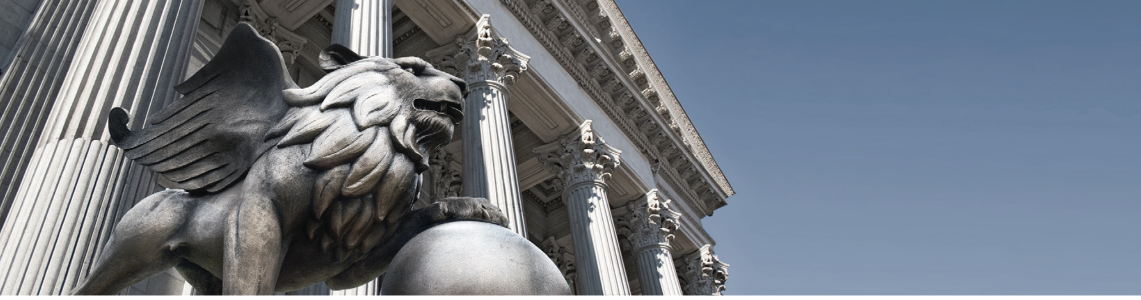

ST. JAMES'S PLACE
WEALTH MANAGEMENT

INVESTING WITH ST. JAMES'S PLACE – SAFEGUARDING YOUR ASSETS

INTRODUCTION

At St. James's Place, we understand that investors need to be confident that their wealth is protected when they invest with us. A key issue for all investors is the reassurance that their investment is protected in the unlikely event of St. James's Place suffering any financial difficulties.

Of course, investors should recognise that their investment may fall in value if markets move against them. This is the market risk all investors bear. However, and as unlikely as this may be, separate to this is the risk that the provider of the investment becomes insolvent and is unable to satisfy its responsibilities to its investors.

This note sets out the main statutory and regulatory controls which protect St. James's Place investors across our entire range of products.

LAYERS OF PROTECTION

We take the protection of your wealth seriously and safeguard your investment through a number of different layers of protection.

1. Assets

Firstly, it should be acknowledged that whatever investment product you hold, St. James's Place actually holds assets (i.e. shares, bonds, property etc) to back your investment.

This approach differs from the process for deposit-based investments with a bank or building society, where typically money deposited is used to finance long-term loans to other clients. The expectation of the investor is that they will be able to access their money at any time, however, if the bank or building society does not have sufficient reserves there is a risk that the money will not be available when they want it back. Alternatively, the worst case scenario is that the bank could become insolvent and the investor could lose some or all of their investment.

2. Safe keeping of assets

The next level of protection comes from the controls that ensure the invested assets (predominantly quoted securities, shares in regulated mutual funds and limited cash deposits) are kept securely and held by an independent external custodian bank. We use the AAA rated, globally recognised custodian bank State Street Bank and Trust Company. In addition to being independent of St. James's Place, the custodian is also regulated by the Financial Conduct Authority and Prudential Regulation Authority.

A key part of the custody process is the requirement to independently identify each asset as belonging to St. James's Place. We can then apply a range of daily, weekly and monthly controls to ensure that the physical securities the custodian holds are consistent with the records of our investment managers. Ultimately, we can ensure that the fund values on which we base our daily unit prices are accurate.

With regards to a Unit Trust (and those held within an ISA), a Unit Trust is established by a legally binding trust, made between the trustee (a third party company) and the manager, St. James's Place Unit Trust Group (SJPUTG). This means that the individual investors'/unit-holders' rights are protected at three levels:

- By the trustees who safeguard the fund's assets, are the legal owners of those assets, and ensure that the manager is complying with the trust deed, the scheme particulars and the regulations.
- By the regulatory organisations set up under the Financial Services and Markets Act to ensure investor protection; and
- By the complaints and arbitration procedures, which enable unit-holders to seek redress either through the regulators or via the independent ombudsman.

Establishing the investment in this way means that if the manager (SJPUTG) goes into liquidation, the assets of the trust are protected by the trust structure. In the very unlikely event of this occurring, the trustees would seek a replacement to SJPUTG to take over the management of the trusts, and the clients' investments would not fundamentally be affected (other than through delays and lack of active management decisions while a new manager was appointed). There would, and could be no claim on clients' investments because the trustees are the legal owners and the clients are the beneficial owners, with St. James's Place Nominees Ltd the registered owner of units on behalf of clients. St. James's Place Nominees is a non-trading company and therefore is unable to go bankrupt.

Similarly, if the trustees went insolvent, whilst they are the legal owners, they are not the beneficial owners, and thus there could not be a claim on the investments by the creditors of the trustees. The manager (SJPUTG) would seek a replacement trustee to take over from the insolvent trustee, and clients' investments would continue as before. With most St. James's Place funds sub-investing in to their Unit Trust equivalents, this trust structure applies across the product range as an additional layer of protection.

Please note that clients invested in Unit Trusts, ISAs or JISAs with St. James's Place are clients of St. James's Place Investment Administration and St. James's Place Unit Trust Group are the manager of the unit trusts themselves.

Whilst not directly related to the safekeeping of assets, it is also worth noting that, in respect of the underlying assets of the St. James's Place funds, the company specifies strict criteria as to how these may be invested through the investment objective of each fund. We also undertake extensive monitoring of the funds to ensure that each investment manager is adhering to these criteria.

3. Regulatory Protection

Despite holding assets to match our liabilities and ensuring the safekeeping of those assets, in extreme circumstances the failure of St. James's Place as a product provider could restrict our ability to repay your investment in timely fashion.

To address this risk and minimise the possibility of failure, the solvency of St. James's Place is closely monitored both by its Board (with advice from an independent actuary) and its regulators (the Financial Conduct Authority, the Prudential Regulation Authority and the Central Bank of Ireland). In particular, we take all reasonable steps to ensure that we are satisfied that the company is able to meet both its current and future commitments.

As a further safeguard, our regulators require us to hold an additional 'solvency margin'. This provides a further level of protection and ensures that if the company does get close to trouble, it has a buffer to be able to resolve any immediate issues and to meet its future liabilities. In practice the company's management aims to maintain a significantly greater margin than the required minimum solvency level.

4. Industry Compensation

There is a final level of protection available to individual clients holding an investment with St. James's Place, the Financial Services Compensation Scheme (FSCS). This scheme, jointly funded by qualifying companies across the financial services industry, provides compensation if any of these businesses becomes insolvent. The table below sets out the limits on the level of cover provided.

Business Type	FSCS Category	Limits
St. James's Place Unit Trusts and ISAs	Investment	100% on the first £85,000
St. James's Place UK pensions and UK bonds	Insurance	100% of claim – no upper limit
St. James's Place International Investments – policies issued on or after 1/12/2001 – client habitually resident in UK on policy issue date	Insurance	100% of claim – no upper limit

More information on the FSCS is available at: **www.fscs.org.uk**

These limits are applicable as at 1 April 2019. This note has been written for individual clients. The eligibility rules are different for businesses and partnerships. If you require any further information on how we aim to keep your money protected, please speak to your St. James's Place Partner.

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