

# Enhanced Discretionary

## A flexible investment option available through the International Bond

### What is Enhanced Discretionary?

Your client's investment goals are unique and will change with their circumstances. Coupled with today's ever evolving investment landscape, it often makes sense to outsource the management of these goals to a specialist, leaving you free to focus on financial planning and your business.

The Standard Life International Bond offers access to a wide variety of Discretionary Investment Managers (DIMs) and provides guidelines to them in respect of the permissible assets. Under a standard offshore bond mandate, DIMs must adhere to the limited range of assets that are stated in HMRC permitted investment regulations. However, with Enhanced Discretionary they can invest in a wider range of investments such as stocks and shares on recognised stock markets including UK gilts. This would normally cause a bond to become highly personalised and consequently suffer a tax charge, but under Standard Life International's Enhanced Discretionary proposition there is no breach of HMRC PPB regulations<sup>1</sup>.

This investment option can be accessed through DIMs who have agreed an Enhanced Discretionary agreement with Standard Life International. It must be evidenced that the investment selection **is not influenced directly or indirectly by the customer or their adviser**. So whilst your client is still able to make their Investment Manager aware of their attitude to risk and broad investment goals, neither of you can have any influence or direction over the individual investment asset selection they make. This generally does not differ greatly from how day-to-day decisions on what to buy, what to sell, and when to act, are made by an Investment Manager within a discretionary portfolio.

Enhanced Discretionary is available through the International Bond<sup>2</sup>. The International Bond is flexible enough (within guidelines) to allow your client to invest all or only part of their bond this way, depending on their wishes. They are free to switch in or out of Enhanced Discretionary at any time. Existing International Bonds can also be switched fully or partly to Enhanced Discretionary.

### The benefits of Enhanced Discretionary for your client

#### Increased investment choice and diversification with lower costs

The Investment Manager is free to invest in a far wider choice of investments while still meeting HMRC permitted investment regulations. This means your client's portfolio can be increasingly diversified, potentially decreasing risk, as well as costs.

#### Sustainable investing

DIMs can more easily exclude investments that don't reflect your client's values from their portfolio and integrate those that do. For example, DIMs can reflect a client's ethical preferences more accurately by removing exposure to specific sectors such as tobacco, armaments and alcohol.

#### Transparency

Investing in directly held assets increases the transparency of holdings within the investment portfolio.

#### Expertise

The Investment Manager has freedom to invest in line with their full breadth of expertise and management style across a wider universe of investments. This enables them to take advantage of investment opportunities, without being curtailed by permitted investment criteria.

### How to sign up for Enhanced Discretionary

Select a DIM which meets your client's needs and has signed an Enhanced Discretionary agreement with Standard Life International. For more details, call **0345 607 0216**. Call charges will vary.

Advisers sign the Enhanced Discretionary Adviser Declaration to confirm they understand they can have no influence under the asset selection.

Clients tick the Enhanced Discretionary box on the New Business Application Form (or for existing business complete the switch form) to confirm they understand they can have no influence under the asset selection.

The DIM completes an annual declaration to confirm that neither the adviser or client has influenced their individual asset selection.

<sup>1</sup>Central Bank of Ireland rules including Solvency II must still be adhered to, as should Standard Life International's own permitted investment criteria.

<sup>2</sup>Enhanced Discretionary is not available under the Wrap International Portfolio Bond.

## Permitted investments under Enhanced Discretionary

A standard DIM offshore bond mandate may include life funds and collective investments such as Unit Trusts, OEICs and approved Investment Trusts<sup>3</sup>. There may also be cash deposits.

An Enhanced Discretionary DIM mandate may also include:

### UK and Global Equities (listed on regulated exchanges)

- Ordinary shares
- Preference shares (including convertible)
- Depositary Receipts including American & Global
- Exchange Traded Funds

### Exchange Traded Commodities

- Investment Company with Variable Capital (ICVC)
- Société d'investissement à capital variable (SICAV)
- Hedge Funds
- Non-HMRC approved Investment Trusts Limited Liability Partnership (LLP)

<sup>3</sup>From 1 Jan 2018 these mandates can also invest in Real Estate Investment Trusts, Overseas Investment Trust Companies and Authorised Contractual Schemes.

## Debt or money market instruments from approved credit institutions

- Government Bonds e.g. Gilts, Treasuries, Bunds, JGBs, OATs and BTANs
- Eurobonds, Domestic, Foreign, Convertible, Discount Zero and Index Linked Coupon Bonds
- Floating Rate Notes/Bonds, Corporate/Retail Bonds
- Commercial Paper
- Certificates of Deposit
- Structured Products

**Need more information on International Bonds, DIMs or our new Enhanced Discretionary option?**

**☎ Call 0345 607 0216 (call charges will vary)**

**@ SL\_distribution@standardlife.com**

Standard Life International dac is authorised and regulated by the Central Bank of Ireland, deemed authorised by the Prudential Regulation Authority, subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Standard Life International dac is a designated activity company limited by shares and registered in Dublin, Ireland (408507) at 90 St Stephen's Green, Dublin D02 F653. [www.standardlife.co.uk/international-bond](http://www.standardlife.co.uk/international-bond)