



Processes for suspended assets

Please visit our Corporate Actions page to view the latest notifications regarding Corporate Actions and Dilution Levies, that includes information on assets that have been suspended and any notice that a suspension will be lifted.

During periods of market uncertainty it is advisable to check the Corporate Actions information page regularly.

Processes for suspended assets

Market uncertainty can lead to liquidity issues with some assets that may result in suspensions. This note explains the impact of asset suspensions on the trading processes and the options that are available to you.

Where a model portfolio has a suspended asset this will result in:

- > The model portfolio appearing invalid within Model Portfolio Manager (MPM)
- > Regular investments into the suspended asset will not be placed and therefore, the money from this portion of the regular investment will be held in the product wrapper cash facility. The trades into the other assets will be placed.
- > Applications where the transfer money or the client contribution have not yet been received, will trade into the other assets and the value of the trade into the suspended asset will be held in the product wrapper cash facility.
- > Web applications will not be able to be submitted into a model portfolio with a suspended asset because the model portfolio containing the suspended asset will be invalid.

Although the model portfolio is invalid the effect on any client may be minimal because trading will continue to take place around the suspended asset. You may choose not to amend the invalid model. Once the asset suspension is lifted the model becomes valid and can be selected for web applications again. Normal trading will resume. The additional cash arising from the trades that could not be placed into the suspended asset will remain in cash until the next rebalance, model realignment or a specific trade is placed.

If you manage a model portfolio with a suspended asset the following options will enable you to create a model to fully invest all new money.

How to manage a model portfolio with a suspended asset

The management of model portfolios is performed within MPM, where actions can be performed to make your model portfolio valid again.

Option 1, Edit a model portfolio without rebalance

Editing of a model portfolio can be done with or without submitting a rebalance. Removing the suspended asset without submitting a rebalance will update the investment strategies for all associated clients but not generate any trades. You must have the appropriate client authorisation or discretionary powers to perform this.

Clients who already hold investments in the model will have their investment strategies updated but no trades will be generated until a rebalance is submitted. They will also retain their holdings in the suspended asset if future rebalances are submitted, for example, if the client currently holds 5% in the suspended asset, the system will calculate the realignment based on 95% of the client's holdings. This means the 5% in the suspended asset will continue to be held separate to the new model portfolio.

By taking this action it will:

- > Make the model portfolio valid allowing web applications to be submitted
- > Enable clients that have regular investments that invest into the new asset allocation
- > Applications where the transfer money or the client contribution have not yet been received will completely trade into the new asset allocation

When the asset suspension is lifted this asset will remain in the clients' portfolio until the next rebalance, a realignment or a trade is placed. Please note that the suspended asset removed from the model will not automatically reappear once the suspension is lifted. The model can be amended to include the previously suspended asset if it is intended to be included in the model portfolio again.

Option 2, Edit a model portfolio with rebalance

Editing of a model portfolio and submitting with a rebalance to remove the suspended asset will trigger a realignment across the clients that are currently associated to the model. You must have the appropriate client authorisation or discretionary powers to perform this.

Clients who already hold investments in the model will keep their holding in the suspended asset, whilst the rest of their portfolio will realign according to the new asset weightings. For example, if the client currently holds 5% in the suspended asset, the system will calculate the realignment based on 95% of the client's holdings. This means the 5% in the suspended asset will continue to be held separate to the new model portfolio.

By taking this action it will:

- > Make the model portfolio valid allowing web applications to be submitted
- > Enable clients that have regular investments that invest into the new asset allocation
- > Applications where the transfer money or the client contribution have not yet been received will completely trade into the new asset allocation
- > Realign client portfolios to the new asset allocation.

When the asset suspension is lifted this asset will remain in the clients' portfolio until the next rebalance, a realignment or a trade is placed. Please note that the suspended asset removed from the model will not automatically reappear once the suspension is lifted. The model can be amended and realigned if the previously suspended asset is intended to be included in the model portfolio again.

Option 3, create a new model portfolio

The creation of a new model portfolio can be performed by using the clone function. This can be performed by selecting the model you wish to clone and then select the 'clone' option on the bottom right hand side of the MPM dashboard. The clone option allows you to create a copy of the existing model and edit the new model (to replace the suspended asset).

The new amended model will now be valid and you may link clients from the original model to the new model, this will have the following impacts on the client:

- > Clients that have regular investments will now invest into the new asset allocation
- > Applications where the transfer money or the client contribution have not yet been received will completely trade into the new asset allocation
- > Whilst linking clients to the new version of the model there will be an option to realign the clients you must have the appropriate client authorisation or discretionary powers to perform this.

If you realign the clients linked to the new model they will keep their holding in the suspended asset, whilst the rest of their portfolio will realign according to the new asset weightings. For example, if the client currently holds 5% in the suspended asset, the system will calculate the realignment based on 95% of the client's holdings. This means the 5% in the suspended asset will continue to be held separate to the new model portfolio. Where automatic rebalancing is in place, the new model portfolio will be used for rebalancing but will exclude any suspended assets. Once a suspension is lifted, the suspended asset will trade at the next rebalance using the new model allocation.

When the asset suspension is lifted this asset will remain in the clients' portfolio until the next rebalance, a realignment or a trade is placed. Please note that the suspended asset removed from the model will not appear in the new model. The original model portfolio will however become valid. If the previously suspended asset is intended to be included in the model portfolio again you can either:

- > Link the client to the original valid model portfolio

or

- > The new model portfolio can be amended to include the previously suspended asset and realigned.

How to amend a client's Default Investment Strategy

Where a wrapper is set up with a Default Investment Strategy and any of the assets become suspended, the suspended assets will not trade and the value of this trade will remain in the cash facility. The active asset trades will still be invested.

You may choose not to amend the Default Investment Strategy. Once the asset suspension is lifted the additional cash arising from the trades that could not be placed into the suspended asset will remain in cash until the next rebalance or a specific trade is placed. The future investments will invest into the Default Investment Strategy.

To update the Default Investment Strategy please submit a new Rebalancing Instruction form available in the Servicing Documents section of the Secure Literature webpage.

Amending the Default Investment Strategy will have the following impacts on your client:

- > At the next instructed rebalance date and those clients who already have a holding in the suspended asset will keep their holding in the suspended asset, whilst the rest of their portfolio will realign according to the new asset weightings. For example, if the client currently holds 5% in the suspended asset, the system will calculate the realignment based on 95% of the client's holdings. This means the 5% in the suspended asset will continue to be held separate to the new Default Investment Strategy.
- > Clients that have regular investments will now invest into the new asset allocation.

Where automatic rebalancing is in place, the new Default Investment Strategy will be used for rebalancing but will exclude any suspended assets. Once a suspension is lifted, the suspended asset will trade at the next rebalance using the Default Investment Strategy.

When the asset suspension is lifted this asset will remain in the clients' portfolio until the next rebalance or a trade is placed. If the previously suspended asset is intended to be included in the Default Investment Strategy again please submit a new Rebalancing Instruction form available in the Servicing Documents section of the Secure Literature webpage.

How to amend regular investments where the client does not have a Default Investment Strategy

Where you are investing regular investments into a specified list of assets and any of those assets become suspended, the suspended assets will not trade and the value of this trade will remain in the cash facility. The active asset trades will still be invested.

You may choose not to amend the regular investment instruction. Once the asset suspension is lifted the additional cash arising from the trades that could not be placed into the suspended asset will remain in cash until the next rebalance or a specific trade is placed. The future regular investments will invest into the regular investment instruction.

To update the regular investment instructions please submit the Recurring Investment Instruction form available in the Servicing Documents section of the Secure Literature webpage.

Amending the Recurring Investment Instruction will have the following impacts on your client:

- > At the next regular collection the trades will be placed into the new instruction.
- > Those clients who already have a holding in the suspended asset will keep their holding in the suspended asset.

When the asset suspension is lifted this asset will remain in the clients' portfolio until the next rebalance or a trade is placed. If the previously suspended asset is intended to be included in the Recurring Investment Instruction again please submit a new Recurring Investment Instruction form available in the Servicing Documents section of the Secure Literature webpage.