have selected are as safe and as secure as possible and will provide you with the benefits you were expecting upon retirement.

The information provided is designed to be a helpful aide as to what investment asset classes are available, how they work; and are for general information only.

These Explanatory Notes do not constitute investment; financial; tax; legal; or any other form of advice.
You should not rely on these notes to make (or refrain from making) any investment decisions.

London & Colonial provide an execution only service, we do not provide financial advice and this non-advised member trading service is not suitable for everyone. *If you are in any doubt about whether the investment you are seeking to make or the type of service we offer is suitable you should seek professional financial advice.*

London & Colonial (including any companies in the London & Colonial Group and the Officers and Employees thereof) cannot accept responsibility for any loss caused as a result of any action taken or refrained from being taken based upon the contents of these Explanatory Notes.

Permitted Investment List:

We fully understand that for many of you financial services and the key to successful investing can prove to be somewhat daunting. The purpose of this document is therefore to provide you with a summary of the information that you may require concerning the London & Colonial Permitted Investments List.

When you are saving for your future you want to know, no matter how financially proficient you may be, that the investment(s) you have chosen is/are relatively safe and secure. By providing you with answers to those all important questions, we hope to assist you in determining whether the self management of your London & Colonial Simple Investment SIPP is right for you; your chosen pension investments will meet your requirements and expectations; and your responsibilities when conducting your own investment trading.

For your own benefit and protection you should read these Explanatory Notes and any associated literature carefully. If any of the content is unclear or you do not understand it please ask for further information. Where you are proposing to manage and trade your own investment assets, proceed only when you are satisfied that you fully understand what you are purchasing, how the investment works, how you can get your money back and how long that might take.

Why do London & Colonial have a Permitted Investment List?

London & Colonial has, based on our own experience; financial industry comment and analysis; and guidance provided by the UK financial regulator (the Financial Conduct Authority); created our Permitted Investment List.

It is important to appreciate however that this is not a list of approved investments it is simply a list of the types of Investment Asset Classes which have been assessed as suitable for consideration by 'Retail Investors'* and generally accepted by Her Majesty's Revenue & Customs (HMRC) legislation for inclusion in our Simple Investment SIPP.

> *A Retail Investor *(as per FCA Handbook)* is a person who invests in their capacity as a retail client. Retail clients are usually investors of "ordinary means and experience", who make up the vast majority of the retail market in the UK. Retail clients often face difficulty understanding the terms and features of; and are at particular risk of; the inappropriate promotion of complex financial products, particularly Non-Mainstream Pooled Investments (NMPIs).

Does London & Colonial have a list of preferred investments?

The short answer is NO. The slightly longer version is also NO and the reason is because this may perhaps lead you to think that London & Colonial are recommending a particular investment product, which, as we have explained earlier, we are not able to do because we do not provide financial advice.

London & Colonial provide a non-advised 'execution only service', which means that you take your own investment decisions based on your own research, judgement, and information provided by the investment provider.

Any wise investment decision requires an appreciation of the future marketability and/or liquidity of the chosen investment, and the maintenance of an appropriately balanced investment portfolio is important.

Your chosen Investment Platform/Trader will be able to provide you with a list of investments in which they deal on a regular basis, you should ask them for an investment prospectus and from the information provided be able to make an informed decision as to whether a particular investment is right for you.

London & Colonial cannot be held responsible for any investment decision(s) you take or the consequences of your decisions.

Although we cannot provide advice regarding the suitability of any investment, we do reserve the right to refuse to hold within your Simple Investment SIPP any proposed investment not included on our Permitted Investments List.

Risk versus Reward:

All investment decisions, no matter how secure they may seem, carry a degree of risk, some more than others, and require careful consideration of both the asset class and the asset allocation in order to provide a portfolio which meets your investment objectives and risk appetite.

The asset class in broad terms is the type of investment being considered, while the asset allocation is how much of the selected investment asset will form part of the total investment portfolio held by you.

In general, the amount of risk you are prepared to accept will depend on your attitude to risk, your financial goals, the amount of liquid capital you can afford to put at risk, and the length of time before you 'need' it. In turn, the benefit you receive should compensate you for bearing this risk. In theory the higher the risk, the more you could receive, and the lower the risk, the less you could receive.

It is also important to note that even the most secure investment is never guaranteed to make money and you should always expect fluctuations both up and down in their value. You should always consider very carefully any investments you may make and please remember that:

- all investments carry a degree of risk, some higher than others
- the capital value and the income received, from most investments, can fall as well as rise
- you may not get back the full amount you have invested
- in some cases you may lose all of your capital invested
- past performance is not necessarily a guide to future returns
- exchange rate fluctuations can and do affect the value of your investments and
- over time the eroding effects of inflation will affect the value of your capital invested

Don't forget:

i. if one of your investments fail you could lose all of the money you have invested in that particular asset
ii. there is little point in selecting an investment which is designed for capital growth over the medium to long term when your intention is to retire in less than 2 years
iii. it is always a good strategy to spread the risk and not have 'all your eggs in one basket'.

As an investor, it's essential that you know your risk appetite and it's crucial to know how much of your money you could lose and what circumstances could cause this to occur. If you are uncomfortable with the risks of the investment, remember there are always alternatives.

The following examples are for your guidance only and <u>do not</u> constitute advice or recommendation.

1. Where an investors main priority is to preserve their investment capital over the medium to long term (10 years or more), this suggests an investment portfolio containing a greater growth component, with some income producing investment to smooth volatility.

   Although cautious of taking on extreme levels of risk, this investor's general understanding of investment markets enables them to feel comfortable in accepting short-term risks with a view to longer term capital growth.

   Generally, this would probably lead to a portfolio of investments which are most likely to consist of fixed interest and cash together with a reasonable proportion of equities and property.

   This type and range of assets provides diversification benefits and reduces the overall risk.

2. If the main priority is safeguarding investment capital over the medium to short term (10 years or less) this suggests an investment portfolio containing a greater income component, containing relatively few, if any, assets which do not guarantee a return, sacrificing potentially higher growth for peace of mind.

Generally this would probably lead to a portfolio of investments which is most likely to consist of fixed interest and cash together with a small proportion of equities and property.

This type and range of assets provides diversification benefits to reduce the overall risk.

Obviously the above are only examples and there are other scenarios to consider from risk averse (where someone is not prepared to invest in anything which does not have their capital protected) through to extreme risk (where the invested capital is at risk of total loss from the moment it is invested).

Securities:

What are Securities?

A security is generally defined as a tradable financial asset and is broadly categorised into:

- Debt (generally - banknotes, government/corporate bonds and debentures)
- Equity (generally - common stocks and shares, units in a recognised fund)
- Derivatives* (generally - forwards, futures, options and swaps - including CFDs)

Securities are the traditional way that commercial enterprises raise new capital and are usually regarded as an attractive alternative to bank loans depending on their pricing and market demand. The company or other entity issuing the security is called the issuer (you should check whether restrictions apply if the issuer is not UK based as the regulatory structure of the issuer determines what qualifies as a security).

Securities (Stocks & Shares) are often evidenced by a certificate although, more typically in today's financial markets, in a non-certificated format such as an electronic register maintained by the issuer or an intermediary. They include shares of corporate stock or mutual funds, bonds issued by corporations or governmental agencies, stock options or other options, limited partnership units, and various other formal investment instruments that are negotiable and readily bought and sold.

Investors in securities may be members of the public (retail investors), or financial institutions (wholesale investors such as, investment banks, insurance companies, pension funds, managed funds), either acting on their own account, or on behalf of clients.

The holder of a debt security is typically entitled to the payment of principal and interest, together with other contractual rights, such as the right to receive certain information. Debt securities are generally issued for a fixed term and fully repaid by the issuer at the end of that term and can be either secured (protected by collateral) or unsecured.

*Please Note - Derivatives of any sort are <u>not</u> acceptable security to London & Colonial. Derivatives are generally used as an instrument to hedge risk, but can also be used for speculative purposes. Specifically derivatives are generally complex investment products where the opportunity to sell is infrequent - often known as 'illiquid' and can often incur 'contingent liability' where the loss could be greater than the investment.

Discretionary Managed Investment Portfolio:

What is Discretionary Management?

The Discretionary Fund Manager (DFM) route may appeal to those who, perhaps, don't have the knowledge or more importantly the time to run their own portfolio, or are unsure how to create an appropriate spread of asset classes and are happy to hand over the day to day control of their investments to the professional expertise of a DFM.

Because DFMs don't have to ask the specific permission of the investors they represent a DFM can make changes to all portfolios quickly and easily and often at a lower cost where changes are made in bulk. Given that a typical diversified portfolio can hold upwards of 40 investments with a worldwide balance of both asset classes and asset allocation, a discretionary manager can ease this task by pulling this information into one document.

Using a pre-determined attitude to risk; growth; and /or income, DFMs specialise in creating and maintaining a portfolio that is specifically tailored towards helping investors achieve their objectives. This is no longer just a service on offer to high net worth individuals but can also be of benefit to those with relatively modest sums.

Three important questions you should always ask yourself:

- How much am I paying for this service?
- Am I satisfied with the track record of the DFM?
- How personally tailored is the DFM service given the size of my pension fund?

Investment Platform (or Wrap):

What is a platform?

OK so this may sound a little blunt, but if you are really asking yourself this question you should not be making your own investment decisions without advice from a professional adviser.

Platforms (wrap platforms) are basically trading platforms providing access to a wide range of investments where all your investments can be viewed and held and traded in one place across different tax wrappers such as ISAs, SIPPs and General Investment Accounts.

Investors use Platforms because they tend to be more convenient and more cost effective than buying investments direct from a provider.

> While funds (or units within the fund) held on a Platform can be traded in the same way as shares they may not have the same ready/active market enjoyed by share sales

What are Funds?

Funds in all their forms are often referred to as 'collectives' (or collective investments). Think of your money, along with the savings of hundreds/thousands of other investors, being used collectively to buy a wide selection of investments allowing you to avoid putting 'all your eggs in one basket'. These funds cover many different investment areas and possess many different characteristics the most common of which are as follows:

Fund Management Styles

Whilst all collective investments must have stated 'investment objectives', they can be managed either on an 'active' or 'passive' basis.

Active Management

The aim of fund with active investment management is to deliver a return that is superior to the investment market as a whole or, for funds with more conservative investment strategies, to protect invested capital and lose less value if markets fall.

Most Unit Trusts (UTs) and Open Ended Investment Companies (OEICs) are run on this basis.

An actively managed investment fund is usually broad based which means all investors have to do is select the fund(s) which match most closely their own goals and risk appetite. Because of this broad based approach many funds are viewed as the equivalent of an investment portfolio without the need to personally select a multitude of investments. All an investor has to do is decide if they are looking for Low, Medium, or Higher risk investments and select the fund(s) which match most closely their requirements.

Actively managed funds can offer you the potential for much higher returns than a market providing of course the fund manager makes the right investment decisions but fees are generally quite high to reflect the skills of the investment manager.

Passive Management

The aim of a fund with passive investment management is to deliver a return that tracks the investment performance of a selected market or index. Many funds will indicate that they are a basket of investments designed to track or follow other well known indices such as the FTSE 250 – this does not mean it will. These funds are essentially run by computer and will only buy the assets available through the nominated index.

It is also worth noting that some baskets of funds are very tightly focussed and while this can bring rewards if a particular sector does well, it will have the opposite effect if that sector is struggling and investors could find their fund either hard to dispose of or worth only a fraction of their original investment.

Most Exchange Traded Funds (ETFs) and Tracker funds are run on this basis and generally have much lower fees in comparison to funds managed on an Active basis.

> *It may take time for the value of certain underlying assets to achieve their expected / full potential. Your income and / or benefits may also be affected by fluctuations in currency exchange rates.*

Important note:
Whether you are intending to manage your own investment fund; chose a basket of passive funds; or select from an actively managed portfolio; you will need to check that your selected fund keeps strictly within the guidelines detailed in our Permitted Investments List.

> *If you stray outside the Permitted Investment List you could find that we have no choice but to impose our right to enforce a sale of some or all of your investment(s). There is no guarantee that this enforced sale would not result in you losing some or even all of the capital invested.*

What are the Fund Costs and Charges?

Whatever the growth or reduction in the value of your chosen fund you need to be fully aware that costs and charges will be deducted and you must take this into account in your calculations.

- *Initial Charge* – for funds operating a dual price system this charge is referred to as the Bid/Offer Spread (the difference between the purchase price and the sale price). Funds with only a single price (e.g. OEICS) the initial charge is deducted from the investment monies as a 'commission' before it is invested in the selected fund.
- *Annual Management Charge (AMC)* – all funds make this charge because it is how they make their profit and cover the costs of running the fund. Don't forget the higher the risk the higher the AMC is likely to be. A typical average AMC charge is 0.75% of your investment in the fund
- *Ongoing fund charge* – this is in addition to the AMC and includes 'other' fees and charges such as Trustee and Auditors charges. A typical average ongoing fund charge is a further 0.1% of your investment in the fund
- *Other costs and charges* – while the above is a good indicator of the fund costs unfortunately it's not the whole story for example transactions that fund managers undertake within their funds such as buying and selling of different assets – all incur costs, like trading fees, commissions and stamp duty tax

Why do I have to pay Funds(s) Costs and Charges?

Don't forget you are investing in a fund with a professional fund manager and the idea is that you are relying on their investment expertise knowledge and experience of the markets so you don't have to; the fund manager's service however is not free, hence their need to levy costs and charges.

Regulated Collective Investment Schemes

What are Regulated Collective Investments?

A Regulated Collective Investment Scheme (CIS) is a form of investment fund authorised and regulated by the Financial Conduct Authority (FCA) that enables a number of investors to 'pool' their assets and invest in a professionally managed portfolio of investments which allows Investors in such schemes to spread or reduce the risk that is associated with investment in such assets.

Although there is no legally accepted definition of the term these funds are often classed as Mutual Funds and is most commonly applied only to those collective investment vehicles that are regulated and sold to the general public. They are sometimes referred to as "investment companies" or "registered investment companies"

Investments are often in gilts, bonds and quoted equities, but depending on the type of scheme can go further, such as into unquoted shares or property.

Important Notes:

- Hedge funds are not mutual funds, primarily because they cannot be sold to the general public
- *Not all CISs are regulated.* Those which are not regulated are subject to tight restrictions on marketing and are not usually open to investment by retail consumers but take care, if you are not sure ask a professional adviser for help

Insurance Company Managed Funds

These are broad-based mutual funds with investments in several types of securities such as shares, property, bonds and cash, to reduce risk of loss in a downturn and are usually managed by the insurers own in-house investment team(s).

These funds are designed to serve the needs of investors with limited amounts of cash to invest and/or are quite cautious in their approach to investments but can only be purchased as an underlying investment fund within an insurance company policy. Such policies include Trustee Investment Plans and/or Offshore Life Bonds and will have charges in addition to those levied by the fund.

With profits funds

As with other funds the money you invest is pooled together with money from other people and usually invested in the insurance company's with-profits fund. The costs of running the insurance company's business are deducted from the fund and what is left over (the profit) is available to be paid as an annual bonus (with profits) to the fund holders. Usually, once added, bonuses can't be taken away.

Generally an insurance company tries to avoid big changes in the size of the bonuses from one year to the next. It does this by holding back some of the profits from good years to boost the profits in bad years – this process is called *'smoothing'*. But, if you try to surrender your fund early and the investment performance at that time is really bad (usually only in times of adverse investment conditions like a stock market crash) the insurance company may make what is known as a Market Value Reduction (MVR) – or Market Value Adjustment (MVA). This is basically a claw back of some or all of the bonuses previously paid. It is unusual but it can happen.

As with insurance company managed funds, 'with profits funds' can only be purchased as the selected underlying investment within an insurance company policy.

Unit trusts/Open Ended Investment Companies (OEICs)

With an 'open ended' fund such as a unit trust or an OEIC, the fund manager will buy investments, in line with the fund's objectives, on behalf of the fund.

The fund is split into units for a UT or shares for an OEIC, and these are what you'll buy. The fund manager creates units/shares for new investors and cancels units/shares for those selling out of the fund. The number of units/shares can be unlimited, hence why the fund is 'open-ended.' Unit Trusts and OEICs are attractive because they are less volatile than the equivalent investment trust fund; are quite simple to understand; and distribute their income on a regular basis.

Unlike unit trusts which usually have a buying (higher) and a selling (lower) price open-ended investment companies (OEICs) have a single unit price whether you are buying or selling. The price of each unit/share depends on the Net Asset Value (NAV) of the fund's underlying investments and is priced once per day. This means that the value of the units you buy directly reflects the underlying value of the investment.

Important Note: if, as a result of poor performance, everyone wants to sell their units at the same time, the fund can shrink quite dramatically.

Investment trusts/'Closed Ended' Investments

'Closed ended' funds are in reality no more than Investment Trusts (ITs), set up as limited companies with shares traded on the London Stock Exchange. When they are set up the limited company issues a fixed number of shares, with the aim of raising a set (or target) amount of cash, which once achieved the fund becomes 'fully subscribed'.

Unlike UTs and OEICs, the investment manager cannot create or cancel shares to meet investor needs. Being 'closed ended' means that the investment manager will always have a fixed amount of money at their disposal and this can add a degree of stability to investment trust management that a unit trust / OEIC manager won't have.

However, unlike a UT or OEIC, the price of an investment trust's shares is determined by supply and demand in the stock market, rather than the net asset value (NAV). This means the price you pay will almost invariably differ from the NAV.

For this reason, investment trusts are usually more suitable for assets that are hard to sell quickly, like property and infrastructure.

Another advantage investment trust managers have is that they can accrue revenue reserves of up to 15 per cent for a rainy day, such as during the financial crisis 2008/9 where many investment trusts were still able to maintain their records of paying out and growing dividends.

Important Note:
When choosing between unit trusts and investment trusts, the most important factor for any investor is without doubt performance. Investors should always carry out their own independent research, however statistically, in the majority of sectors, the performance of investment trusts for investment periods of 10 years or more appear to regularly exceed the performance of unit trusts. However, if you look at a shorter period, of say 1 to 5 years, investment trusts are less likely to outperform unit trusts and they tend to be far more volatile than unit trusts with more exaggerated ups and downs in their share prices.

Real Estate Investment Trusts (REITs)

It's no more difficult to acquire a small commercial unit than it is to acquire a buy-to-let flat, but premium commercial property is a different matter entirely. Office blocks in London typically change hands for hundreds of millions of pounds, transaction costs are often over 5 per cent and considerable expertise is needed to manage such assets.

REITs which must be primarily engaged in property investment, rather than in development or other non-property related activities, offer an alternative, allowing investors the opportunity to gain exposure to the kinds of real estate that would otherwise be too expensive.

REITs are essentially companies or groups of companies that manage a portfolio of real estate (property) to earn profits for shareholders.

If you invest in a REIT you become a shareholder in a company in a very similar way to that of a blue chip company and benefit from any profits made in the form of a dividend payout.

While a REIT enjoys a special tax status, which means that they pay no corporation tax on the profits of their rental business, they need to comply with a number of conditions set out in tax law; for example, REITs must pay out 90% of their property income to shareholders every year.

From an investors perspective any dividends from REITs are treated by HMRC as property income and are taxed accordingly. These dividends are subject to a withholding tax at basic rate income tax (higher rate taxpayers will of course be subject to additional taxation through self assessment).

As REITs are all listed property companies, investments in them are generally very liquid, but always remember the value of any investment within a REIT as with other share classes can go down as well as up and the

income you receive will vary. You may not get back the full value you invested and there is a possibility you could lose all of your investment.

Property funds are the obvious solution, but they sometimes come with liquidity issues – when investors want to get their money out, assets need to be sold, and that process can take a long time.

Exchange Traded Funds (ETFs)

At face value an ETF would seem to be a very easily understood security. Basically it is a basket of different share and assets classes (including commodities) that has been designed to track a nominated index.

However that index may be based overseas, be fund, or commodity specific and just because it says that it is designed to track/follow a particular index doesn't mean to say that it will be successful in doing so. If you venture into ETFs you also need to fully understand the type of asset being held in the basket, there is no doubt that some of the assets classes are very risky investments and their successful inclusion depends upon the skill knowledge and expertise of the firm or fund expert issuing the ETF.

To recap, an ETF is a type of fund (a basket) which owns the underlying assets (shares of stock, bonds, oil futures, gold bars, foreign currency, etc.) and divides ownership of those assets into shares. Shareholders however do not directly own or have any claim to the underlying investments in the fund; rather they indirectly own these assets

On the plus side an ETF trades just like stocks and shares on a regulated stock exchange so they experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than say mutual fund shares, making them an attractive alternative for individual investors.

ETF shareholders are also entitled to a proportion of the profits, such as earned interest or dividends paid, and they may also get a residual value in case the fund is liquidated.

The value of investments not held in pounds sterling may be adversely affected by fluctuations in currency exchange rates.

Peer to Peer Lending (PSP):

Peer to Peer Lending is an alternative method of using your pension savings to generate an income. Rather than investing in a particular share; fund; or company; or even a bank deposit account; you make your pension funds available to a Peer to Peer Platform. The P2P Platform in turn lends your money to unrelated individuals at a market competitive rate of interest. Those individuals repay the loan to the P2P Platform who in turn credit your account with an agreed return.

Specialist underwriting teams at the Peer to Peer lenders assess all potential borrower applications against a stringent set of loan criteria, including credit reference agencies, and most borrowers are rated according to the risk they present. This can lead to a false sense of security remember as it does not guarantee your investment is safe, there is still a possibility that the borrower may default. This could mean that your money is at risk.

Peer-to-Peer Lenders most often describe their returns as 'Savings' and it does in fact look like a savings return but in truth it is an investment and although the FCA regulate the P2P Industry there is no FSCS safety net on which to rely which is why most P2P lenders provide their own reserve fund, usually held in trust…just in case.

In the event that a borrower fails to meet their repayments the Peer to Peer lender does all the chasing – so you don't have to, but that doesn't mean your money is guaranteed you could still lose some or all of your invested funds.

If you're looking for an alternative to traditional savings, but are not certain whether Peer to Peer Lending is for you it is worth remembering Peer to Peer Lenders generally offer a range of terms from one month up to five years often with a rollover facility and the opportunity to sell your loan to another investor should you wish to exit the investment.

It certainly makes sense to consider Peer to Peer Lending as part of your overall portfolio as the current rate of return is certainly much better than you could obtain in a deposit account at a high street bank or building society. While it can work well it is important you understand the risks of this hybrid form of saving and investing before parting with your cash.

Start by using only a small amount of your pension savings until you're used to the system, remembering that:

- P2P lending does present a risk to your capital and is most definitely not a traditional savings plan.

Structured Deposits:

In simple terms, a structured deposit product can be thought of as a combination of a traditional savings account and stock market investment.

This is because the returns generated from a structured deposit are linked to the performance of a particular index, or indices, for example, the FTSE 100. Usually the index has to have increased by a specific minimum amount from a given start date through to and including an end date and providing the increase has been achieved not only will you receive your initial investment back you will earn a specified return of interest.
There are many different forms of Structured Deposits some only paying out at the end of the term others making interim payments (again providing the agreed index has achieved the nominated increase) on an annual basis.

The major difference between investment products and structured deposits is that the issuer of the Structured Deposit, usually a bank or major insurer guarantees that, regardless of how the stock market, or other agreed index performs, your initial investment will always be returned in full at maturity, but they do not guarantee the performance return.

The combination of capital protection and index-linked growth potential gives investors the opportunity for higher returns than could be achieved through traditional savings accounts.

Remember also that structured deposits are usually protected by the Financial Services Compensation Scheme (FSCS), which means that if the financial institution you have invested with goes bust your investment will be protected up to the first £85,000 per person per banking licence (£75,000 from 1 January 2016).

Structured Products:

Please note that there are a wide range of structured product plans. For example, some are designed to potentially offer a high level of annual income, but with less capital protection – these are known as Structured Investments and differ from Structured Deposits in that they do not guarantee 100% return of your initial investment at the end of the term).

The complexity of structured investment products can leave many investors confused please make sure you understand fully how they type you are investing in works before parting with your hard earned cash.

Remember, that while the FSCS also protect structured investment products and the fact that many of the major financial institutions issue structured products they can be very complex, so it is always a good idea to seek independent financial advice before investing in this type of product to ensure you select the best product for your individual needs.

The value of your pension at retirement depends not only on the amount of contributions you have made plus any transfer payments received, but on the success of the underlying investments. Unless you possess the necessary expertise to deal with such investments yourself, we would recommend that you seek independent financial advice.

Cash:

Yes, if you want to, you can hold your pension savings in cash until the right investment opportunity arrives. Unfortunately at the present time cash is not regarded as a good investment earning very little, if any, interest at the bank.

However if you just want to 'park' your money for a while in our bank account there is nothing to stop you doing so while you decide upon a particular investment and of course your money is fully protected by the FSCS (the usual £85,000 restrictions apply) but it would be in your best interest to ensure your capital is working as effectively for you and your future financial well being as it can be.

Protect yourself from Pension Scams:

Pension scams are where people may be tricked into handing over their pension pots by scammers and are on the increase – don't get caught out..!

Many of the offers seem very convincing, starting with offers of excellent returns. Most scams involve high pressure selling over the phone from people you don't know and have never heard of - always remember the saying "if it looks too good to be true - it probably is".

Unfortunately once you've transferred your money into a scam, it's too late. You will more than likely end up losing all your pensions savings with little or no hope of recovering any of your cash and in some cases face a tax bill of up to 55%.

For more information about how to protect yourself from Pension Scams see:
http://www.thepensionsregulator.gov.uk/pension-scams

And finally:

Although London & Colonial do not provide any financial or investment advice, our innovative service features are designed to provide you with the maximum information and support, to enable you to fulfil your financial needs with the minimum of effort.

Whatever investments you decide upon we wish you well in your financial endeavours but always remember:

- *If you go ahead on an unadvised basis you will not be able to refer any complaint you may have about whether it is appropriate for you and/or its performance to the Financial Ombudsman Service (FOS)*
- *If the Financial Conduct Authority (FCA) does not regulate or authorise the investment asset you select you will not have the protection of the Financial Services Compensation Scheme (FSCS) in the event that the investment goes into administration*
- *Any wise investment decision requires an appreciation of the future marketability and/or liquidity of the chosen investment, and the maintenance of an appropriately balanced investment portfolio is essential*
- *Some investments are easily traded or exchanged for cash; these are known as liquid assets. Others however are much more difficult to trade or exchange and may very difficult to sell; these are known as illiquid assets. Think very carefully about the type of asset you purchase, or intend to purchase*
- *The tax treatment of your investments, retirement income, and/ or other benefits for taxation purposes may be subject to change, therefore cannot be guaranteed for the future*
- *Should you decide to take your pension benefits earlier than originally intended, please be aware that your expected level of income may reduce*
- *The spending power of your retirement income may reduce over time due to the eroding effects of inflation*
- *Your income payments can fluctuate and are not guaranteed*

Notes:

For more information about any of our products please scan the QR code or contact:

t: 0203 640 6840
f: 0203 479 5506
w: www.londoncolonial.com
e: Info@londoncolonial.com

London & Colonial Holdings Limited, London & Colonial Services Limited, London & Colonial Central Services Limited and London & Colonial Trustees Limited are registered in England and Wales. Registered numbers 4093489, 2966313, 7966194, 2275364 respectively. Registered office at 38-42 Perrymount Road, Haywards Heath, West Sussex RH16 3DN. London & Colonial Services Limited is authorised and regulated by the Financial Conduct Authority. London & Colonial Assurance plc and London & Colonial (Trustee Services) Limited are registered in Gibraltar. Registered numbers 80650 and 102550 respectively. Registered office PO Box 199, 57-63 Line Wall Road, Gibraltar. London & Colonial Assurance plc and London & Colonial (Trustee Services) Limited are authorised by the Gibraltar Financial Services Commission.