

Alliance Trust Full SIPP

Stocks and Shares Purchase Guide

This guide sets out how investments in stocks and shares within the Alliance Trust Full SIPP can be made. This covers shares in companies (publicly quoted; private company and unquoted public company), investment companies (including investment trusts), gilts, debenture and other loan stock, warrants, UK Real Estate Investment Trusts (REITs) and Exchange Traded Funds (ETFs). We will allow investments in quoted public company shares and in private company and unquoted public companies either in the UK or overseas.

Where the stocks or shares are listed on the London Stock Exchange or AIM we require these to be held in an Alliance Trust Savings Investment Dealing Account. Alternatively we can open a stockbroker or Discretionary Fund Managers nominee account with a UK based firm that is authorised and regulated by the Financial Services Authority (FSA) which means that you can deal on the account without reference to us.

UK private company and unquoted public company shares can be held via a stockbrokers or discretionary fund managers nominee account or by the SIPP making the investment directly.

Overseas shares in a quoted public company or a private company and unquoted public companies can be purchased providing that they can be held in a stockbrokers or discretionary fund managers nominee account.

The stockbrokers or discretionary fund managers nominee account must be with a UK based firm that is authorised and regulated by the FSA.

Holdings in shares must be less than 20% of the issued share capital of the company either now or at any point in the future. The 20% limit includes any shares owned personally by the member or a connected party.

Investments will be held in a stockbrokers or discretionary fund managers nominee account or an Alliance Trust Savings Investment Dealing Account or through the SIPP directly in the name of Alliance Trust Pensions Limited as Trustee of the Alliance Trust Full SIPP with a designation of the individual member's SIPP or our nominee.

Stocks and shares owned personally by the member or a connected person can

be purchased by the SIPP. To support the purchase price, a market valuation must be provided to confirm the price being paid. The valuation must be provided in accordance with Section 272 of the Taxation of Chargeable Gains Act 1992. This means the price the shares would reasonably be expected to fetch on sale in the open market. For stocks or shares in a Private or Unquoted Public Company this must be a valuation by an appropriate professional person, e.g. an accountant or solicitor.

Where we are asked to purchase the shares directly and there is a requirement to sign a shareholders agreement, we will only do so if there is no liability risk to us and there is no positive obligation placed on us.

Investment in unquoted companies may give rise to tax charges unless all of the four 'trading concern' conditions are satisfied as set out in the Appendix overleaf. If these cannot be satisfied, the investment cannot be held in the SIPP.

Charges

Full details of the specific investment charges are set out in the Schedule of Fees. This is available at www.alliancetrust.co.uk or on request from us.

Procedure

Our Stocks and Shares Instruction Form must be completed. This is available at www.alliancetrust.co.uk or on request from us.

When sending us the completed Investment Instruction form, please ensure you also send us all the purchase instruction paper work which we are required to complete.

If you do not supply all documents at the outset this will delay the processing of the investment.

If the investment is to be held via a stockbroker or discretionary fund managers nominee account the Investment Instruction form does not need to be completed. If the account with the stockbroker or discretionary fund manager has not already been completed, please complete our Third Party Accounts Instruction form. This is available at www.alliancetrust.co.uk or on request from us. Once the forms have been received by us, we will renegotiate the completion of your request.

Important Notes

It is important that you are aware of the risks of investing in any particular investment. It is your, or your adviser's, responsibility to ensure that the investment is suitable for you and we take no responsibility for the performance or liquidity of the investments made in the SIPP or for any tax consequences arising from these investments.

The value of investments and any income from them may go down as well as up. You may not get back, in the form of pension benefits the amount invested. The tax advantages associated with pension scheme investments are also subject to change.

It is your, or your adviser's responsibility to ensure any investments purchased are permissible under HMRC regulations. If in the event that a tax liability does arise following an investment in shares, it will be your responsibility to pay this.

If you are unsure as to whether an investment is suitable for your SIPP then you should seek professional advice that is specific to your own personal circumstances.

Appendix – taxable property

The four 'trading concern' conditions that must be satisfied are:

1. The company's main activity is the carrying on of a trade, profession or vocation
2. The SIPP, either alone or together with 'associated persons', does not have control of the company
3. Neither the SIPP member nor a person connected to the SIPP member is a director to whom paragraph (b) of section 417(5) Income and Corporation Taxes Act 1988 applies (broadly, 20% controlling directors) of the company or any other company that holds an interest in the company directly or indirectly
4. The SIPP does not directly or indirectly hold an interest in the company for the purposes of enabling the SIPP member, or a connected person of the SIPP member, to occupy or use any 'taxable property' held by the company.

The term 'associated person' means:

- the SIPP member
- any person connected with the SIPP member
- any arrangement (under that or another pension scheme) relating to the SIPP member to which that arrangement relates
- any arrangement (under that or another pension scheme) relating to a person connected to the SIPP member.

The term 'connected person' is defined in section 993 of the Income Tax Act 2007 and means:

- the SIPP member's spouse or civil partner

- a relative of the SIPP member, or the spouse or civil partner of such a relative (note: relative means a brother, sister, ancestor or lineal descendant; it does not cover all family relationships and, in particular, it does not include nephews, nieces, uncles and aunts)
- a relative of the SIPP member's spouse or civil partner, or the spouse or civil partner of such a relative
- a partner of the SIPP member (i.e. they are in partnership together), or the spouse, civil partner or a relative of such a partner.

Where these conditions are satisfied, the SIPP can invest in the unquoted company without the need to consider any 'taxable property' that is being used by the company for its trade.

If you have any queries that are not addressed in this guide, please contact us as follows.

Ref: Full SIPP
Alliance Trust Savings Limited
PO Box 164
8 West Marketgait
Dundee DD1 9YP
Tel: 01382 573600
Fax: 01382 321183
Email: sippservicing@alliancetrust.co.uk



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Alliance Trust Savings Limited PO Box 164, 8 West Marketgait, Dundee DD1 9YP

Tel +44 (0)1382 321000 **Fax** +44 (0)1382 321183 **Email** contact@alliancetrust.co.uk **www.alliancetrust.co.uk/alliancetrustsavings**