

For financial advisers only | International investments

# Acceptable assets

A guide to which assets can be held within the Wealth Management Portfolio and Wealth Planning Account from AEGON (a brand name of AEGON Ireland plc).

These are complex products and many different rules and regulations apply. So we've set out some information about which assets can be held in our Wealth Management Portfolio (WMP) and Wealth Planning Account (WPA). These rules apply to all investors except those who have applied for a WMP with UCITS restriction, when special rules apply. We'll go into these in detail later.

## Overview

Any asset held within an AEGON WMP or WPA must meet the following conditions:

- The asset shouldn't breach the UK HM Revenue & Customs (HMRC) **personal portfolio bond rules** – known as highly personalised bond rules.
- The asset should be acceptable within the Central Bank of Ireland's acceptable asset rules for life insurance companies.
- The asset should be acceptable to AEGON.

The following sections outline our current understanding of what is and what isn't acceptable, based on our understanding of current legislation.

## UK HMRC personal portfolio bond rules

Our policy conditions limit the assets which can be held within an AEGON WMP or WPA to assets that don't make the bond highly personalised.

In practice, these will be:

- cash (in the currency of the bond) – for example bank accounts, direct cash holdings
- authorised UK unit trusts
- open-ended investment companies (OEICs)
- non-UK unit trusts and OEICs (including SICAVs\*)
- approved UK investment trusts
- AEGON life funds

\*A SICAV is an open-ended collective investment scheme that's similar to an OEIC, but based in Luxembourg rather than the UK.

## Acceptable assets within the Central Bank of Ireland's rules

The acceptable assets allowable within a portfolio bond issued by an Irish insurance company are set out in Annex V of the EU (Life Assurance) Framework Regulations 1994. A number of different assets can potentially be held but for portfolio bonds the assets outlined above are acceptable, with the following limitations:

- The assets should be liquid in the 'short term'. This means that the client must be able to liquidate their holdings in an asset within a maximum of six months of the liquidation request.
- Securities must be able to be transferred at any time, with no time restrictions.
- There should be a genuine confidence, as distinct to a hopeful expectation, that the value assigned to an asset can be realised.
- An investor in an asset can't be asked for more than their initial investment.

## Unacceptable assets within a WMP or WPA

Sometimes there may be doubt over whether an asset is acceptable or not. We'll make the final decision.

The following assets aren't acceptable:

- unapproved UK unit trusts or OEICs
- unapproved UK investment trusts
- closed-ended non-UK funds
- US mutual funds
- direct holdings in shares (other than in approved UK investment trusts)
- direct holdings in bonds (government or corporate)
- medium-term notes
- derivatives, for example call options, put options, warrants, futures
- preference shares
- internal life funds of an insurance company other than AEGON
- life assurance products of another insurance company
- 'real property', such as commodities or direct property investment – either residential or commercial
- cash or money market instruments denominated in a currency other than the bond currency
- interests in limited partnerships

This list isn't exhaustive and where there's doubt we must agree to any asset before we get a dealing instruction to buy it.

## Criteria applied in assessing the acceptability of individual funds

In considering the acceptability of the asset, we'll consider:

- where the asset is from – we prefer funds from the EU
- the liquidity of the asset
- whether we can place a realistic value on the underlying assets if the asset was to be liquidated earlier than expected
- the reputation of the parties involved, and whether the fund could potentially harm our reputation
- whether owning the asset could potentially place conditions on us, for example voting rights or legal obligations

Where a fund invests in assets outside the normal asset classes (for example equities or bonds), such as an Alternative Investment fund or Isle of Man Experienced Investor funds, we'll apply the above criteria. We'll also ask the client to sign a suitably worded disclaimer saying that the planholder understands the risks and they understand that they're investing at their own risk.

## WMP with UCITS restriction

From January 2011 investors into WMP have been able to set up their bond with further restriction on what they can invest in. These restrictions are designed to make the bond more tax efficient in Spain, and a policyholder intending to move to Spain must apply the UCITS restriction from outset of the bond to qualify for the better tax treatment. Where the bond has UCITS restriction in place the investor can only invest in funds that have UCITS status, in addition to their bond's cash account and in addition to cash deposits from banks or building societies within the EEA.

## Investment management decisions

As we won't undertake due diligence at any stage, it will always be the responsibility of the individual investor or the investment adviser or discretionary investment manager to make sure that the assets chosen comply with the above criteria and are suitable for the investment needs of the investor.

[If you want to know more, please contact us.](#)