

Schedule of Allowable Investments

for the Suffolk Life MasterSIPP

where protected rights are held by Suffolk Life Annuities Limited

This document is part of a set of documents for plans where protected rights are held by Suffolk Life Annuities Limited. All documents should be read together. Please ensure you read the correct documents:

- » Key Features
- » Your Personal Illustration
- » Schedule of Fees
- » **Schedule of Allowable Investments**
- » Terms and Conditions
- » Application form

The letters 'SIPP' are rendered in a large, white, 3D-style font with a slight shadow underneath, positioned on the left side of the page.

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This document sets out the types of investments which may be held in the Suffolk Life MasterSIPP where protected rights are held by Suffolk Life Annuities Limited. If you hold any other SIPP with Suffolk Life, please refer to the separate schedule issued for your SIPP.

The following details the types of investments allowed under the Suffolk Life MasterSIPP where protected rights are held by Suffolk Life Annuities Limited. The two right hand columns indicate if the type of investment is allowed for non-protected rights or protected rights benefits. All investments are subject to the general conditions outlined below and the specified notes.

Schedule of Allowable Investments

TYPE OF PENSION BENEFIT	Non-protected rights benefits	Protected rights benefits
LEGAL OWNER OF THE UNDERLYING ASSETS	Suffolk Life Trustees Limited (as trustee)	Suffolk Life Annuities Limited (as insurer) Note 1

Stocks and shares (note 2)

Securities (other than futures, options or derivatives) listed on any stock exchange including company shares (other than Legal & General Group PLC ordinary shares) fixed interest securities, loan notes	Yes	Note 3
Legal & General Group PLC ordinary shares	Yes	No
UK government treasury bills	Yes	Yes
Private company and unlisted public company shares	Note 4	No
Unlisted fixed interest securities and loan notes	No	No
Depository interests (including CREST depository interests)	Yes	Note 3
Investment trust shares	Yes	Note 3

Collective investment schemes (includes unit trusts, OEICs, ETFs and hedge funds) (notes 2 and 5)

Undertakings for collective investments in transferable securities (UCITS) schemes falling within the EU's UCITS Directive 85/611	Yes	Yes
Exchange traded funds and commodities that comply with the UCITS directive	Yes	Yes
Exchange traded funds and commodities admitted to the London Stock Exchange or another list maintained by a competent authority in another EEA state (Official List) or HMRC recognised stock exchange	Yes	Note 3
Exchange traded funds not listed on an Official List or HMRC recognised stock exchange that do not comply with the UCITS directive	Yes	Note 6
Authorised unit trusts UK resident and authorised under the Financial Services and Markets Act 2000 (FSMA)	Yes	Yes
Open ended investment companies (OEIC) and other similar collective investment schemes (regulated collective investment schemes) that are:		
» UK incorporated and authorised by the FSA	Yes	Yes
» Constituted in an EEA member state and authorised by the appropriate authority and is an FSA recognised scheme under section 264 FSMA	Yes	Yes
» Constituted outside the EEA but managed in a designated country or territory and the authorisation requirements under section 270 FSMA are satisfied	Yes	Yes
Non UCITS retail schemes	Yes	Yes
Unregulated collective investment schemes listed on an Official List or HMRC recognised stock exchange	Yes	Note 3
Real estate investment trusts (REITs) listed on an any stock exchange	Yes	Notes 3 & 7
Tax exempt property unit trusts and similar property collective investment schemes	Yes	Notes 3 & 7
Tax exempt unauthorised non-property unit trusts	Yes	Notes 3 & 6
Unregulated non-property collective investment schemes that are not listed on an Official List or HMRC recognised stock exchange	Yes	Notes 3 & 6

If you are unsure if an investment is allowed then please contact our allowable investment team on 01473 296829 or by email to allowableinvestments@suffolklife.co.uk

TYPE OF PENSION BENEFIT	Non-protected rights benefits	Protected rights benefits
LEGAL OWNER OF THE UNDERLYING ASSETS	Suffolk Life Trustees Limited (as trustee)	Suffolk Life Annuities Limited (as insurer) Note 1

Limited partnerships

» Direct investment into limited partnerships and limited liability partnerships	No	No
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Commodities

» Gold bullion and other commodities	No	No
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Structured products (note 2)

» Where the underlying investment is an EEA deposit account	Yes	Yes
» Where the underlying investment is a security allowed by this schedule	Yes	Yes
» All others	No	No

Insurance company funds

Insurance company funds or policies	Yes	No
Traded endowment policies and with profit contracts with UK insurance companies	Yes	No

Warrants, futures, options and other derivatives (note 2)

Warrants and covered warrants listed on any exchange	Yes	No
Futures, options and derivatives listed on any stock exchange:		
» where the liability under the contract is limited to the amount invested in that contract	Yes	No
» where the liability under the contract could exceed the amount invested in that contract	No	No
Unlisted warrants and unlisted covered warrants	No	No
Unlisted futures, options and derivatives	No	No
Contracts for difference and spread betting	No	No

Deposit accounts

Bank accounts:		
» Bank of Scotland account at Suffolk Life Branch (note 8)	Yes	Yes
» Composite Suffolk Life account with Barclays, Clydesdale, HSBC, RBS or any other credit institution that we choose (note 9)	Yes	Yes
» Fixed term, fixed rate deposits with a UK authorised deposit taker of no more than 5 year term and that can be broken early if the term is more than 1 year (note 10)	Yes	Yes
» US Dollar and Euro currency deposits at Bank of Scotland	Yes	Yes
» Deposit accounts in any currency with an EEA authorised deposit taker opened by an appointed investment manager	Yes	Yes
» All other accounts	No	No

National Savings and Investments (NS&I)

Those allowed by NS&I to be held by a corporate trustee (currently this includes fixed interest savings certificates, index-linked savings certificates, income bonds, guaranteed equity bonds, guaranteed income bonds and guaranteed growth bonds)	Yes	No
Those not allowed by NS&I to be held by a corporate trustee (including premium bonds and investments accounts)	No	No

Direct property (note 11)

UK direct commercial property	Note 12	Yes
Overseas direct commercial property	No	No

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Schedule of Allowable Investments (continued)

General conditions

A) Liquidity requirements

Investments (with the exception of direct property investments) must be:

- (a) redeemable for cash within one year; or
- (b) freely transferable to another person eligible to invest in that investment.

These liquidity requirements are for the benefit of the SIPP and exist to provide liquidity to meet pension legislation and other exceptional circumstances where we are required to sell assets. The above requirements do not guarantee liquidity in the event that you want to sell the investment.

B) 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 SIPP 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 will 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, taking responsibility for any tax liabilities which might arise in the future.

C) Connected party transactions

If any transaction is to be carried out between the SIPP 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 as 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.

D) Unregulated collective investment schemes

Whilst such investments are allowed to be held within your SIPP you should only invest in them if you are fully aware of the risks associated with the investment. We are not responsible for ensuring that you are aware of the risks before the investment is purchased. Unregulated collective investment schemes will not benefit from protection under the Financial Services Compensation Scheme. You should take financial advice before making such an investment. There are restrictions in place on who such investments can be marketed to and in certain cases on who can invest in them.

Schedule of Allowable Investments (continued)

Notes

Note 1 The Financial Services Authority (FSA)'s Handbook - linked insurance contract – protected rights

All investments made by Suffolk Life Annuities Limited (SLA) - being investments made under an insurance contract - must meet the requirements of the FSA's Handbook as amended from time to time (eg the protected rights benefits held under the trustee investment plan taken out by the trustee). This includes the permitted link rules for linked long term insurance contracts set out in Chapter 21 of the FSA's Conduct of Business Sourcebook (COBS).

This column is based on our interpretation at October 2011 of Chapter 21 of COBS and any other restrictions on investments applicable to your SIPP.

Note 2 Listed securities

Listed securities (i.e. shares, debt securities, fixed interest securities, debentures, loan stock, warrants, collective investment schemes, etc) must be held by a UK investment manager/stockbroker that is regulated by the FSA. Where the securities are investment trusts or REITs they can alternatively be held through an investment trust savings scheme.

Note 3 Listed securities held by SLA – protected rights

These assets are allowed to be held by SLA provided that the prices are updated at least quarterly and can be realised within 90 days either with the issuer/provider or are freely transferable to another person eligible to invest in that investment. Please note that Legal & General Group PLC ordinary shares are not allowed to be held. The reason for this is that a subsidiary company (ie SLA) is not allowed by the Companies Act 2006 to hold shares in a parent company. Other Legal & General securities are allowed.

Note 4 Private company and unlisted public company shares

Ordinary shares in private companies and unlisted public companies are allowable for non protected rights benefits, subject to certain restrictions. These can only be purchased once we have provided confirmation that the shares meet our criteria. For further information please see our Unlisted Company Shares How To Guide which is available on our website at www.suffolklife.co.uk or on request.

Note 5 Unregulated collective investment schemes

If we are instructed to purchase an investment where the underlying investor (that is you) needs to meet certain criteria we will require you to provide the necessary confirmations to us. This may delay the purchase of the investment. Please also read general condition D above.

Note 6 Unregulated non-property collective investment schemes not listed on an official list or HMRC recognised stock exchange – protected rights

These collective investment schemes are allowed to be held by SLA subject to a number of restrictions, in particular:

- » limited in aggregate to no more than 20% of the value of any one plan;
- » must publish its prices quarterly; and
- » we must look through to the assets held within the collective investment scheme to ensure that these comply with permitted links rules. For example, deposits with non EEA deposit takers, commodities and other non-financial assets such as wine & works of art are not permitted links.

Note 7 Exempt property unit trusts and similar collective investment schemes – protected rights

These property related collective investment schemes are allowed to be held by SLA where the following are met:

- » a value can be ascertained at least yearly;
- » the underlying property investments do not breach the general condition B) above; and
- » the underlying property investments are located in territories that have a properly functioning property market as required by Chapter 21 of COBS (the current territories which we allow for collective investments schemes are any country in the EEA, United States of America, Australia, New Zealand, Canada, Singapore, Hong Kong, Gibraltar, Channel Islands, Isle of Man – a decision on other countries will be made on a case-by-case basis when a request arises).

Note 8 Bank of Scotland accounts (at Suffolk Life branch)

The rates of interest are based on the Bank of Scotland's base rate which in turn generally mirrors the Bank of England base rate. The interest is paid on the whole balance, not just the part above the threshold. The rates of interest at August 2011 are:

£0 to	£50,000 to	£250,000
£49,999.99	£249,999.99	and over
1% below*	0.5% below*	0.25% below*

* Subject to a minimum of 0.15% provided Bank of Scotland's base rate does not fall below 0.5%.

If Bank of Scotland's base rate does fall below 0.5% but does not fall below zero, a SIPP bank account will receive the higher of the above rates or zero. The account balance bands and the variation from the bank's base rate may change in the future. Should interest rates fall below zero we will give three months' notice of any change to our current policy.

Interest will be paid gross and credited to the SIPP bank account on a monthly basis.

Please refer to the Terms and Conditions for full details of the SIPP bank account.

Note 9 Composite Suffolk Life deposit accounts

The interest the SIPP receives from the deposit accounts will be in line with the respective bank's base rate, which in turn generally mirrors the Bank of England base rate. The interest is paid on the whole balance, not just the part above the threshold. The rates of interest effective from 1 February 2012 are:

	£0 to	£50,000 to	£250,000
	£49,999.99	£249,999.99	and over
Barclays	1.50% below	1.00% below	0.75% below
Clydesdale	1.50% below	1.00% below	0.75% below
HSBC	1.50% below	1.00% below	0.75% below
RBS	1.50% below	1.00% below	0.75% below

The current rates are available on our website or on request.

Provided the respective bank's base rate does not fall below zero, a SIPP bank account will receive the higher of the above rates or zero. The account balance bands and the variation from the respective bank's base rate may change in the future. Should interest rates fall below zero we will give three months' notice of any change to our current policy.

Interest will be paid gross and credited to the SIPP bank account on a monthly basis.

Note 10 Fixed term deposits

If the term is less than one year there will sometimes be an option to break the term early but this can only be done at the discretion of the deposit taker. This will generally only be allowed in an emergency, eg to pay out death benefits.

Please note that where a fixed term deposit is broken before maturity there will be penalties which your SIPP will incur.

Note 11 Commercial property

Before deciding to purchase commercial property please refer to our guide to SIPP property purchase, property insurance notes, property form and, where the property is to be held for more than one investor, group investment agreement.

Note 12 UK commercial property – non-protected rights benefits

UK commercial property held for non-protected rights benefits will be owned by SLA under a trustee investment plan taken out by the trustee.

If you are unsure of any term or type of investment described above then please contact your financial adviser, your investment manager or us.

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www.suffolklife.co.uk

Suffolk Life is the trading name of Suffolk Life Pensions Limited (registered in England and Wales number 1180742) and Suffolk Life Annuities Limited (registered in England and Wales number 1011674). Both companies are authorised and regulated by the Financial Services Authority.

Suffolk Life Pensions Limited is the operator and scheme administrator of the Suffolk Life MasterSIPP.

Suffolk Life Trustees Limited (registered in England and Wales number 6341296) is the trustee.

Suffolk Life Annuities Limited is an insurance company that provides the trustee investment plans to the trustee to hold commercial property investments or into which protected rights benefits may be invested.

The registered address of all companies is 153 Princes Street, Ipswich, Suffolk IP1 1QJ, United Kingdom.

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