
Investment Guidelines

Purpose

This document is intended to guide Independent Financial Advisers (IFAs), self-managed Members, advised Members and Discretionary Managers by clearly setting out the types of investments that are permitted, non-standard, and non-permissible within our Pension Plans. It serves as a framework to eliminate confusion and align investment decisions with regulatory requirements.

Responsibility for Investment Direction

The responsibility for investment selection and ongoing management varies depending on the chosen option under the Plan:

Member Directed - Self-Managed

Under this option, the Member of the Pension or Retirement Plan is responsible for making, changing and reviewing the investments held in the Plan. It is important that Members understand and accept the responsibilities relating to Investment Direction.

Overseas Trust and Pension Limited and subsidiaries ("OTAP"), does not have investment powers and the Member is responsible for the investments, including suitability, returns and performance.

Dealing Instructions should be signed by the Member.

Member Directed - Advised

Under this option, the Member of the Pension or Retirement Plan, is responsible for the Plan's investments on the recommendation of their Adviser. The Adviser would guide the Member on making, changing and reviewing the investments (subject to the Adviser having Terms with OTAP). The Adviser may also recommend the services of a Discretionary Investment Manager, this remains Member Directed – Advised.

OTAP does not have investment powers and it is the Member, with the help of their Adviser, who is responsible for the investments, including suitability, returns and performance. Regular ongoing financial advice is important to ensure continued suitability and review performance.

Dealing Instructions should be signed by the Member and the IFA.

Member Directed - Discretionary

Under this option, the Member of the Pension or Retirement Plan, selects an Investment Manager who has full discretion over the Plan's investments and is responsible for making, changing and reviewing the investments.

This arrangement is known as Member Directed - Discretionary.

OTAP does not have investment powers and it is the Member, with the help of their Investment Manager, who is responsible for the investments, including suitability, returns and performance.

The **Investment Mandate** must be provided by the Discretionary Investment Manager.

Licensee Directed

Under this option, the Member of the Pension or Retirement Plan selects OTAP to make, change and review the investments of the Plan. OTAP is responsible for the management of the Plan's assets subject to the Member notifying us of any changes which may affect the manner in which the assets are being managed.

Note: The Statement of Investment Principles (SOIP) is only applicable to Licensee Directed arrangements. It does not apply to any of the Member Directed options (Self-Managed, Advised, or Discretionary).

Please see the *Guide to Investment Direction* for further details, which can be found by clicking [HERE](#).

OTAP does not provide investment, financial or tax advice.

Permissible Investments

The range of permissible investments spans a diverse set of asset classes, including but not limited to:

1. Equities (both listed and unlisted)
2. Cash and cash equivalents
3. Fixed-income instruments, such as bonds
4. Exchange-Traded Funds (ETFs)
5. Mutual funds
6. Offshore bonds
7. Structured notes (via non-standard investment application)

Non-Standard Investments

Investments deemed non-standard require additional due diligence and review through a Non-Standard Investment Application.

These include assets that meet any of the following criteria:

1. Lack regulatory oversight (e.g., unlisted securities)
2. Are illiquid, trading less frequently than fortnightly
3. Incur high exist costs
4. Depend on guarantees tied to specific indices or external performance (e.g., structured notes)
5. Are complex or opaque
6. Investments for “sophisticated investors” (e.g., venture capital or private equity)

Advisers should provide information justifying the suitability of non-standard investments for review by the Investment Officer. Non-standard investments do not come under the usual dealing service standards but will be reviewed and executed on a reasonable endeavour's basis. Please see our *Non-Standard Investments (including Structured Notes) Declaration*, which you can find by clicking [HERE](#).

OTAP recommends maintaining a well-balanced portfolio, ensuring that no more than **20% is allocated to any single fund or investment**. Non-standard and illiquid investments, including structured notes, **should not exceed 50% of the total portfolio**, and any instruction exceeding this limit may not be actioned.

Property-related investments are generally considered illiquid assets, meaning their value may decline rapidly in unfavourable market conditions. Selling or redeeming such investments may take a significant amount of time.

Non-Permissible Investments

Investments that are not permitted include directly held:

1. Crypto currencies
2. Futures and commodities
3. Collectibles
4. Real estate (except where permitted in the Trust Deed)
5. Physical assets

However, these asset classes can be included in a portfolio if accessed via a permitted investment as those listed above or as permitted by the Investment Officer.

Liquidity

Liquidity considerations should account for anticipated cash flow needs, covering:

- Regular expenses
- Income distributions
- Capital withdrawals

It is the responsibility of the Member to ensure that sufficient cash is held to cover income, capital payments and fees/charges. If there is insufficient cash to cover payments, OTAP may apply their Client Cash Balance Policy.

Diversification

Factors such as the Member's objectives, age, and risk appetite are key in shaping asset allocation decisions. While the primary focus should remain on these long-term, Member-specific factors, market conditions may also be considered where appropriate. Diversification is generally encouraged to help manage and mitigate risk. Furthermore, tax implications and potential inefficiencies should be carefully considered, with Advisers and Investment Managers offering ways to optimise these aspects.

OTAP recommends maintaining a well-balanced portfolio, ensuring that no more than **20% is allocated to any single fund or investment**. Additionally, **non-standard and illiquid investments**, including structured notes, should **not exceed 50%** of the total portfolio.

Where a Member holds more than one pension or multiple pension pots, the 50% non-standard investment limit applies to the value of each individual pension portfolio. To clarify, each pot is assessed independently and not viewed collectively as a single portfolio.

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