



Terms and Conditions for Investment Services

EFG Harris Allday is a trading division of EFG Private Bank Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. EFG Private Bank Limited is a member of the London Stock Exchange. A member of EFG International. Registered in England and Wales No. 2321802. Registered office Leconfield House, Curzon Street, London W1J 5JB.

This document contains the legally binding terms and conditions on which EFG Harris Allday (EFGHA), a division of EFG Private Bank Limited, provides investment services for you. It is essential that you read and understand the terms and conditions and we will ensure that you have a proper opportunity to do so. If you have any questions, please let us know.

If you are willing to accept the terms and conditions set out in this Agreement, please sign and date the declaration at the end of the Application Form and return it to us.

Our terms and conditions are set out in the following way:

Section One – Definitions

This section provides definitions of words and expressions used throughout this Agreement.

Section Two – Our Agreement with you

This section sets out the structure and effective date of the Agreement between us, contains details of our regulators, our contact details and describes cancellation rights available to you.

Section Three – Terms and conditions which apply to all of our Investment Services

This section contains terms and conditions which apply to all of our investment services and explains, among other things, how we buy and sell investments on your behalf, where we may delegate our functions, how we handle your personal data and how we deal with conflicts of interest.

This section sets out information about our fees and charges and contains a series of undertakings you make to us. It provides for sums to be paid by you to us if you fail to comply with these undertakings and describes some exclusions and limitations of our liability. The information on our fees and charges should be read in conjunction with our Scope and Cost of our Services document.

These are particularly important provisions, please read them carefully and if you are unclear about any aspects please contact your EFGHA Investment Manager.

This section also sets out the circumstances when the Agreement may be terminated, varied or assigned and sets out the key regulatory protections from which you benefit.

Section Four – Discretionary Investment Management Service

This section contains terms and conditions which apply when we provide you with our Discretionary Investment Management Service.

Section Five – Advisory Investment Management Service

This section contains terms and conditions which apply when we provide you with our Advisory Investment Management Service.

Section Six – Advisory Dealing Service

This section contains terms and conditions which apply when we provide you with our Advisory Service.

Section Seven – Our Execution Only Service

This section contains terms and conditions which apply when we provide you with our Execution Only Service.

Section Eight – Our Custody Services

This section contains terms and conditions which apply when we provide you with our Custody Services and explains how we deal with the assets and cash balances belonging to you that we hold from time to time for the purposes of our investment services.

Section Nine – Third Party Custodian

This section contains terms and conditions which apply where you choose to appoint a Third-Party Custodian to provide you with Custody Services.

Section Ten – Individual Savings Accounts and Junior Individual Savings Accounts

This section contains terms and conditions which apply when you have an Individual Savings Account or a Junior Individual Savings Account with us.

Section Eleven – Additional terms for particular types of client

This section contains specific terms which apply to the following types of client: trusts; individuals; individuals applying jointly; companies; partnerships; pension schemes; unincorporated associations; US Persons and US Taxpayers; and, those clients who appoint an intermediary or other third party as their agent to deal with us in the provision of our investment services.

Section Twelve – Risk warnings

This section contains a description of the risks inherent in a range of financial instruments that you may invest in through using our investment services.

1. DEFINITIONS

To aid clarity, when we use the following defined expressions in these terms and conditions, they have the following meanings:

“Agreement” has the meaning set out in section 2.

“Applicable Regulations” means all applicable laws, rules, regulations and guidance, including but not limited to, as applicable, the FCA Rules and FSMA.

“Application Form” means the form completed by you requesting that we provide you with investment services.

“Associate” means a company or other entity or person connected to us including any member of the EFG group of companies.

“Authorised Signatory” means any person who has been duly authorised by you to take certain actions and information relevant to your Portfolio.

“Brexit” means the UK’s withdrawal from the European Union pursuant to Article 50 of the Treaty of Lisbon.

“Business Day” means any day of the week that banks are open for business in the United Kingdom excluding Saturdays, Sundays and public holidays.

“Corporate Events” means any rights issue, calls, conversion, subscription or redemption rights and take-over or other offers arising from capital re-organisations.

“FCA” means the Financial Conduct Authority or any successor or replacement regulatory body.

“FCA Client Money Rules” means the rules and guidance published from time to time by the FCA in relation to client money, as set out in the Client Assets Sourcebook (“**CASS**”) of the FCA Rules, in particular Chapter 7.

“FCA Custody Rules” means the rules and guidance published from time to time by the FCA in relation to custody of client assets, as set out in CASS, in particular Chapter 6.

“FCA Rules” means the rules and guidance published from time to time by the FCA as set out in the FCA’s Handbook of Rules and Guidance.

“FSMA” means the Financial Services and Markets Act 2000 and any amending or replacement legislation which regulates the carrying on of investment or financial services business in the United Kingdom.

“HMRC” means Her Majesty’s Revenue & Customs.

“Investment Objectives” means the investment objectives as agreed between us and detailed in your Investor Profile Form, and as may subsequently be amended and agreed between us in writing.

“Investor Profile Form” means the form completed by you and us which sets out your Investment Objectives, Investment Restrictions, your financial circumstances, knowledge and experience and other information relating to your attitude to investments and risk.

“Investment Restrictions” means the investment restrictions as agreed between us and detailed in your Investor Profile Form, and as may subsequently be amended and agreed between us in writing.

“Investment Services” means those Investment Services provided under these terms and conditions, including our Discretionary Investment Management Service, our Advisory Investment Management Service, our Advisory Dealing Service, our Execution Only Service and our Custody Services.

“Order” means: (i) an order to EFGHA from the Client to execute a transaction; (ii) any other order to EFGHA from the Client to execute a transaction in circumstances giving rise to duties similar to those arising on an order to execute a transaction; and (iii) a decision by EFGHA in the exercise of discretion to execute a transaction with or from the Client.

“Portfolio” means the assets (including un-invested cash) entrusted from time to time by you to our management and/or our custody.

“PRA” means the Prudential Regulation Authority or any successor or replacement regulatory body

“Scope and Cost of our Services” means the document setting out details of our services, our fees and other charges which may be applied to your account, a copy of which is available upon request to your EFGHA Investment Manager.

“Sub-Custodian” means a third party with which we or, if applicable, your Third-Party Custodian may deposit safe custody assets that we or your Third-Party Custodian hold on behalf of our respective clients, in accordance with the FCA Custody Rules and/or other Applicable Regulations.

“Third Party Custodian” means a firm other than us which is appointed by you to provide custody services in relation to your Portfolio.

“Website” means www.efgha.com

Any references to **“we”** or **“us”** mean EFG Private Bank Limited (**“EFG”**) and includes its operating division, EFG Harris Allday (**“EFGHA”**).

References to **“you”** mean the client.

Any reference to a person shall be to all legal persons of whatsoever kind and however constituted and shall include natural persons, partnerships, firms, other unincorporated bodies and companies and corporate bodies.

2. OUR AGREEMENT WITH YOU

2.1 The Agreement

The agreement between us (the “**Agreement**”) in relation to the provision of our Investment Services comprises:

- a) these terms and conditions;
- b) any supplementary terms and conditions given to you in relation to the provision of our Investment Services;
- c) our Scope and Cost of our Services document; and
- d) Our Application Forms and Investor Profile Forms,

all as may be amended from time to time.

The purpose of this Agreement is to set out the terms and conditions upon which we agree to provide you with our Investment Services.

We may, from time to time, introduce you to one or more of our Associates. Where we effect such an introduction, any services we provide you are separate and apart from the services for which you have engaged such Associates. Separate and likely different terms and conditions apply to services we provide you and those which are provided to you by our Associates.

2.2 Effective date

This Agreement shall replace and supersede any prior investment services terms and conditions between you and us and any prior oral or written representations or other agreements between you and us which relate to our Investment Services. The version of the terms and conditions on our Website (www.efgha.com) is the latest version in force and forms part of our Agreement in accordance with section 2.1. We will make any amendments to our Agreement in accordance with section 3.17.1. We will notify you of any such amendments, but it is your responsibility to ensure that you keep informed of such changes. If you are commencing a new relationship with us, this Agreement shall come into force on the date of receipt and acceptance by us of a duly signed Application Form and completed Investor Profile Form. By continuing to do business with us, you are indicating your continued acceptance of this Agreement.

2.3 Our regulator

We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our FCA registration number is 144036. The PRA’s registered address is 20 Moorgate, London EC2R 6DA, and the FCA’s registered address is 12 Endeavour Square, London E20 1JN.

2.4 Our contact details

Our registered office is Leconfield House, Curzon Street, London W1J 5JB.

Our correspondence address is EFGHA, 33 Great Charles Street, Birmingham B3 3JN.

2.5 FCA client classification

We are treating you as a retail client for the purposes of the FCA Rules unless otherwise agreed with you in writing. Under the FCA Rules, you have the right to request in writing a different categorisation, however, this may limit the level of protection you have.

Where an election to be treated as a professional client is accepted by us, we will provide you with a Professional Client Categorisation Letter setting out the implications of such classification.

It is your responsibility to inform us about any change in your circumstances which might affect our determination of the appropriate categorisation for you.

2.6 Anti-money laundering

To comply with anti-money laundering requirements, we are required to obtain information concerning persons who wish to use our Investment Services, including any third parties with rights, control or beneficial ownership over your Portfolio(s). Please note that we are unable to provide such services to you until we have received certain required information and related documents.

By signing the Application Form you consent to us using a credit scoring or other electronic data check mechanism when considering your application, to verify your identity and also when providing you with Investment Services under this Agreement. In the same circumstances, we may search files of credit reference agencies, who may keep a record of the search. We may also carry out identity and anti-fraud checks. Your information may also be used for debt tracing.

If we cannot verify your identity electronically, you must provide us with evidence of your identity, address and any other information we may require.

To use our Investment Services you must provide us with evidence of your identity, address and any other information we may require. You agree to provide any further information or documentation we may require once we have started to provide Investment Services to you to meet our ongoing legal, regulatory or internal policy obligations.

2.7 Additional documentation

Some complex investments (including derivatives, foreign exchange contracts and structured products) are not covered by this Agreement, unless you enter into certain additional agreements. We will only make such investments available to you in our sole discretion. If you need access to such investments, please discuss this with your Investment Manager and we will provide you with further information.

3. TERMS AND CONDITIONS WHICH APPLY TO ALL OF OUR INVESTMENT SERVICES

3.1 Dealing

3.1.1 Securities depositories, etc.

You authorise us and others appointed by us, when required for the purposes of the provision of our Investment Services, to use Sub-Custodians, securities depositories, clearing and settlement houses and similar securities systems.

3.1.2 Market exchange rules and practice

When carrying out transactions on your behalf, we, or others appointed by us, will do so in accordance with the rules and regulations of the relevant market or exchange and you will be bound by anything that those rules and regulations oblige us to do. You authorise us and others appointed by us to take all steps that may be required or permitted by the market or exchange concerned and otherwise to act in accordance with good market practice.

3.1.3 Order Handling and Best Execution Policy

In effecting transactions with or for you under this Agreement, we are under a regulatory duty to take all sufficient steps to obtain the best possible result for you taking into account certain 'execution factors', including price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an Order. This is also known as 'best execution'. Where we arrange for the execution of your Orders with a third party, we are under a duty to do so in accordance with your best interests.

Our Order Handling and Best Execution Policy (the "Policy") is available on our Website and a copy can be provided upon request to your EFGHA Investment Manager. By signing the Application Form, you confirm your consent to the Policy.

You will be given notice of any material changes to the Policy and, if you continue to use our services after that period you will be deemed to have consented to the change of policy.

Please note that any specific instructions you may give in relation to the execution of Orders on your behalf (for example, as to how and where a particular Order should be executed) may, in relation to those matters covered by the instructions, prevent us from taking steps described in our Policy which have been designed and implemented to help obtain the best possible result. Giving us specific instructions as to execution may therefore adversely affect the price you receive.

3.1.4 Limit orders

You instruct us not to make public client limit orders (i.e. any specific instruction from you to us to buy or sell an investment at a specified price limit or better and for a specified size) in respect of shares admitted for trading on a regulated market or traded on a multilateral trading facility ("MTF") or organised trading facility ("OTF") which are not immediately executed under prevailing market conditions.

3.1.5 Dealing off-market

You consent to us executing orders for your Portfolio outside a regulated market or MTF or OTF when we believe this to be in your best interests.

3.1.6 Aggregated transactions

Subject to the Applicable Regulations (including, without limitation the FCA Rules regarding the management of conflicts of interest and treating clients fairly), we may execute Orders in respect of your Portfolio with those of other clients and of our employees and of Associates and their employees without asking you first. Wherever we aggregate transactions we will allocate such transactions on a fair and reasonable basis in accordance with the requirements of the FCA Rules and the rules of any other applicable regulator. We will only aggregate your orders if we believe it is likely that the aggregation of your orders will work overall to your advantage. However, you should note that the effect of aggregation may work to your disadvantage in relation to a particular order.

3.1.7 Aggregated portfolio management

Under certain circumstances you may request that we manage your Portfolio, along with one or more portfolios belonging to a party related to you, on an aggregated basis for asset allocation purposes. Additional terms and conditions will apply to these arrangements that will require agreement by you and such related parties.

3.1.8 Group investments

We may, in the provision of our Investment Services, invest on your behalf in collective investment schemes or in investment trusts which are operated, managed or advised by us or a company in our group (or in respect of which we or one of our group companies is otherwise associated).

3.1.9 Overseas transactions

When we enter into transactions on your behalf in assets or investments denominated in non-Sterling currencies, we may carry out any necessary foreign exchange transactions (together with any hedging transactions on a transaction-by-transaction basis) on receipt of the trade confirmation for the transaction.

Income or other receipts deriving from the assets or investments in your Portfolio may be converted, where necessary, into the base currency of your Portfolio.

3.2 Tax status

You have sole responsibility for the management of your tax affairs and complying with any laws and regulations in this regard. You confirm that you have been and are compliant with all tax declarations and reporting obligations in relation to the assets and monies in your accounts and any gains or income they produce. The value to you of the services we provide may depend on your tax status. We will not provide you with this advice and you should seek your own tax advice as to whether such services are appropriate for you.

When we provide Discretionary Investment Management Services, Advisory Investment Management Services or Advisory Dealing Services to you we will not be liable for the taxation consequences of any transaction.

3.3 The custody of your cash and assets

As indicated in the Application Form (or as subsequently notified to us in writing) the cash and assets within your Portfolio will be held in one of the following ways:

- a) by us as custodian in accordance with the FCA Client Money Rules and the FCA Custody Rules and the provisions of section 8 of this Agreement; or
- b) by a Third Party Custodian appointed directly by you, on terms to be agreed between you and the Third Party Custodian. The scope of our responsibilities in this situation is set out in section 9 of this Agreement.

3.4 Reporting

We will provide you with a statement setting out the value and composition of your Portfolio quarterly or such other frequency as may be required by Applicable Regulations on the following basis:

- a) for Discretionary Investment Management and Advisory Investment Management Portfolios, the statements will include the value of the Portfolio as at the date of the previous statement and provide details of the contents of the Portfolio as at the date of the current statement, changes in composition between those dates and other relevant information in accordance with Applicable Regulations;
- b) assets in the Portfolio will be valued on a traded basis using the last available and relevant mid-market values as at the reporting date. For securities where the price at the valuation date is not available, the last published price or the latest estimated price will be used. Unquoted securities are valued at zero. For structured notes, market values are calculated using a bid market price received from the calculation agent as quoted on Bloomberg or Reuters.
- c) for Discretionary Investment Management and Advisory Investment Management Portfolios, total management fees and total costs associated with execution and any other fees are reported during the relevant reporting period. A more detailed breakdown of fees and charges will be provided on request;
- d) for Discretionary Investment Management and Advisory Investment Management Portfolios, the statement will include a measure of Portfolio performance against your specified Investment Objectives and/or benchmark. This will be calculated net of fees and will be time-weighted to neutralise the effect of client-instructed capital injections or withdrawals;
- e) the statement will include details of all investments and cash held on your behalf pursuant to this Agreement; and
- f) we will endeavour to despatch your statement(s) soon after the due date. However, we are obliged to deliver them to you no later than 25 Business Days.
- g) if your Portfolio holds positions in leveraged financial instruments or contingent liability transactions we will notify you as soon as possible where the initial value of the Portfolio depreciates by 10% (and thereafter at multiples of 10%). We will notify you no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

We shall forward any appropriate tax vouchers to you or to your duly authorised agent.

Any statement or valuation provided by us shall be for your personal information and for no other purpose. No third party may rely upon any such information.

3.5 Suitability

In providing our Discretionary Investment Management Services, Advisory Investment Management Services and Advisory Dealing Services to you we are required by the FCA to obtain the necessary information from you regarding your knowledge and experience in the investment field relevant to the specific type of investment or service provided to you, your financial situation, your capacity for loss, your appetite for risk and your Investment Objectives, in order to assess the suitability of our advice, and of the transactions to be entered into by us on your behalf. We collect this information in your Investor Profile Form. Should you wish to appoint a financial adviser as your agent to deal with us in the provision of our Investment Services other terms may apply as set out in paragraph 11.10e below.

The reason we assess suitability is to enable us to act in your best interests. We may rely on information you provide for this purpose about your knowledge, experience, financial situation, Investment Objectives and attitude to risk.

You should notify us of any change to this information and we will need your confirmation of any change to your Investor Profile Form. You are responsible for ensuring that the information you provide and have provided to us for this purpose about your knowledge, experience, financial situation, investment objectives and attitude to risk is accurate, complete and up to date.

3.6 Your Investment Objectives

Although we will exercise reasonable skill, care and diligence in managing your Portfolio, events or circumstances outside our reasonable control including, but not limited to, changes in the price or value of assets of a Portfolio brought about through market movements may prevent or hinder us from achieving your Investment Objectives (where established) and consequently we cannot undertake that your Investment Objectives will be achieved. Similarly, any benchmark is intended to be a target only and not as an assurance or guarantee of performance of your Portfolio or any part of it.

Where we have accepted Investment Restrictions, we shall use reasonable endeavours to observe them. You agree that this may affect performance and may result in a lower overall return than a Portfolio without such constraints.

Subject to FCA Rules on suitability, including any necessary completion of a new Investor Profile Form and supporting documents, you may change your specified investment strategy by informing your Investment Manager.

3.7 Material interests

You acknowledge that we are part of a group of companies which is involved in a full range of services including banking, financial planning and the provision of investment services. As such, we or an Associate may have a material interest or a conflict of interest in the services or transactions we carry out with or for you.

We may, without asking you first, effect transactions for you when we have a direct or indirect material interest (or a relationship with another party) which may involve a conflict with our duty to you. Please refer to section 3.8 as to how we identify and prevent or manage conflicts of interest.

The Investment Services which we provide to you are not exclusive. We may manage and give advice in relation to the assets of other clients (and be paid for this) so long as our duties under this Agreement are not thereby impaired. This may involve investments of the same kind as held by you.

Neither we nor any Associate are obliged to disclose to you, to use for your benefit or to take into consideration, any information which comes to our notice while acting in relation to the investments of any other person, if the use or disclosure would (or might) be a breach of duty of confidence owed to any other person.

We may buy or sell units for you in funds where we or our Associates are the manager of or investment adviser to the fund. Where investments are made into funds managed by us and/or an Associate of ours, these funds may borrow from us (in order to leverage the fund) for which the fund will pay us interest.

We may accept minor non-monetary benefits from third parties in connection with the Investment Services we provide to you (such as information relating to investments or investment services or participation in conferences or other training events on the benefits and features of specific financial instruments or investment services) to the extent permitted by Applicable Regulations.

You authorise us to deal on your behalf in each of the above and any similar situations. We are under no obligation to account to you for any profit, remuneration or commission received by us or an Associate as a result of any of these, or similar, situations.

3.8 Conflicts of Interest Policy

We are required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of our clients.

To that end, we maintain a Conflicts of Interest Policy, the purpose of which is to identify potential conflicts and set out the procedures to prevent or manage such conflicts, taking into account circumstances where we might make a financial gain or avoid a financial loss at your expense; have an interest in the outcome of a service provided to you distinct from your interests; have a financial or other incentive to favour the interest of another client(s) over your interests; carry on the same business as you; or receive from another person an inducement in relation to a service provided to you, in the form of monies, goods or services, other than the standard commission or fee for that service.

A summary of our Conflicts of Interest Policy as of the date of this Agreement is set out below:

- a) Where a conflict of interest arises, we will always put your interests before our own;
- b) Where we have a material interest in a transaction with you, all reasonable steps will be taken to ensure fair treatment and that our material interest is communicated to you;
- c) We have established procedures to ensure fair treatment between all our clients. For example, when executing an aggregated order which is not filled, securities which are obtained are allocated fairly between clients in accordance with our Order Handling and Best Execution Policy;

- d) We do not enter into dealing arrangements that could compromise our ability to comply with best execution requirements;
- e) We have a policy designed to minimise the risk of conflicts arising in situations where staff receive or provide gifts/inducements from or to clients or third parties;
- f) We have a personal account dealing procedure to reduce potential conflicts of interest in situations where staff deal on their own account;
- g) We have an independence policy that requires staff to disregard any material interest or conflict of interest when dealing for clients on a discretionary basis;
- h) If the arrangements put in place by us to manage conflicts of interest are not sufficient to ensure with reasonable confidence that the risk of damage to your interests will be prevented, then as a last resort we will disclose the general nature or sources of conflicts to you (or both) and the steps taken to mitigate those risks, with sufficient detail in accordance with Applicable Regulations to enable you to make an informed decision as to whether to proceed;
- i) If we are unable to manage a conflict of interest through disclosure, reliance on a policy of independence or through internal arrangements then we may refuse to act for you.

A copy of our full Conflicts of Interest Policy is available upon request.

3.9 Data protection and confidentiality of information

We consider client confidentiality to be very important and take our responsibilities seriously. We are committed to keeping your personal information safe, protecting your privacy and ensuring that adequate safeguards are in place to maintain high standards of confidentiality at all times. We process personal information in accordance with applicable data protection legislation. Please read our privacy policy to understand how we use and protect the information you provide us (a copy of our privacy policy can be accessed here: www.efgha.com/About-us/Company)

We are not obliged to disclose to you or take into consideration information, the disclosure of which would be a breach of duty or confidence owed to any other person, or which comes to the notice of an employee, officer or agent of ours, but not to the actual notice of the individual(s) advising you or managing your Portfolio.

3.10 Complaints and investor compensation

If you have a complaint in respect of our Investment Services, you should in the first instance write to our Compliance Department at our Head Office. We will promptly acknowledge your complaint in writing and do our best to deal with it as quickly as possible. You may also have a right to complain directly to the Financial Ombudsman Service (FOS), which is located at Exchange Tower, London E14 9SR. If you want to exercise this right, please let us know and we will send you further details. You can also get more information and a complaint form from www.financial-ombudsman.org.uk. Further details of our internal complaints policy are available on request.

We participate in the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations to you. This depends on the type of business, your position and the circumstances of the claim. Currently, for eligible claims for investment business, up to £85,000 is covered per eligible person. Further information is

available from us or from the FSCS, which is located at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU. You should note that this scheme is not normally available to professional clients. Please visit www.fscs.org.uk for further details.

3.11 Means of communication

We may contact you by post, telephone, email or fax using the details you have given us. You consent to us communicating with you by placing information on our Website and you specifically consent to us providing you with documents (including the latest version of this Agreement that is in force from time to time) by placing such information on our Website, by email or other means of electronic communication. If you would prefer us to provide hard copies of communications or documents to you, you may request this in writing.

You accept that the privacy and security of communicating through these means cannot be guaranteed as it is subject to inherent security risks such as unauthorised interception or modification. In addition, you accept that delivery of email/fax is not guaranteed. We accept no responsibility for loss suffered as a result of any form of interception or modification by third parties. You also acknowledge that in communicating with us using the above means, the privacy and security of such communication cannot be guaranteed.

3.11.1 Communication by us to you

Any instructions, notices, requests or other communications to be given to you and/or, as appropriate, a third party authorised by you, shall be sent to the address and/or email address (or fax number, if applicable as you have agreed with us in writing) as set out in the Application form or any other address(es) you notify to us in writing or, in the case of an email address, which you use to communicate with us. You agree that you are responsible for notifying us if your address or email address (or fax number, if applicable) or other details change and will notify us in writing of such change as soon as possible.

3.11.2 Communications by you to us

Instructions or Orders shall only be given by email (from an authorised email address), telephone and post. We will only treat instructions or Orders as received by us when:

- a) by email, at the time your EFGHA Investment Manager confirms the Instruction or Order with you;
- b) by telephone, at the time when you orally give us your instruction; and
- c) by post, at the time your EFGHA Investment Manager confirms the Instruction or Order with you.

We will only act on instructions or Orders authorised in accordance with the signing powers set out on the Application Form or the Third-Party Authorisation Form, as updated from time to time.

If your instructions or Orders appear to be unclear, incomplete or fraudulent, we may delay acting on such instructions or Orders until we receive the clarification we need and will not consider such instructions or Orders as having been received. We will not be responsible for any loss you may suffer if any apparently unclear, incomplete or fraudulent instruction or Order (as determined by us in our sole discretion) is not actioned or we are delayed in acting on such instruction or Order whilst waiting for clarification.

3.11.3 Apparent instructions

As long as we act reasonably, you authorise us to rely on instructions or Orders which appear or purport to be sent by you or a third party authorised by you. Should we receive an unauthorised or fraudulent instruction, whether it is sent as a result of a breach or failure of your security processes or IT security software or otherwise, we shall not be liable for any loss suffered should we execute this instruction.

3.11.4 Recording of telephone calls and electronic communications

We may record all telephone and electronic communications between us. A copy of such recordings will be available on request for a period of five or, where requested by the FCA, seven years from the date of the recording. We may make a charge for providing a copy of the recording. All recordings of telephone calls and electronic communications are our property and you agree that we may use them in evidence if there is a dispute between us or for any other matter.

3.11.5 Communications by post

Unless we tell you to the contrary, please write to us at our correspondence addresses:

Head Office

33 Great Charles Street, Birmingham B3 3JN
Telephone: +44 (0) 121 233 1222

Branch offices:**London**

Leconfield House, Curzon Street, London, W1J 5JB
+44(0) 20 7491 9111

Ombersley

Church Mews, Ombersley, Worcestershire, WR9 0EW
Telephone: +44 (0) 1905 619 499

Shrewsbury

Beech House, Anchorage Avenue, Shrewsbury Business Park, Shrewsbury, SY2 6FG
Telephone +44 (0) 1743 247 746

Subject to section 3.11.11 we will act on your mailed instructions as soon as practicable following receipt.

3.11.6 Communications by telephone

When speaking to you by telephone, we will first be required to verify your identity in line with our internal procedures. Please be aware that telephone calls may be recorded for monitoring purposes. We will only contact you by telephone where permitted by Applicable Regulations.

3.11.7 Communications by email or fax

Subject to section 3.11.11 if you grant us authorisation in the Application Form (or otherwise agree with us in writing), we will communicate with you by email and/or fax.

For time sensitive matters please contact your EFGHA Investment Manager if you do not receive confirmation of acceptance of instructions within 15 minutes. We will not accept changes to address or bank details by email. We will not be liable for any loss occurring as a result of a delay in confirming any information issued by email or fax.

3.11.8 Communication to us by a third party authorised by you

If you authorise us to accept the instructions of a third party, and we agree, we will do so until we receive notice to the contrary from you. The same rules (see sections 3.11.1 to 3.11.7) apply to written, telephoned, faxed or emailed instructions received from an authorised third party as they do to instructions received from you and you must ensure that your authorised third party complies with these rules.

3.11.9 Advice

In line with Applicable Regulations, we will, as necessary, explain the rationale for any advice given in terms of the suitability of the investments and/or strategy recommended.

Our investment advice is classified by the FCA as “restricted advice”. This is advice based on a more restricted analysis of a narrower range of relevant products available on the market than is the case where a firm provides independent advice. We may restrict our advice to a range that is limited to certain issuers or providers. We may also limit our advice to a range of products issued or provided by us, companies in our group or other entities with which we have close legal or economic relationships. Where our advice is restricted, we are still required to ensure that we are not biased and that any relevant product or any relevant transaction we advise you on is suitable to meet your Investment Objectives.

3.11.10 Our written acknowledgement

Once we have acted on your instructions, and if you ask us to, we will acknowledge that to you in writing. We will also report to you (including providing contract notes, where relevant) in accordance with section 3.4.

3.11.11 Our right not to act on your instructions

We reserve the right not to act on instructions received from you if:

- a) to do so would involve us or you in a breach of legal and/or regulatory requirements; or
- b) we believe on reasonable grounds that to do so would be impracticable or against your interests; or
- c) to do so would run the risk of us suffering financial loss; or
- d) we believe you have not provided us with enough information to assess the appropriateness or suitability of certain type of investments.

3.12 Your undertakings

3.12.1 Acceptance and authority

You agree to accept and to be bound by the terms of this Agreement and undertake that you have full power and authority to enter into, and to instruct us, on the terms of this Agreement.

3.12.2 Information

You undertake:

- a) that all the information you have supplied to us is complete and accurate;
- b) to notify us promptly of any change to the information supplied by you;
- c) to supply us with all information, documentation or copy documentation that we require in order to allow us to carry out our on-boarding procedures; and
- d) to provide us with any additional information which may be reasonably required by us in order that we can fulfil our legal, regulatory and contractual obligations in connection with or relating to this Agreement.

3.12.3 Your Portfolio

You undertake that:

- a) Unless otherwise disclosed to us, the investments and cash comprising your Portfolio are within your beneficial ownership and are and will remain, for the term of this Agreement, free from all liens, charges and any other encumbrances;
- b) while this Agreement continues you will not, except through us, deal, or authorise anyone else to deal in the investments in your Portfolio;
- c) while this Agreement continues you will not, either directly or indirectly, cause us to incur any liability to any third party which is not anticipated by the express terms of this Agreement; and
- d) you shall sign and/or produce, by the time we ask you to, any documents we need to enable us to carry out our duties under this Agreement.

3.12.4 Our losses

You (and where you are an individual or individuals your personal representatives) shall be responsible on our written demand for all losses, costs and expenses and/or other liabilities incurred by us, our agents, or any nominee or Sub-Custodian, as a consequence of:

- a) the acceptance of instructions from you over the telephone, by text message, fax, email or other electronic means; and
- b) any breach by you of any of the terms of this Agreement.

This section 3.12.4 shall not apply to the extent of any losses or liability caused by a breach of this Agreement by us or the fraud, negligence or wilful default of us, our agents, a nominee or Sub-Custodian.

3.13 The extent of our responsibility for our actions and the actions of others

We will carry out our duties with reasonable skill, care and diligence and in accordance with the instructions and authority you have given us. As long as we do this, we cannot and do not accept any liability for loss (or the loss of an opportunity to gain) which arises from the provision of our Investment Services for and on your behalf.

Specifically, we will not be liable for:

- a) any losses arising from any cause beyond our reasonable control and the effect of which is beyond our reasonable control to avoid; or
- b) any losses that we could not reasonably have anticipated when you gave us an instruction; or
- c) any loss of business, loss of goodwill, loss of opportunity or loss of profit.

As stated above, it is your responsibility to ensure that you notify us of any change in your personal circumstances or the personal information recorded in the Investor Profile Form. We accept no liability for any loss suffered by you if this loss has been caused directly or indirectly by your failure to provide us with accurate and up-to-date information or your failure to update information we already hold in your Investor Profile Form or any other documentation that you have provided to us pursuant to this Agreement.

We are not liable to you if we fail to take any action which in our opinion would breach any regulatory requirement or market practice.

Our Associates are each separately responsible for their own services and any actions or omissions undertaken in the course of providing them.

If you choose to communicate with us via fax or email, we will not be liable for any loss caused by the compromise of confidential details during the transmission via fax or email.

We will exercise reasonable care in our choice of nominees, Sub-Custodians or agents and we will monitor their continuing suitability in accordance with Applicable Regulations. As long as we do this (and as long as the losses do not arise directly from our fraud, negligence or wilful default) we cannot and do not accept responsibility for loss arising from the default of a nominee (other than our own nominee), a Sub-Custodian or agent whether the loss arises from the loss of funds, investments, title documents or otherwise. In those circumstances, you may not have a direct claim against the relevant nominee, Sub-Custodian or agent and may not be able to access the FSCS or, where relevant, an equivalent overseas compensation scheme.

We cannot and do not accept responsibility for losses you suffer as a result of our (or our agents, nominees, Sub-Custodians or others appointed by us) failing to comply with these terms as a result of circumstances outside our or their reasonable control. These circumstances would include, but not be limited to, failure of or defects in any securities system.

Neither your Investment Objectives nor your Investment Restrictions will be deemed to be breached as a result of changes in the value of investments caused by movements in the market.

Any Investment Restrictions you impose on us cannot be applied to underlying investments where we invest on your behalf indirectly through a collective investment scheme or other collective or structured investment providing exposure to underlying investments or positions.

Nothing in this Agreement is intended to have, or has, the effect of excluding liabilities that cannot be excluded by Applicable Regulations or otherwise excluding or restricting our duties or liabilities to you under FSMA or the regulatory system.

We will normally act as your agent and you will be bound by our actions. Nevertheless, none of the Investment Services we are to provide shall give rise to any fiduciary or equitable duties which would prevent or hinder us or any associate in transactions with or for you or others, including programme trades, acting as both market maker and broker, or acting as agent in dealing with other associates or clients and obtaining a profit from any such activity.

3.14 Delegation

For the purposes of this Agreement, we shall have authority, at our discretion and without any prior reference to you, to delegate our functions, duties and authorities under this Agreement to any third party as we shall deem appropriate (who themselves may in turn sub-delegate to a third-party of their choosing). Such delegation will only be made where we have reasonable grounds to be satisfied that it does not, and is not likely to, impair compliance with our duty to act in our clients' best interests. Our liability to you for all matters so delegated shall not be affected by this delegation.

We may provide information about you and the investments you hold with us to any person to whom such activities have been delegated. We will give you written notice of any such delegation. Details of any other third parties to whom we may delegate any functions, duties and authorities under this Agreement are available upon request.

3.15 Charges

This section of the Agreement should be read carefully together with the Scope and Cost of our Services document. It is important that you understand our fees and charges, how they are calculated and when they are payable.

3.15.1 Our fees

In consideration for the provision of our Investment Services under this Agreement you will pay us such fees as are set out in the Scope and Cost of our Services document and such other additional fees as we may set out in other documents that we provide to you from time to time and agree with you separately in writing.

Where an Annual Management Fee is agreed for Discretionary Management or Advisory Investment Management Services, the fee will be payable in Sterling (plus VAT where applicable) every quarter in arrears as outlined in the Application Form or such other documents that we provide to you from time to time and agree with you separately in writing.

We will notify you in writing of any changes to our Scope and Cost of our Services document not less than sixty (60) days before such change takes effect. If you do not agree with the change to our fees, you may terminate this Agreement without penalty.

3.15.2 Other fees or charges

In addition to our fees and charges, you agree that you will be responsible for any other fees or charges that may be incurred as result of our provision of services to you. These may include, but are not limited to:

- a) brokerage fees, commissions and other related fees reasonably and properly incurred, which will become payable when the relevant trade to which such fees and/or commission related settles;
- b) management fees and other charges, including the costs of executing trades in securities or payable as a result of investing in collective investment schemes (e.g. front end or exit fees), which will become payable when such fees and/or other charges are incurred; and
- c) exceptional accounting and reporting expenses (for example, if we, or an Associate, are required to furnish to you or to accountants acting on your behalf information materially beyond the periodic reports and other information described in this Agreement, or to provide duplicates of information already furnished).

If the Portfolio is invested in funds managed by us and/or our Associates, all additional investment management, administration and other charges within such funds will be charged to the Portfolio and not be reimbursed. Further information on non-exclusivity and disclosures of interests is contained in section 3.7 of this Agreement. The charges for investment in individual funds provided by us and/or our Associates vary, and a copy of the most recent charges for those funds which may currently be included within the mandate selected for your Portfolio will be provided on request (where available from the third party provider).

3.15.3 Fees for termination

In the event of termination of this Agreement or upon notification of death, the management fees due will be calculated using the average of the month end values of your Portfolio until the date of termination. Management fees for any part month will only be paid in respect of the part of the month during which Investment Management Services were provided to you pursuant to this Agreement. The Fees will be charged to your Portfolio as soon as practical after the closure of the account. Fees for our Execution Only Services will continue to be payable until assets have been sold or transferred out of our custody.

3.15.4 Collecting our charges

You authorise us to withdraw any fees or charges owed to us for any of our services directly out of the relevant Portfolio within five (5) business days of the date on which those fees or charges became payable.

We will be entitled to convert one currency into another (or others) to meet any liability in the currency in which it has been incurred or is due.

We may use cash belonging to you held by us, or by a third party (including a Third Party Custodian or Sub-Custodian), in order to pay any outstanding fees or charges. We may also appropriate securities or other assets which are held within your Portfolio (including securities held by us as custodian or by a third party, including a Third Party Custodian

or Sub-Custodian) and sell them and apply the proceeds in or towards meeting any of your obligations towards us or a third party.

We shall retain a charge and security interest over any investments within your Portfolio to the extent that any fees, expenses, costs, losses or claims for which you are liable to us remain unpaid. You also agree that investments within your Portfolio may be subject to a security interest, lien or right of set-off in favour of any Sub-Custodian, nominee or agent appointed by us in respect of fees relating to the administration and safekeeping of such investments or of any depository or settlement system, in all cases in relation to the provision of services by such third parties to one or more of our clients.

We will notify you of any disposal of investments of yours pursuant to our rights under a charge or security interest. Such disposal will occur if you fail to make payments to us when due. The charge or security interest will apply in respect of each asset or type of asset or class of asset comprised within your Portfolio from time to time to the extent of your indebtedness to us.

3.16 Ending the Agreement

3.16.1 Notice of you ending the Agreement

You may end this Agreement by giving us written notice at any time. Such notice must include instructions as to how we should deal with your Portfolio. Specifically, your notice must provide:

- a) instructions as to whether you wish us to
 - i) liquidate your Portfolio and transfer the proceeds to you or a third party; or
 - ii) transfer the Portfolio without liquidating it to you or a third party;
- b) (if relevant) instruction as to which third party we should transfer the Portfolio or, as applicable, the proceeds of liquidation of the Portfolio; and
- c) when you wish for the above to take place.

We may refuse to transfer the Portfolio or liquidated proceeds to a particular third party in our sole discretion (including where to do so would be in breach of Applicable Regulations). In which case you may instruct us to take an alternative action, such as transferring the Portfolio or liquidated proceeds to an alternative third party or liquidating it and transferring the proceeds to you.

Without prejudice to any rights that survive the termination of this Agreement, this Agreement will be deemed to end on the date we transfer the Portfolio or the proceeds of the Portfolio to you or a third party.

Please bear in mind that if you give us notice to end this Agreement with immediate effect, and ask us to sell your investments, this could result in losses for which we will not be liable.

3.16.2 Notice of us ending the Agreement

We may end this Agreement by giving you sixty (60) calendar days' written notice at any time.

We may also end this Agreement with immediate effect by written notice if:

- a) you breach any of the terms of the Agreement and you fail to correct such breach within ten (10) calendar days' written notice;
- b) we reasonably suspect you have acted, or will act, fraudulently or in breach of Applicable Regulations in relation to this Agreement;
- c) we need to do so for regulatory, legal, tax or operational reasons, including if it becomes illegal for us to provide Investment Services to you (for example, if you move to a jurisdiction in relation to which we cannot provide our services); or
- d) you become bankrupt or unable to pay your debts as they fall due or where we reasonably believe you may not be able to meet your obligations under this Agreement.

Where we give you notice that we will be terminating the Agreement in accordance with this Agreement, we shall act on any instruction you have provided as to the liquidation of your Portfolio and the transference of the proceeds of this liquidation, or the Portfolio itself, to a third party. If we have not received any instruction from you following the above notice as to the third party to whom the above should be transferred, we reserve the right to liquidate the Portfolio and hold the liquidated proceeds in custody until such time as you provide this detail. We reserve the right to continue to charge our fees for custody in these circumstances.

We may refuse to transfer the Portfolio or liquidated proceeds to a particular third party in our sole discretion (including where to do so would be in breach of Applicable Regulations). In which case you may instruct us to take an alternative action, such as transferring the Portfolio or liquidated proceeds to an alternative third party or liquidating it and transferring the proceeds to you.

3.16.3 Death and dealing with personal representatives and insolvency practitioners

This Agreement will continue to bind your estate until terminated by your validly appointed personal representative or us giving notice to your personal representative. We will only act on the instructions of your estate where they provide us with such information as we may reasonably require to confirm, your death and the appointment of the personal representative.

Where we provide you with Discretionary Investment Management Services and you die, we will, until we receive instruction, continue to provide custody in respect of your assets but will cease to actively manage them in accordance with the Investment Objectives. The relevant execution-only schedule of fees will apply to these services.

Once we have received the grant of representation for your estate (or such other formal appointment, as applicable in your jurisdiction), we will act in accordance with your Personal Representative's instructions as appropriate.

If the Agreement is not terminated within two (2) years of the date of your death, we may, where regulatory requirements allow, take such action as we reasonably consider appropriate to close your Account.

If you are a non-natural person and we receive notice of your winding up or similar procedure in any jurisdiction, we will act on the instructions of your proven representatives.

3.16.4 Transactions in progress

When this Agreement ends, transactions already initiated to which we or our agents are committed will be completed.

3.16.5 Consequences of ending

When this Agreement ends we may charge you for:

- a) periodic charges which have accrued and are due;
- b) any additional expenses we or our agents necessarily incur on termination of this Agreement; and
- c) any losses necessarily realised by us in settling or concluding outstanding obligations,

but will not ask you for any additional payment.

Termination of this Agreement is without prejudice to the accrued rights and liabilities of the parties.

3.17 General

3.17.1 Amendments

You must notify us in writing of any proposed amendments to this Agreement (which will take effect only when accepted by us) and we will notify you in writing as to whether we are prepared to accept proposed amendments or not.

We may amend the Agreement by sending you a written notice describing the relevant changes. Such amendments proposed by us will take effect on the date notified to you by us, which shall be a date not less than sixty (60) Business Days after the date of issue of our notice unless circumstances (such as legal or regulatory requirements) dictate a shorter period.

For the avoidance of doubt, we may communicate such amendments to you by post or email, in accordance with section 3.11. You specifically consent to us providing you with the latest version of this Agreement by placing such information on our Website or by providing it to you by email or other means of electronic communication. If you would prefer us to provide hard copies of documents to you, you may request this in writing.

Should Brexit occur during the term of this Agreement, we shall perform this Agreement in accordance with any EU or national state measures and maintain the same overall balance of obligations, benefits, liabilities and risk between the Parties as applied at the date of this Agreement.

Should it be the case that either Party considers that, as a consequence of Brexit, the subsequent performance of this Agreement materially (i) increases the costs of either Party performing its obligations under the Agreement; (ii) reduces either Party's income under the Agreement; or (iii) otherwise adversely affects the benefit a Party derives from the Agreement, such Party may give notice to the other of the same, and shall promptly supply such details and evidence as may reasonably be required by the other Party. Within fourteen (14) days of the other Party receiving such notice, the Parties shall discuss in good faith and agree whether any amendments are required to this Agreement as a result of Brexit, such that the provisions of this Agreement maintain the same overall balance of obligations, benefits, liabilities and risk between the Parties as applied at the date of this Agreement. The Parties agree that the imposition of tariffs and other trade barriers relating to the subject matter of this Agreement and not in existence at the date of the Agreement shall be considered a material change in the overall balance.

Should it be the case that following good faith discussions between the Parties, the Parties are of the view that the reasons for giving such notice remain, but that no amendment of the Agreement allows for the overall balance of obligations, benefits, liabilities and risk between the Parties as applied at the date of this Agreement to be maintained, this Agreement shall be terminated fourteen (14) days following receipt of such notice.

Upon termination of the Agreement, under this section 3.17.1, neither party shall be liable to the other party, (except in instances of negligence or fraud) for any loss suffered as a result of Brexit, and/or any adverse effect Brexit has had on the performance of a party's obligations under this Agreement.

3.17.2 Assignment/Transfer

This Agreement is personal to you and you may not assign or transfer any of your rights or responsibilities under it without our prior written consent. We may assign our rights and transfer our responsibilities under this Agreement to an associate company upon giving you ten calendar days' prior written notice, although we reserve the right to do this with immediate effect in which case we will inform you about the transfer as soon as reasonably practicable. You agree that we may assign our rights and transfer our responsibilities under this Agreement to a third party upon giving you sixty (60) calendar days' prior written notice. In the event of a transfer of our business under this clause you consent to us transferring the control of your client money in accordance with the provisions of Section 4. Where we transfer any of our rights or obligations under this Agreement to any person, we may provide that person with any information relating to you that they may reasonably require.

You represent and warrant that you will not, without our explicit prior consent:

- a) charge or encumber your Account to any third party or debtor,
- b) declare a trust over your Account(s).

For the avoidance of doubt, we are not to be held liable for breaching any agreement and/or arrangement you make with a third party regarding your Account(s) held by us, unless we are also a party to that agreement and/or arrangement.

3.17.3 Severance

If any court or competent authority finds that any provision of this Agreement (or part of any provision) is invalid, illegal or unenforceable, that provision or part provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of this Agreement shall not be affected.

If any invalid, unenforceable or illegal provision of this Agreement would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with the minimum modification necessary to make it legal, valid and enforceable.

3.17.4 No Rights under Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

3.17.5 Language

This Agreement is supplied in English and all communications from us to you for the duration of this Agreement shall be in English.

3.17.6 Governing law

This Agreement (and any non-contractual matters arising out of or in connection with it) is governed by and shall be construed in accordance with the laws of England and shall be subject to the non-exclusive jurisdiction of the English courts.

4. DISCRETIONARY INVESTMENT MANAGEMENT

4.1 Our Discretionary Investment Management Service

The basis of our Discretionary Investment Management Service is that we agree with you an Investment Strategy which takes into account your risk tolerance, Investment Objectives and Investment Restrictions, and we use our discretion to buy and sell investments for your Portfolio matching your Investment Strategy.

We will select one or more benchmarks against which to assess the performance of your Portfolio and will report to you periodically on the results of our Discretionary Investment Management Service.

4.2 Our discretion

Subject to the controls described in section 4.4, you grant to us complete discretion over your Portfolio and (without limiting our discretion) grant us authority, without prior reference to you, to:

- a) buy, sell, retain, exchange or otherwise deal in investments and other assets;
- b) retain monies as cash;
- c) advise on and execute transactions on any markets;
- d) subscribe to issues and offers for sale and accept placings, underwritings and sub-underwritings of any investments (including any issues, offers, placings, underwritings and sub-underwritings where we or a member of our group are acting as underwriter, sub-underwriter, broker or adviser to the issuing company or other entity concerned);
- e) negotiate and execute counterparty and Portfolio opening documentation; and
- f) otherwise act as we think appropriate regarding the management of your Portfolio.

Subject to any restrictions set out by you we may invest any amount we deem appropriate in a single investment and are not restricted in the proportion of the Portfolio represented by a single security or issuer.

4.3 The investments in respect of which we have the right to exercise discretion

Subject to the controls described in section 4.4, you authorise us to exercise our discretion over the following types of investments (denominated in any currency):

- a) shares;
- b) fixed interest securities including bonds;
- c) gilts and certificates of deposit;
- d) units in regulated funds;
- e) exchange traded funds;

- f) shares in investment trusts;
- g) structured capital-at-risk products (e.g. structured investment products);
- h) transactions to hedge currency exposure within a Portfolio;
- i) warrants to subscribe for shares; and
- j) unit trusts, open ended investment companies, mutual funds and other collective investment schemes in the UK and elsewhere (whether regulated or unregulated).

Some of the investments available under this Agreement (including derivatives and structured products) are not covered by this Agreement alone and may require you sign and return additional documentation.

4.4 Controls on our discretion

Where we provide our Discretionary Investment Management Service we exercise our discretion in accordance with your Investment Strategy. Accordingly, we will arrange or execute transactions that are suitable for you and your Portfolio in only those instruments listed at 4.3.. Further details of our suitability assessments are set out in section 3.5.

We shall not (unless otherwise agreed in writing with you) commit you to supplement your Portfolio either by borrowing on your behalf or committing you to a contract the performance of which may require you to supplement your Portfolio except in either case where there is a temporary shortfall of cash in the Portfolio and then subject to such limits as we consider appropriate.

We shall not, (unless otherwise agreed in writing with you) on your behalf, enter into contingent liability transactions under the terms of which you may be liable to make further payments either when the transaction is completed or when the transaction is closed out early.

Should you inform us that there may be certain investments that you do not wish us to sell we will hold these for you in a separate execution only Portfolio. We shall provide our services in relation to this execution only Portfolio in accordance with section 7 below.

As set out in more detail in section 3, we will arrange transactions for you in accordance with our Order Handling and Best Execution Policy.

4.5 Transfer of cash and/or other assets into your Portfolio

We will provide you with reasonable assistance in arranging the transfer of cash and assets into your Portfolio. We cannot, however, be responsible for any direct or indirect loss to you as a result of a delay in such a transfer which is due to the actions or inactivity of you, your previous investment manager or your previous custodian, or where the assets are not suitable for transfer into the Portfolio.

4.6 Voting rights

If your investments are held by a nominee or are otherwise under our control and we are notified of any Corporate Events we will not notify you but will act under our discretion. We will not notify

you of any mandatory corporate action (meaning that the outcome is not something over which you have a choice).

The ability to exercise voting rights can be subject to restrictions due to holdings being pooled. We shall not be under any obligation to inform you of the opportunity to vote in respect of matters not relating to corporate actions.

4.7 Risks of discretionary management

Where you ask us to provide our Discretionary Investment Management Services, we will, without consulting you, purchase, sell and otherwise deal in investments on your behalf in line with your Investment Strategy.

Other than where we have acted negligently, fraudulently or in wilful default we will not be liable for any loss sustained by you because of a fall in the value of your Portfolio that is managed by us on this basis

5. ADVISORY INVESTMENT MANAGEMENT

5.1 Our Advisory Investment Management Service

The basis of our Advisory Investment Management Service is that we will agree with you an investment strategy which takes into account your risk tolerance, Investment Objectives and Investment Restrictions. We will regularly review the composition of your Portfolio to ensure that the type and proportion of assets held remain in line with the investment strategy and will recommend buying and selling individual holdings as and when it is appropriate to do so. The decision to proceed with our recommendations will be yours.

We will carry out any transactions instructed by you on your behalf. As set out in more detail in section 3, we will arrange transactions for you in accordance with our Order Handling and Best Execution Policy.

We will select one or more benchmarks against which to assess the performance of your Portfolio and will report to you periodically on the results of our Advisory Investment Management Service.

5.2 The Investments in respect of which we will provide our Advisory Investment Management Service

Subject to your Investment Strategy, including any Investment Restrictions, you authorise us to provide you with recommendations in relation to the types of investment (denominated in any currency) listed in the Scope and Cost of our Services document.

5.3 Suitability

We are required to provide you with a suitability statement before we commit you to a transaction. You confirm that if we provide you with our advice and you instruct us to enter into a transaction over the telephone or by some other means of distance communication that prevents the prior delivery of a suitability statement, we may provide you with our suitability statement after you have been committed to the transaction. You will, however, also be given the option of delaying the transaction.

5.4 Corporate actions

We will notify you of Corporate Events and provide you with a recommendation as to how to exercise any rights you may have in relation to them. We will exercise such voting rights in accordance with your written instructions, in the absence of which they will be unexercised. **5.4.1**

Voting Rights

We will not generally notify you regarding voting matters. We will obtain your instructions before exercising on your behalf voting rights relating to your holdings. We will exercise such voting rights in accordance with your written instructions, in the absence of which they will be unexercised.

The ability to exercise voting rights can be subject to restrictions due to holdings being pooled. We shall not be under any obligation to inform you of the opportunity to vote in respect of matters not relating to corporate actions.

6. ADVISORY DEALING

6.1 Our Advisory Dealing Service

The basis of our Advisory Dealing Service is that we will, when requested by you, advise you on the merits of buying and selling individual holdings within your Portfolio. The decision to proceed with our recommendations will be yours. We will have no on-going responsibility to monitor or review the suitability of the investments you hold.

We will carry out any transactions instructed by you on your behalf. As set out in more detail in section 3, we will arrange transactions for you in accordance with Order Handling and Best Execution Policy.

6.2 Suitability

We are required to provide you with a suitability statement before we commit you to a transaction. You confirm that if we provide you with our advice and you instruct us to enter into a transaction over the telephone or by some other means of distance communication that prevents the prior delivery of a suitability statement, we may provide you with our suitability statement after you have been committed to the transaction. You will, however, also be given the option of delaying the transaction.

6.3 The extent of our obligations

Please bear in mind that although the advice we provide will be suitable at the time it is provided:

- a) your circumstances may change and the advice may need to be reviewed and updated (this will only be carried out when, on your own initiative, you instruct us to do so);
- b) advice to purchase specific investments may have been based on your instructions to us to devise investment recommendations and ideas for the short term. It may not be appropriate for you to hold such investments for the medium or long term.

When we provide our Advisory Dealing Services we do not accept responsibility for advising you on the continued suitability of individual investments measured against your Investment Objectives or other considerations you described to us at the time the advice was originally given.

6.4 Corporate actions

If your investments are held by a nominee or are otherwise under our control and we are notified of any Corporate Events we will notify you. However, we will not notify you of any mandatory corporate action (meaning that the outcome is not something over which you have a choice).

Where we have provided notice of a Corporate Event, you are responsible for ensuring that instructions are provided to us by the time stated in the notice. If we do not receive an instruction within the terms and timing of the notice, we will not make an election on your behalf. If a Corporate Event is a rights issue that requires additional funds from you, it is your responsibility to ensure that cleared funds are available in your Portfolio by the time stated in the notice. We are not responsible for the consequences of any failure to provide instructions to us by the stated time once notification has been given, or the consequences of any default option applied on your behalf or any alternative instructions we receive. We are not obliged to do more than give one notification on each relevant matter.

6.4.1 Voting rights

The ability to exercise voting rights can be subject to restrictions due to holdings being pooled. We shall not be under any obligation to inform you of the opportunity to vote in respect of matters not relating to corporate actions.

7. OUR EXECUTION ONLY SERVICES

7.1 Execution Only Services

The basis of our Execution Only Service is that, where we accept an execution only instruction from you, we will carry out the transaction on your behalf following your explicit instructions without providing you with any investment advice. We will not owe you a duty to give, and will not give you, any advice in relation to the merits of the transaction in question when we deal with you on this basis.

For certain “complex” investments, we will be obliged to carry out an “appropriateness assessment” to determine that you have the necessary knowledge and experience to understand the risks involved, please see section 3 for more details.

As set out in more detail in section 3, we will arrange transactions for you in accordance with our Order Handling and Best Execution Policy.

7.2 Investments available through the Execution Only Service:

The types of investments for which we offer a ‘dealing-only’ facility are listed in the Scope and Cost of our Services document.

7.3 Appropriateness

If you ask us to carry out Execution Only transactions in complex investments we are required to assess the appropriateness of the transaction, by determining whether you have the necessary experience and knowledge in order to understand the risks involved in relation to the product or service in question.

For that purpose, we will be obliged to obtain information regarding your investment knowledge and experience. We collect this information in your Investor Profile Form.

You are responsible for ensuring that the information you provide and have provided to us for this purpose about your knowledge and experience is accurate, complete and up to date.

If, based on the information you have given us, we believe that an investment is not appropriate, we will warn you. However, should you still wish to invest, you may ask us to do so at your own risk. If you wish to proceed with the transaction after having been given this warning, you shall be solely responsible for that decision and you should be aware that:

- a) you may be exposing yourself to risks that fall outside your knowledge and experience and/or which you may not have the knowledge and experience properly to assess and/or control to try to mitigate their consequences for you; and
- b) we will have no responsibility for the action so requested, including the outcome.

We will notify you if we consider a particular investment to be a complex instrument. Typical examples of complex instruments include:

- a) structured products;
- b) investments with limited liquidity;
- c) convertible, callable shares/preference shares;

- d) money market instruments and bonds embedding a derivative, which would include: credit-linked notes, callable, puttable, convertible and exchangeable bonds;
- e) complex structured deposits; and
- f) complex alternative investment funds.

7.4 Reporting

In addition to our quarterly reporting set out in section 3.4, when we deal for you on an Execution Only basis, we will provide you with a Contract Note on a transaction by transaction basis, in hard copy or electronic form, confirming the execution of the order and providing you with details of the order (such as the price and any rate of exchange used for a currency conversion). You should check the contract note carefully.

7.5 The extent of our obligations

Please bear in mind that although we will carry out an appropriateness assessment at the time we receive an instruction from you regarding complex instruments your circumstances may change and the investment may cease to be appropriate for you.

When we provide our Execution Only Services we do not accept responsibility for advising you on the suitability of the transaction.

We may, at our discretion, refuse to enter into a transaction on your behalf for any reason.

7.6 Corporate actions

If your investments are held by a nominee or are otherwise under our control and we are notified of any Corporate Events we will notify you. However, we will not notify you of any mandatory corporate action (meaning that the outcome is not something over which you have a choice).

Where we have provided notice of a Corporate Event, you are responsible for ensuring that instructions are provided to us by the time stated in the notice. If we do not receive an instruction within the terms and timing of the notice, we will not make an election on your behalf. If a Corporate Event is a rights issue that requires additional funds from you, it is your responsibility to ensure that cleared funds are available in your Portfolio by the time stated in the notice. We are not responsible for the consequences of any failure to provide instructions to us by the stated time once notification has been given, or the consequences of any default option applied on your behalf or any alternative instructions we receive. We are not obliged to do more than give one notification on each relevant matter.

7.6.1 Voting rights

The ability to exercise voting rights can be subject to restrictions due to holdings being pooled. We shall not be under any obligation to inform you of the opportunity to vote in respect of matters not relating to corporate actions.

8. OUR CUSTODY SERVICES

8.1 What we mean by “Custody Services”

When we refer to “Custody Services” we mean, in broad terms, providing the following services in relation to your Portfolio:

- a) dealing with the administration involved in the buying and selling of investments on your behalf;
- b) holding your investments in the name of or under the control of our nominee company or a third party of a type permitted by the FCA Custody Rules;
- c) keeping safe documents of title of your investments;
- d) collecting on your behalf dividends, income and other entitlements accruing to your investments; and
- e) providing to you, at regular intervals, information on your investments.

We reserve the right to refuse to accept any particular investment into our custody including holding certificated securities or bearer instrument on your behalf.

8.2 Title to your Investments

We will identify, record and hold all client assets separately from any of our own investments and other assets, and in such a manner that the identity and location of client assets can be identified at any time.

Except as otherwise agreed between us in writing, in accordance with Applicable Regulations we will register or record investments which can be registered in your Portfolio:

- a) in the name of a nominee company which is controlled by us, an Associate, a recognised investment exchange or a Sub-Custodian appointed by us in accordance with section 8.3;
- b) in the name of any other third party, in certain circumstances where the investment in question is subject to the law or market practice of a jurisdiction outside the UK and we have taken reasonable steps to determine that it is in your best interests to register or record it that way, or that it is not feasible to do otherwise, because of the nature of the applicable law or market practice;
- c) in our name, if we are prevented from registering or recording the investments in line with the above options and the investment in question is subject to the law or market practice of a jurisdiction outside the UK and we have taken reasonable steps to determine that it is in your best interests to register or record it that way, or that it is not feasible to do otherwise, because of the nature of the applicable law or market practice, and you hereby consent to us registering or recording legal title in this way in those circumstances; or
- d) in your name, if you have a CREST Personal Account (any securities held through the CREST system will be held in your name).

In relation to those of your investments registered in a nominee’s name, that nominee will hold the legal title to such investments and you will at all times be the beneficial owner.

8.3 Appointment of a Sub-Custodian

We may deposit your investments or arrange for your investments to be deposited with a Sub-Custodian. We will exercise all due skill, care and diligence in the selection, appointment and

periodic review of Sub-Custodians, in accordance with our obligations under the FCA Custody Rules.

Assets that we deposit with a Sub-Custodian will usually be held in a pooled account that is identified as belonging to our clients and we will identify such accounts in our books and records on that basis. If there is a shortfall on such an account in the event of the Sub-Custodian's insolvency, you may share in that shortfall with other clients, depending on the amount you had deposited with them. Any losses arising from such shortfall may be shared pro rata according to each client's individual entitlement.

As long as we have exercised all due skill, care and diligence in the selection, appointment and periodic review of a Sub-Custodian, we will not be liable to you in the event of default by or the insolvency of the Sub-Custodian unless that Sub-Custodian is our Associate.

We may appoint our Associate in Switzerland, EFG Bank AG, as a Sub-Custodian unless it is not feasible to do so, in which case we may appoint a third party Sub-Custodian instead. EFG Bank AG may appoint its own third party Sub-Custodians, creating a chain of sub-custody. You acknowledge that:

- a) where your investments are held by EFG Bank AG or third party Sub-Custodians in a chain of sub-custody, different settlement, legal and regulatory requirements, together with different practices for the separate identification of the investments, may apply to those prevailing in the UK; and
- b) we will perform due diligence of EFG Bank AG's custody capabilities with all due skill, care and diligence and shall also review regularly its financial standing, status and service. We take responsibility for any event of default of EFG Bank AG whilst acting as our Sub-Custodian in accordance with this Agreement. However, we are not responsible in the event of default by or the insolvency of a third party Sub-Custodian where EFG Bank AG has exercised all due skill, care and diligence in the selection, appointment and periodic review of such third party Sub-Custodian.

In the case of transactions carried on outside the UK, any investments held by us or to our order on your behalf may be passed to an intermediate broker, settlement agent or counterparty located outside the UK. In these circumstances, the legal and regulatory regime applying to such an entity may be different from that of the UK. This means that in the event of the insolvency of such an entity, your cash and assets may be treated differently from the manner in which they would be treated if they had been passed to an intermediate broker, settlement agent or counterparty within the UK. Additional information on risks relating to emerging markets is set out in section 12.

8.4 Our nominee

We are responsible for the acts and omissions of our nominee company (HALB Nominees Limited) to the same extent as our own acts and omissions.

8.5 Pooling

UK investments forming part of your Portfolio may be held in with a Central Securities Depository ("CSD"). Where we are a participant of the CSD we shall offer you a choice between holding your investments either in an Omnibus Client Segregated Account ("OSA") and an Individual Client Segregated Account ("CSA"). An CSA is used to hold the securities of a single client and therefore the securities of that client are held separately from the securities of other clients in a

nominee account. An OSA is used to hold the securities of a number of clients on a collective basis.

Where we hold your UK investments in an OSA (with a CSD or otherwise), your UK investments may be pooled with those of other clients for administrative reasons, but the investments owned by you will always be clearly identified in our records of your Portfolio. In practice, our nominee will generally be identified as the legal owner of the relevant OSA or CSA, and our records will identify which clients the nominee is holding the investments in that account for. The effect of pooling is that individual entitlements to such investments may not be identifiable by separate certificates or other physical documents of title or equivalent electronic records. In the event of an irreconcilable shortfall of client assets the shortfall may be shared pro-rata among all our clients whose investments are registered or held in the same name and you may not receive your full entitlement. This provision is not intended to replace or reduce any claim that you may have against us in respect of any default by us or a Sub-Custodian.

We are required to publicly disclose the levels of protection and the costs associated with the different levels of segregation that the accounts provide and to offer those services on reasonable commercial terms. You can find our full disclosures on our Website.

Where we hold investments with EFG Bank AG as our Sub-Custodian, we will not offer you the choice of holding your investments in either an CSA or an OSA.

8.6 Delivery versus payment transactions

Where we enter into transactions through a commercial settlement system we may make use of the delivery versus payment (DvP) exemption which provides that the FCA Custody Rules will not apply if:

- a) in respect of a purchase for you, we intend for the asset in question to be due to you within one Business Day following the fulfilment of your obligation to pay us; or
- b) in respect of sale for you, we intend for the asset in question to be due to us within one Business Day following our fulfilment of our payment obligation to you.

If the payment or delivery by us to you has not occurred by the close of business on the third Business Day following the date on which we can make use of this exemption, the FCA's Custody Rules will apply.

By entering into this Agreement, you hereby consent to the use of this exemption.

8.7 Dividends, interest payments and other entitlements

We will facilitate the collection of all income due on, and the exercise of all other rights and entitlements attaching to, investments in your Portfolio in relation to which we provide our custody service.

Dividends and distributions and any other income will be credited to you immediately once the funds have cleared and been processed by us.

In the case of pooled accounts, dividends, entitlements to shares and any other benefits arising from Corporate Events will be allocated to you as far as reasonably possible on the same basis as if the underlying securities were held in separate accounts for you. In the case of Corporate Events, entitlements to new shares may be rounded up or down to the nearest whole.

We may retain the benefit any fractional entitlement to shares in circumstances where the cost of selling these fractions of investments, and apportioning the proceeds between clients, would be greater than their value. We will gift such fractional entitlements to charity.

It is our policy not to accept scrip dividends.

Within the Application Form you should specify your instructions as to how income received should be treated. Your options are:

- a) to reinvest the income received within the Portfolio;
- b) to hold the income as cash within your Portfolio; or
- c) to pay the income received into your bank account.

We will not notify you of the dividends and interest payments arising in respect of your investments, which will be credited to your Portfolio in either cash or investments depending on the standing instruction that you have given us.

8.8 Shareholder or unitholder meetings

Unless your investments are held within an EFGHA Individual Savings Account (ISA) or Junior Individual Savings Account (JISA) we will not be obliged to arrange for you to attend shareholders' meetings or unit holders' meetings and vote in person or to direct how a nominee should vote on your behalf, and we reserve the right to recover any reasonable expenses from you for making such arrangements if we decide to do so.

8.9 Settlement

Where any documents or cleared funds are not held by us in your Portfolio, we will not be obliged to settle any transaction or any account on your behalf until we or our settlement agents or, as the case may be, Sub-Custodian, have received all necessary documents or cleared funds. Our obligations to deliver to you, or to your Portfolio, or to account to you for the proceeds of the disposal of investments are conditional upon the prior receipt by us of appropriate documentation and cleared funds.

Where we enter into a transaction as agent on your behalf it is the other party to the transaction and not us who is responsible for settling the trade with you and delivery or payment (as the case may be) will be at your risk. Our obligation is only to pass on to you, or to credit to your Portfolio, such deliverable document or sale proceeds (as the case may be) as we actually receive. We will have no obligation to cover any loss as a result of a default by a counterparty during the course of a transaction.

If you wish us to sell a certificated holding on your behalf, you must sign and transfer all relevant documents to us (such as share certificates and completed share transfer forms) in good time before the transaction. Failure to do so may result in a delay in making the sale. We will not be liable for any loss suffered by you arising from such a delay.

8.10 Our rights over your assets

Subject to the FCA's Custody Rules, if, at any time, you have failed to pay us sums due under this Agreement, we, or a Sub-Custodian shall be entitled (and are irrevocably authorised by you) to, without providing any advance notice, use any cash, or sell any investments, held by or registered with us, our Sub-Custodian or nominee and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any unpaid obligations owed to us. Any surplus

remaining after discharging the obligations owed to us will be paid to you. If the cash and proceeds of disposals do not cover all the obligations owed to us, you will still owe us the balance.

You agree that we may set off, transfer or apply (without further notice to you) any obligations or monies owed by us to you in order to satisfy in whole or in part any debt or obligation or sum that is due from you to us.

In exercising our rights under this Agreement, we may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that we may in our discretion determine. In such circumstances, we shall be acting on our own behalf and not executing your Orders. We shall therefore not be liable to you for the result obtained, nor for our choice of which investments are to be sold.

8.11 Share certificates

On termination of this Agreement your investments will normally be sold and the proceeds transferred to you, alternatively the holdings may be transferred to another firm. Should you request the return of your assets in the form of share certificates, where this is possible a service can be provided at your own risk. In addition to the costs of obtaining your share certificates, in the event of loss you will be responsible for any associated costs including but not limited to the replacement cost of share certificates, indemnity insurance and associated charges.

8.12 Allocated but unclaimed safe custody assets

If we have held assets for you for at least twelve (12) years and no instructions have been received from you in respect of the assets for at least twelve (12) years we may, but are not required to:

- a) liquidate an unclaimed safe custody asset we hold for you, at market value, and pay away the proceeds; or
- b) pay away an unclaimed safe custody asset we hold for you to a registered charity of our choice,

provided that this is permitted by law in force at the time and consistent with the arrangements under which the safe custody asset is held; and we have taken reasonable steps to trace you and return the safe custody asset.

We undertake to you that if we divest ourselves of your safe custody asset in the circumstances outlined above, we will pay to you a sum equal to the value of the safe custody asset, at the time it was liquidated or paid away, in the event that you seek to claim the safe custody asset in future. This undertaking will survive termination of this Agreement.

Any costs associated with divesting of safe custody assets will be paid for by us.

8.13 How we hold your cash

We will treat money held by us on your behalf in accordance with the FCA Client Money Rules. We hold your money together with money of other clients in a pool, free of lien, in accounts with trust status with one or more UK Banks, EEA regulated credit institutions or banks authorised in a non-EEA country.

This means that your money is segregated from our money in a client bank account. In the event of default, you would have a claim against the pool, not against a specific amount in a specific account.

When executing orders on your behalf, money held by us may be passed to a bank account of an intermediate broker, settlement agent or OTC counterparty located outside the United Kingdom. In these circumstances the legal and regulatory regime applying to that person may be different to that of the United Kingdom. In the event of the failure of that person, your money may be treated differently from the manner in which it would be treated if it had been passed to an equivalent person in the United Kingdom.

We may place your money in deposit accounts which have fixed terms or notice periods of up to ninety-five (95) days to allow us to diversify the banks with which we deposit client money. Such amounts may not be immediately available for distribution to you in the unlikely event that we receive requests for the repayment of a significant proportion of our client money, or in the event of our default or the default of one of the institutions with whom your money is held.

8.14 Interest

If you hold more than one Portfolio with us, the cash held within each Portfolio will be treated separately for the purposes of calculating interest.

Credit interest on client money held by us is calculated on a daily basis by applying the appropriate rates of interest to the cleared balance on the client money as at the end of each day.

Interest is applied quarterly in arrears on the first day of the following quarter unless otherwise agreed with you; such as on individual savings account comprising exclusively of stocks and shares (“your ISA”) where interest is applied in arrears every six months. If you terminate your custody arrangements with us any accrued interest will be applied to your Portfolio on the date that we stop providing Custody Services to you.

EFGHA will generally receive a higher rate of interest on client money than it pays to clients. The interest that we receive is held in EFGHA’s own bank account until it is due and payable to you, at which time the money will be transferred into your client account and treated as client money.

No credit interest will be paid on foreign currency cash balances. EFGHA reserves the right to not credit accrued interest of less than £5.00 in any quarter.

Credit interest rates applicable to client money balances where interest is paid are set by reference to EFGHA’s Reference Rate. Details of how EFGHA’s Reference Rate is calculated are set out in the Scope and Cost of our Services document. Interest is calculated on a banded basis at a margin under EFGHA’s Reference Rate. EFGHA’s relevant Reference Rate will be adjusted in response to a change to the market standard reference rate on which EFGHA’s Reference Rate is based. If the basis of calculating EFGHA’s relevant Reference Rate changes we will normally give you at least two months’ advance notice of this but we may apply a new interest rate and notify you afterwards if the change is favourable to you.

The credit interest rate payable in respect of your client money is available from us on request.

Where interest is paid on client money balances, it will be paid net of tax where appropriate.

8.15 Delivery versus payment transactions

Where we enter into transactions through a commercial settlement system we may make use of the delivery versus payment (DvP) exemption which provides that the FCA Client Money Rules will not apply if:

- a) in respect of a purchase for you, we intend for the money from the client to be due to you within one Business Day following our fulfilment of our delivery obligation to you; or
- b) in respect of a sale for you, we intend for the money in question to be due to you within one Business Day following your fulfilment of your delivery obligation to us.

If the payment or delivery by us to you has not occurred by the close of business on the third Business Day following the date on which we make use of this exemption, we will stop using this exemption and the FCA's Client Money Rules will apply.

By entering into this Agreement, you hereby consent to the use of this exemption.

8.16 Pre-paid investments

Certain transactions to acquire securities (e.g. initial public offerings, pre-payment funds) require the settlement value to be paid to the counterparty prior to the settlement date. If you enter into transactions of this type your money will not be held by us as client money and will not be protected by the FCA Client Money Rules after it is transferred to the counterparty. If the counterparty defaults before settlement of the transaction you may lose all, or part, of your money transferred to the counterparty or not receive your money back immediately. We will have no obligation to cover any loss as a result of a default by a counterparty.

8.17 Unclaimed cash balances

If we have held cash balances for you for at least six (6) years during which time there has been no activity on the account we may, but are not required to, cease to treat the cash balance as client money and such sums may be paid to a registered charity of our choice, provided that this is permitted by law in force at the time; and we have taken reasonable steps to trace you and return the cash balance.

We undertake to you that if we divest ourselves of your client money in the circumstances outlined above and the cash balance was over £25 we will pay to you a sum equal to the sum paid away, in the event that you seek to claim the cash in future. This undertaking will survive termination of this Agreement.

Any costs associated with divesting of the client money will be paid for by us.

8.18 Shortfalls

Where we identify a reconciliation discrepancy involving a shortfall in the client money we hold for you we may, at our discretion, and in accordance with FCA Client Money Rules, lend to you a sufficient amount of our own money to cover the value of that shortfall. We will hold such money for you in accordance with the FCA's Client Money Rules until the shortfall is resolved. To the extent that the relevant shortfall is resolved a corresponding amount of your cash balance will be immediately repayable to us.

8.19 Transfer of business

If we transfer all or part of our business to a third party (the "recipient") which includes the management of your Portfolio(s), you agree that we may transfer any client money that forms part of a relevant Portfolio to such recipient provided that such transfer takes place in accordance with Applicable Regulations and:

- a) your client money will be held by the recipient on your behalf in accordance with FCA Client Money Rules; or

- b) if your client money will not be held by the recipient in accordance with the FCA Client Money Rules and having exercised all due skill, care and diligence in assessing whether the recipient will apply adequate measures to protect your money, we are satisfied that your money will not be subject to a lower level of protection than that which we offer under this Agreement.

8.20 Treatment of Assets on Termination

On termination of this Agreement:

- a) you will have sixty (60) days from the notice of termination to provide us with the details of another firm, should you wish to have your assets transferred to them; or
- b) your investments will be sold and the proceeds transferred to you. We will keep the proceeds in custody until you provide us with the necessary details to transfer them to you and that transfer is effective (including if we provide you a cheque, once that cheque has been cashed), subject to a fee as defined on the Application Form or Fee Agreement.

9. THIRD PARTY CUSTODIAN

These terms and conditions apply when you have appointed your own Third Party Custodian to hold the assets in your Portfolio. In this situation, we will not be responsible for the safekeeping and administration of your assets.

9.1 Appointment of a Third Party Custodian

The selection, appointment and use of the Third Party Custodian, including any EFG Associate, are your sole responsibility, however you agree to seek our prior written consent to the appointment of a new Third Party Custodian.

You must also ensure that the Third Party Custodian enters into arrangements with regard to the provision of custody services, for the whole or relevant part of your Portfolio, which are satisfactory to us and enable us to provide services to you under this Agreement. Where you appoint a Third Party Custodian, you acknowledge that the Third Party Custodian will confirm with you any instructions received by us prior to execution. Further, by engaging us to provide services relevant to assets held in custody with a Third Party Custodian, you hereby instruct us to do all other acts, and things relevant to the assets underlying your Portfolio that may be necessary or desirable to complete or perform our obligations in connection with the services you engage us for. The agreement that you enter into with the Third Party Custodian must include the following requirements:

- a) the Third Party Custodian must promptly notify us of all income received in respect of your Portfolio and of any other events affecting the investments or assets contained in your Portfolio and supply to us promptly copies of all custody and settlement bank account statements; and
- b) the Third Party Custodian must provide us with electronically readable reports for reconciliation purposes.

9.2 The responsibility of the Third Party Custodian

The Third Party Custodian is responsible for the following functions:

- a) dealing with the administration involved in the buying and selling of your investments;
- b) holding your investments in its name and under its control or in the name of and under the control of its nominee (or as otherwise permitted by Applicable Regulations and your agreement with the Third Party Custodian);
- c) collecting dividends, income and other entitlements arising in respect of your investments;
- d) providing to us, at regular intervals, information on investments held by them (including details of the identity of investments bought and sold and valuations of investments held at the end of the report period). We use this information when we report directly to you on your investments; and
- e) implementing instructions received from us on the exercise of voting rights and other rights arising in respect of your investments.

9.3 Our responsibility

We shall have no liability for custody arrangements where a Third Party Custodian is appointed (including, without limitation, the expenses, fees and charges of the Third Party Custodian) or the acts or omissions of the Third Party Custodian, including any failure to execute instructions we remit on your behalf. In addition, we will not be responsible for supervising the Third Party Custodian. You acknowledge that the appointment of a Third Party Custodian may restrict the services we provide to you.

We will not be responsible for supervising or paying the fees of a Third Party Custodian or for ensuring that you comply with any terms and conditions you have agreed with a Third Party Custodian.

We do not assume liability for, and shall not be liable with respect to any, associated tax implications or other consequences. You are exclusively and solely responsible for understanding the tax treatment and potential consequences of the operation of your Portfolio during the course of the services you have engaged us for, and you expressly accept the risks associated therewith.

9.4 Assets held by the Third Party Custodian

All assets purchased or otherwise held for the benefit of your Portfolio shall be held by the Third Party Custodian. All certificates and other documents of title relating to securities and other instruments of your Portfolio shall be retained and kept safe by the Third Party Custodian which shall be solely responsible for settlement of all transactions undertaken on your Portfolio's behalf.

9.5 Settlement

All transactions for the Portfolio will be settled by payment to or delivery by the Third Party Custodian of cash or securities due to or from the Portfolio. We will advise the Third Party Custodian of all transactions which we have effected for the Portfolio. You must ensure that the Third Party Custodian can settle any transactions effected by us.

9.6 Cash balances

You will require the Third Party Custodian to provide us with cash statements on a regular basis and on our reasonable request.

If, as a result of executing a transaction on your behalf, we are required to hold any money on your behalf before returning it to the Third Party Custodian we shall hold such money as client money in accordance with the Client Money Rules and the provisions of section 8.15 of these terms and conditions.

9.7 Best execution

Where this Agreement requires funds to be placed on deposit with the Third Party Custodian or currency transactions to be effected or currency risks hedged with the Third Party Custodian, you acknowledge that we are relieved of any obligation of best execution in relation to the relevant transactions except to the extent it is required under the Applicable Regulations.

9.8 The composition of your Portfolio – regular analyses and valuations/information

We will rely upon the information provided by the Third Party Custodian to provide you with our reports on your Portfolio.

9.9 Fee sharing

Where we introduce you to a Third Party Custodian and you engage such Custodian, we may receive compensation relevant to income earned by the Custodian in relation to your assets, to the extent that such compensation is permitted under Applicable Regulations. This compensation arrangement will not result in additional fees being charged with respect your Portfolio. To the extent your Portfolio is part of a compensation arrangement with a Third Party Custodian we will separately provide details regarding the arrangement and the level and basis of such compensation.

You will indemnify us against all losses, liabilities, costs, damages and expenses we incur or suffer, all claims or proceedings made, brought or threatened against us by any person, and all losses, liabilities, costs (on a full indemnity basis), damages and expenses we incur or suffer as a result of defending or settling any actual or threatened claim or proceeding, in each case arising out of or in connection with anything we lawfully do pursuant to the mandate you have given to us relevant to your assets held with a Third Party Custodian.

9.10 Additional fees

We may charge additional fees or expenses where a Third Party Custodian is appointed – we will provide details of any additional charges or expenses to you separately. You authorise us to claim all charges and expenses due to us from the Third Party Custodian. If we cannot collect charges and expenses in this way we will invoice you and the invoice will be payable on receipt.

10. TERMS WHICH APPLY WHEN YOU HAVE AN INDIVIDUAL SAVINGS ACCOUNT OR JUNIOR INDIVIDUAL SAVINGS ACCOUNT WITH US

Individual Savings Account

10.1 Our Stocks and Shares ISA

We agree to provide to you (where you are eligible and have signed an application) an individual savings account comprising exclusively of stocks and shares (“your ISA”). We are the ISA manager in respect of your ISA and will manage your ISA in accordance with the Individual Savings Account Regulations 1998 and the relevant HMRC rules and guidance as amended from time to time (together “the ISA Rules”). To the extent that the ISA Rules impose requirements on you, you undertake to comply with all such requirements.

Unless you notify us to the contrary, the investments within your ISA shall be managed in accordance with your Portfolio designation as Discretionary Management, Advisory Investment Managed, Advisory Dealing or Execution Only. The investments eligible for inclusion in your ISA shall be those permitted by the ISA Rules for a stocks and shares ISA (“qualifying investments”) and shall accord with the risk profile which you have selected, together with any Investment Objectives and Investment Restrictions you have provided in your Investor Profile Form. For Advisory ISAs and Execution Only ISAs, all investment decisions will be yours and we will carry out all dealing instructions as your agent (or, in certain circumstances, as principal).

Our Terms and Conditions for Investment Services will apply (save to the extent of any inconsistency with the ISA Rules or this section 10) to the investments held within your ISA from time to time. In the event of any inconsistency between this section 10 and the ISA Rules, the ISA Rules will apply.

Investment in your ISA may only be made by subscription in cash, with the exception of shares which you have exercised the right to acquire or which have been appropriated to you in accordance with the provisions of a savings related share option scheme or an approved profit sharing scheme and such shares will be treated as fulfilling the condition as to payment of cash.

You may subscribe to your ISA up to the annual subscription limit permitted under the ISA Rules as set out in the ISA application form. The ISA Rules allow you to invest in one cash ISA, one stocks and shares ISA, one innovative finance ISA and one lifetime ISA, up to the annual ISA subscription limit, each tax year.

The fees and charges applicable to your ISA are set out in the Scope and Cost of our Services document.

10.2 Opening an ISA

You agree that completion and submission of an application for an ISA constitutes acceptance of this Agreement and specifically this section 10 which will take effect upon acceptance by us of your application.

10.3 Our mandate and your overall Investment Objectives

Where we are providing you Discretionary Management and Advisory Investment Management we shall assume that the investment mandate for your ISA is the same as for the rest of your Portfolio (as that mandate may be changed from time to time). Where we are providing you Advisory or Execution Only Services, we shall provide such services in relation to your ISA in

accordance with the terms set out herein that relate to our Advisory Dealing and Execution Only Services.

We shall follow your Investment Mandate to the extent that it is consistent with the requirement for your ISA to include only qualifying investments. Specifically:

- a) Where you have asked us to manage investments held in your ISA under our Discretionary Investment Management Services, we shall do so as part of the management of your Portfolio with us.
- b) Where you have asked us to manage investments held in your ISA under our Advisory Investment Management Service, we shall advise you on such basis as part of the management of your portfolio held with us.
- c) Where you have asked us to provide our Advisory Service, we shall only advise on the particular investment within your ISA and not as part of the management of your portfolio.

10.4 Your undertakings in relation to your ISA

You undertake to notify us immediately of any change in your status which affects your ability to subscribe to an ISA (e.g. if you become non-resident).

You undertake that:

- a) the investments within your ISA are, and will remain in, your beneficial ownership and will not be used as security for a loan;
- b) you are entitled to subscribe for an ISA under the ISA Rules (please ask your EFGHA Investment Manager for guidance if you are unsure); and
- c) all cash subscribed to your ISA belongs to you.

10.5 Transfer of your ISA

Upon receipt of your request for a transfer we will let you know the precise conditions that apply to the transfer and the method of transfer, each as required by the ISA Rules.

Transfers out

Upon your written request and subject to the ISA rules, your ISA, with all rights and obligations of the parties to it, may be transferred to another ISA manager within a time period stipulated by you. A transfer may be made in respect of current year ISA subscriptions and the investments bought with those (and any income arising) in whole and/or previous years' ISA subscriptions and the investments bought with those subscriptions (and any income arising) in whole or in part.

We will effect the transfer (by transfer of the investments and/or cash direct to the new ISA manager) within the time stipulated by you (and in accordance with any legislation governing the transfer) provided the transferee approves the transfer and is an approved ISA manager. The minimum period which you may stipulate for us to effect the transfer within is 30 days. Occasionally it may take longer to complete the transfer due to factors beyond our control.

Upon receipt of your request for a transfer we will let you know the precise conditions that apply to the transfer and the method of transfer, each as required by the ISA Rules.

If you wish to transfer your ISA we will (as set out in the Scope and Cost of our Services document) apply an exit charge as detailed in our Scope and Costs of Services document.

Your new ISA manager will ask you to fill in a transfer application form.

10.6 Withdrawals

If you wish to withdraw investments or monies from your ISA you can do so by instructing us in writing to, transfer all or part (within a time period specified by you) of the investments held in your ISA and proceeds arising from those investments to be transferred or paid to you. In the event of a cash withdrawal you must specify the amount in cash you wish to withdraw. Where you request a transfer or withdrawal and your ISA holds units or shares in a UK UCITS (Undertaking in Collective Investment Transferable Securities), a non-UCITS retail scheme or a recognised UCITS, and dealings have been suspended in accordance with COLL 7.2, we may extend the minimum period specified for the suspension to seven (7) days after the suspension ends.

To meet your request, we will use any available cash balances first and then, if we have a Discretionary Management mandate, we will select investments within your ISA to sell. For all other mandates we will seek your instructions as to which investments to sell. The amount to be withdrawn will be paid to you as soon as sufficient cash is held in your ISA. The minimum period which you may stipulate for us to effect the withdrawal within is thirty (30) calendar days however please note a cash payment may be several weeks after your cash withdrawal instructions are received. You will not incur a tax liability by making a withdrawal from your ISA.

Please note carefully that your annual allowance is not affected by withdrawals. Irrespective of any withdrawals that you may make in a tax year we cannot accept further subscriptions in the same tax year if your annual allowance limit has been reached.

10.7 Nominee and Custody Services

The title to all investments held in your ISA will be registered in the name of our nominee(s) (including our nominee company or a Sub-Custodian or their nominee company); however, you will nonetheless remain the beneficial owner of the investments held in your ISA. The terms and conditions in section 8 will apply (save to the extent of any inconsistency with the ISA Rules or this section 10) to our Custody Services regarding investments held within your ISA. Where relevant share certificates or other documents evidencing title to ISA investments will be held by us or as we may direct.

We will be responsible for making all reasonable efforts both to collect all income due and to vest other entitlements in respect of investments in your ISA held by us (or others appointed by us) as nominee or custodian, on your behalf and (when and if applicable) subject to changes in current legislation:

- a) we will arrange for all tax credits on dividends to be claimed, where permissible and on receipt will treat the tax claimed as income and will also arrange for the repayment of income tax deducted at source;
- b) we will make claims, conduct appeals and agree on your behalf liabilities for and reliefs from tax in respect of your ISA.

In all other respects as regards taxation, you or your other professional advisors must remain responsible for the management of your own tax affairs.

Cash received in respect of investments in your ISA (e.g. dividends, interest payments and other cash payments) will be held within the ISA in accordance with Section 10 and in accordance with the FCA Client Money Rules and reinvested unless you opt for income to be distributed. Please note that we are entitled to deduct our charges from cash held within your ISA from time to time.

Subject to the ISA Rules, cash may be temporarily held within your ISA pending investment or reinvestment.

10.8 Company reports

You can elect by notifying us in writing, to receive a copy of the annual report and accounts issued by every company or other concern in respect of shares, securities or units which are held directly within your ISA.

In respect of shares, securities or units which are held directly in your ISA, you can elect, by notifying us in writing, to attend shareholders', securities holders' or unit holders' meetings, to vote (as proxy for our nominee), and to receive, in addition to the annual report and accounts, any other information issued to shareholders, securities holders or unit holders. However, you will need to give us at least fourteen (14) days' written notice to arrange this and these services may be subject to additional charges.

10.9 Delegation

We will satisfy ourselves that any person to whom under the terms of this Agreement we delegate any of our functions or responsibilities in relation to your ISA is competent to carry out those functions and responsibilities.

10.10 Notification of voiding of your ISA

We will notify you if by reason of any failure to satisfy the provisions of the ISA Rules your ISA has, or will, become void. If your ISA is made void we may, by agreement with you, either transfer your investments to you or sell the investments and transfer the proceeds of sale to you. If your ISA is made void, you may lose some or all of your tax exemption. We will notify HMRC if your ISA has, or will, become void and we will pass on full details of the void ISA to HMRC, including your personal details and you hereby authorise us to do so.

10.11 Cancellation rights

You may cancel an ISA by notifying us in writing within fourteen (14) days of applying for the ISA. During this fourteen (14) day cancellation period, HMRC will treat the position as if no subscription to an ISA had been made in the first place and your right to subscribe to an alternative ISA offered by us or another ISA provider within the same tax year will be unaffected.

10.12 Closing your ISA

You can close your ISA as a whole or, as set out in section 10.6, take out part at any time, providing any outstanding fees are paid by giving notice to us in writing.

We may close your ISA on thirty (30) days' notice or on immediate notice if required to do so by any competent regulatory authority, the ISA Rules or Applicable Regulations.

If you die on or after 6 April 2018, following your death your ISA will automatically stop being exempt from tax upon the earlier of:

- a) the date of completion of the administration of your estate;
- b) the third anniversary of your death; and
- c) the date of withdrawal of all investments and cash from your ISA.

If your death occurred on or before 5 April 2018, your ISA automatically stops being exempt from tax upon the date of your death.

No further subscriptions may be made to your ISA on or after the date of your death and we will require your personal representatives to notify us of your death before we will accept any instructions in relation to your ISA.

Termination will not prevent us from keeping your ISA open until any remaining claims for dividends or tax credits are finalised.

If your ISA is closed you may choose to have all the investments held in your ISA transferred into your name, the name of a new custodian or, where applicable, the name of your new ISA manager. If the ISA is closed as a result of your death section 11.5 shall apply.

When your ISA has been closed we will (as set out in the Scope and Cost of our Services document) apply an exit charge of 0.5% of the value of your ISA and, in addition, may charge you for:

- a) accrued but unpaid charges and expenses;
- b) any additional expenses we or our agents necessarily incur on the closure of your ISA (including expenses of sale or transfer of the ISA investments);
- c) any losses necessarily realised by us or our agents in settling or concluding outstanding obligations; and
- d) an amount equal to tax which may have become payable in respect of your ISA,

but will not ask you for any additional payment.

Junior Individual Savings Account

10.13 Junior Individual Savings Account (“JISA”)

In respect of a JISA, a reference to “**you**” or “**your**” is a reference to the registered contact for the JISA, initially being the person who applies for the JISA, and then whoever assumes the responsibility by written application to become the registered contact for the JISA.

A child over the age of 16 is entitled to be the registered contact for a JISA. If a child is not the registered contact but has reached the age of 16, the child may apply to us to assume that responsibility by written application.

If you are the registered contact and have declared that you have parental responsibility for the child, you acknowledge that we may require that you provide additional information or documentation to establish that you have parental responsibility for the child.

10.14 Our stocks and shares JISA

Our JISA is a stocks and shares ISA set up in the name of a child who is under 18 years of age who does not have a Child Trust Fund (“CTF”) opened in their name. However, a JISA may be set up by transferring the full balance of an existing CTF to a JISA and closing the CTF.

We will operate the JISA in accordance with the ISA Rules. To the extent that the ISA Rules impose requirements on you, you undertake to comply with all such requirements.

Unless you notify us to the contrary, the investments within the JISA shall be managed in accordance with your client designation as Discretionary Management, Advisory Investment Management, Advisory or Execution Only. The investments eligible for inclusion in the JISA shall be those permitted by the ISA Rules for a stocks and shares JISA (“qualifying investments”) and shall accord with the risk profile which you have selected, together with any Investment Objectives and Investment Restrictions you have provided in your Investor Profile Form. For Advisory JISAs and Execution Only JISAs, all investment decisions will be yours and we will carry out all dealing instructions as your agent (or, in certain circumstances, as principal).

Our Terms and Conditions for Investment Services will apply (save to the extent of any inconsistency with the ISA Rules or this section 10) to the investments held within your JISA from time to time. In the event of any inconsistency between this section 10 and the ISA Rules, the ISA Rules will apply.

You may subscribe to the JISA up to the annual subscription limit permitted under the ISA Rules as set out in the ISA Application Form. The ISA Rules allow you to invest in one cash JISA and one stocks and shares JISA up to the annual JISA subscription limit, each tax year. However, a child cannot hold an Innovative Finance ISA.

The fees and charges applicable to the JISA are set out in the Scope and Cost of our Services document.

10.15 Opening a JISA

You agree that completion and submission of an application for a JISA constitutes acceptance of this Agreement and specifically this section 10 which will take effect upon acceptance by us of your application.

10.16 Your undertakings in relation to the JISA

You undertake to notify us immediately of any change in your status or the child’s status which affects your ability or the child’s ability to subscribe to a JISA.

You undertake that:

- a) the investments within your JISA will be, and will remain in the child’s beneficial ownership and will not be used as security for a loan; and
- b) you are entitled and the child is entitled to subscribe for an JISA under the ISA Rules (please ask your EFGHA Investment Manager for guidance if you are unsure).

10.17 Transfer of your JISA

Upon receipt of your request for a transfer we will let you know the precise conditions that apply to the transfer and the method of transfer, each as required by the ISA Rules.

Transfers out

Upon your written request and subject to the ISA Rules, the JISA, with all rights and obligations of the parties to it, may be transferred to another JISA manager within a time period stipulated by you. A transfer may be made in respect of current year JISA subscriptions and the investments bought with those (and any income arising) in whole and/or previous

years' JISA subscriptions and the investments bought with those subscriptions (and any income arising) in whole or in part.

We will effect the transfer (by transfer of the investments and/or cash direct to the new JISA manager) within the time stipulated by you (and in accordance with any legislation governing the transfer) provided the transferee approves the transfer and is an approved JISA manager. The minimum period which you may stipulate for us to effect the transfer within is 30 days. Occasionally it may take longer to complete the transfer due to factors beyond our control.

Upon receipt of your request for a transfer we will let you know the precise conditions that apply to the transfer and the method of transfer, each as required by the ISA Rules. We will deduct amounts we are entitled to keep or which we have to deduct under this Agreement or the ISA Rules (for example, in respect of outstanding fees or charges). If we are transferring assets rather than cashing the JISA in, we will not have to complete the transfer until you have paid all outstanding fees, charges and other amounts that you owe us.

Your new JISA manager will ask you to fill in a transfer application form.

10.18 Nominee and Custody Services

The title to all investments held in the JISA will be registered in the name of our nominee(s) (including our nominee company or a Sub-Custodian or their nominee company) however, the child will nonetheless remain the beneficial owner of the investments held in the JISA. The terms and conditions in section 8 will apply (save to the extent of any inconsistency with the ISA Rules or this section 10) where we provide Custody Services regarding investments held within the JISA. Where relevant share certificates or other documents evidencing title to JISA investments will be held by us or as we may direct.

We will be responsible for making all reasonable efforts both to collect all income due and to vest other entitlements in respect of investments in the JISA held by us (or others appointed by us) as nominee or custodian, on your behalf and (when and if applicable) subject to changes in current legislation:

- a) we will arrange for all tax credits on dividends to be claimed, where permissible and on receipt will treat the tax claimed as income and will also arrange for the repayment of income tax deducted at source;
- b) we will make claims, conduct appeals and agree on your behalf liabilities for and reliefs from tax in respect of the JISA.

In all other respects as regards taxation, you or any professional advisors advising the child must remain responsible for the management of the child's tax affairs.

Cash received in respect of investments in the JISA (e.g. dividends, interest payments and other cash payments) will be held as part of the cash within the JISA and reinvested unless you opt for income to be distributed. Please note that we are entitled to deduct our charges from cash held within the JISA from time to time.

Subject to the ISA Rules, cash may be temporarily held within your JISA pending investment or reinvestment.

10.19 Company reports

You can elect, by notifying us in writing, to receive a copy of the annual report and accounts issued by every company or other concern in respect of shares, securities or units which are held directly within the JISA.

In respect of shares, securities or units which are held directly in the JISA, you can elect, by notifying us in writing, to attend shareholders', securities holders' or unit holders' meetings, to vote (as proxy for our nominee), and to receive, in addition to the annual report and accounts, any other information issued to shareholders, securities holders or unit holders. However, you will need to give us at least fourteen (14) days' written notice to arrange this and these services may be subject to additional charges.

10.20 Delegation

We will satisfy ourselves that any person to whom under the terms of this Agreement we delegate any of our functions or responsibilities in relation to the JISA is competent to carry out those functions and responsibilities.

10.21 Notification of voiding of the JISA

We will notify you if by reason of any failure to satisfy the provisions of the ISA Rules your JISA has, or will, become void. If the JISA is made void we may, by agreement with you, either transfer the investments to you or sell the investments and transfer the proceeds of sale to you. If your JISA is made void, you may lose some or all of your tax exemption. We will notify HMRC if your JISA has, or will, become void and we will pass on full details of the void JISA to HMRC, including your personal details and you hereby authorise us to do so.

10.22 Cancellation rights

You may cancel a JISA by notifying us in writing within fourteen (14) days of applying for the JISA. During this fourteen (14) day cancellation period, HMRC will treat the position as if no subscription to an JISA had been made in the first place and your right to subscribe to an alternative JISA offered by us or another JISA provider within the same tax year will be unaffected.

10.23 JISA closure or withdrawals

In accordance with the ISA Rules, no withdrawals of investments (including cash and income earned by JISA investments) can be made from the JISA until:

- a) the JISA is closed when the child reaches the age of 18, dies, or where closure is otherwise permitted by the ISA Rules; or
- b) where the child is terminally ill and a terminal illness claim has been agreed in accordance with the ISA Rules.

In the event that the child dies, the JISA will be valued for probate as at the date of death and dealt with as instructed by the executor or administrator of the child's estate.

When a child reaches the age of 18, we will no longer accept new subscriptions into the JISA, we will convert the JISA to an 'adult' ISA, and the JISA will be closed. Before the child reaches the age of 18 we will write to the child in relation to their options in respect of the JISA. Where the child retains their investments from their former JISA in their ISA after the child reaches the age of 18, the 'ISAs' section of this Agreement will apply and we may require the child to

agree to our terms in relation to the ISA before the child can make any subscriptions or withdrawals from the ISA.

We may close your JISA on thirty (30) days' notice or on immediate notice if required to do so by any competent regulatory authority, the ISA Rules or Applicable Regulations. We shall not be responsible for any loss that results except to the extent that such loss arises directly from our negligence, breach of regulation or fraud.

11. ADDITIONAL TERMS WHICH APPLY TO PARTICULAR TYPES OF CLIENT

11.1 Trusts

11.1.1 Trustee Act 2000

If you are required to make a policy statement under section 15 of the Trustee Act 2000 we will, in the management of your Portfolio, comply with that policy statement or any revised or replaced policy statement provided by you.

11.1.2 Changes in trustees during the term of this Agreement

At our option this Agreement shall continue in full force and effect notwithstanding any change in the composition of the trustees whether by death, retirement or addition of trustees or otherwise.

11.1.3 Joint and several liability

Each of you accepts joint and several liability for the obligations accepted by you under this Agreement. Save in respect of liability arising directly or indirectly from fraud or wilful default, the liabilities of the trustees under the terms of this Agreement shall be limited to the assets of the trust from time to time.

11.2 Individuals

If you die during the term of this Agreement the Portfolio will be suspended when we receive notice of your death. We will close any open positions and then cease to actively manage your Portfolio in accordance with your Investor Profile Form. Unless otherwise agreed in writing, we will suspend active management of your Portfolio. For the avoidance of doubt, where you have appointed us to provide Custody Services in relation to the whole or part of your Portfolio, we will continue to provide these Custody Services and we will react to Corporate Events on a case by case basis. Notification of your death will not affect any accrued charges under this Agreement. When executors are appointed we will require evidence of their appointment before carrying out their instructions. Such instructions shall be carried out in accordance with these Terms and Conditions. We reserve the right not to act on instructions which conflict with these Terms and Conditions.

11.3 Individuals applying jointly

11.3.1 Joint and several liability

Your Portfolio may be held in the joint names of two or more individuals. In this situation, all joint account holders are bound by this Agreement and your obligations under this Agreement will be joint and several and any reference in this Agreement to you as the client shall be construed (where appropriate) as a reference to any one or more of you. Where there is a change of joint holders other than as a result of death, you will notify us as soon as practicable in writing.

11.3.2 Instructions from you

Unless we are instructed otherwise in writing:

- a) we will be entitled to accept and act on the instructions from any one of you. In certain circumstances we may require instructions to be given in writing by all joint account

owners. This includes instructions to change Portfolio or address details or to register assets into a single name;

- b) any notice given to any one of you will be deemed to be given to all of you; and
- c) we will treat each joint account holder as having the right to all of the assets in your Portfolio and will not be concerned with the actual division or ownership of the assets between you and the other joint account holder(s).

11.4 Disputes

In the event of a dispute between you and any of the other joint account holders we may freeze your Portfolio, until we receive further clear written instructions from all joint account holders or a court order.

11.5 Death during the term of the Agreement

Upon the death of any individual joint account holder this Agreement will not terminate and we may treat the surviving joint account holder(s) as the only person(s) entitled to or interested in the Portfolio.

11.6 Partnerships

11.6.1 Changes in composition of non-incorporated partnerships

This Agreement shall continue in full force and effect notwithstanding any change in the composition of a non-incorporated partnership whether by the death, retirement or addition of partners to the partnership or otherwise.

11.6.2 Joint and several liability

If you are a partner in a non-incorporated partnership each of you accepts joint and several liability for the obligations accepted by you under this Agreement.

11.7 Pension schemes

11.7.1 Payments

We undertake to ensure that any proceeds paid from the Portfolio to you shall be paid only into a scheme bank account in the name of the trustees.

11.7.2 Pensions Act 1995

Nothing in this Agreement is intended to nor shall exclude any liability of ours under the Pensions Act 1995.

11.7.3 Pensioner trustee

Any financial undertakings (including indemnities) made by you under this Agreement are, where applicable, treated as being made by the managing trustees and not by the Pensioner Trustee.

11.8 Unincorporated associations

If you are members of an unincorporated association, the following additional terms apply:

11.8.1 Changes in membership during the term of this Agreement

At our option this Agreement shall continue in full force and effect notwithstanding any change in the composition of the membership whether by death, retirement or addition of members or otherwise.

11.8.2 Joint and several liability

Each of you accepts joint and several liability for the obligations accepted by you under this Agreement.

11.9 US tax payers

By signing this Agreement you acknowledge and certify that you have sole responsibility for payment of any US taxes, interest thereon and penalties due to the Internal Revenue Service, the US Treasury Department and the US State Revenue Services in relation to your US Federal and State tax and filing obligations upon investments we make on your behalf. You further acknowledge that you have sole responsibility for obtaining qualified professional advice in relation to such US Federal and State tax and filing obligations.

11.10 Those clients who appoint a financial adviser as their agent to deal with us in the provision of our Investment Services

If you wish us to take instructions from a financial adviser the following additional terms apply:

- a) we require the financial adviser to be an authorised/registered financial adviser under the laws of the jurisdiction in which he or she is based;
- b) you and not the financial adviser will be treated as our client for the purposes of the FCA Rules;
- c) you confirm and undertake to us that the financial adviser has your authority to give instructions to us on your behalf and you direct us to implement those instructions;
- d) we will also provide the financial adviser with copies of all documentation, information or notices we are obliged to provide you with under the terms of this Agreement at the same time as these are provided to you; and
- e) we require a written and binding undertaking from your financial adviser:
 - i. that he or she has taken all necessary steps to collect and assess such personal and financial information concerning you as will allow him or her to assess the suitability of the services to be provided by us and any investment mandate agreed with you;
 - ii. that he or she will keep your personal and financial information under regular review and notify us promptly of material changes to the information from time to time;
 - iii. that if at any time he or she no longer believes that the investment services we provide are suitable for you he or she will notify us immediately.

The investment services we provide where you use a financial adviser are based on relevant information provided to us on a timely basis and the absence of such information may affect adversely the quality of the investment services we provide to you.

You undertake to let us know immediately if the financial adviser ceases to act for you.

11.11 Those clients who appoint any other third-party as their agent to deal with us in the provision of our investment services.

If you wish us to take instructions from a third party you designate the following additional terms apply:

- a) you and not the third-party will be treated as our client for the purposes of the FCA Rules, unless you specifically instruct us otherwise in writing;
- b) you confirm and undertake to us that the third party has your authority to give instructions to us on your behalf and you direct us to implement those instructions;
- c) we will also provide the third party with copies of all documentation, information or notices we are obliged to provide you with under the terms of this Agreement at the same time as these are provided to you;
- d) we require a written and binding undertaking from your third party agent:
 - i. that he or she has taken all necessary steps to collect and assess such personal and financial information concerning you as will allow him or her to assess the suitability of the services to be provided by us and any investment mandate agreed with you;
 - ii. that he or she will keep your personal and financial information under regular review and notify us promptly of material changes to the information from time to time;
 - iii. that if at any time he or she no longer believes that the investment services we provide are suitable for you he or she will notify us immediately.

If you wish to appoint a third party agent we will provide you with further terms and conditions setting out the basis of that relationship.

12. RISK WARNINGS

12.1 Investment Risk Warnings

Risk warnings are provided for your information and protection. We strongly encourage you to read them and to contact us if you have any questions or require further clarification. This document cannot cover all risks but is meant to act as a general guide to the most significant aspects of the risk associated with any products and services we may offer you. Should you have any questions that are not dealt with here, you should raise them with your EFGHA Investment Manager.

12.2 Performance Risk

The value and income of investments and securities is dependent on market performance, and may therefore fall as well as rise. Investors may not get back the full amount of capital invested, and should be aware that past performance is not a guide to future performance.

12.3 Inflation Risk

The real value of investments may be adversely affected by inflation, and investors are reminded that, whilst an investment may have historically performed positively in an inflationary environment, past performance is not a guide to future performance.

12.4 Interest Rate Risk

Investors are similarly reminded the value of investments may be adversely affected by substantial movements in interest rates.

12.5 Allocation and Diversification Risk

Investments in smaller numbers of holdings may carry more risk than investments which are spread across a larger number of holdings. Similarly, investments that focus on specific sectors can carry more risk than investments spread over a number of different industry sectors.

12.6 Market Capitalisation Risk

Holdings in smaller companies (by market capitalisation) may have a more limited market than holdings in larger companies and may therefore be less liquid and have greater price volatility.

12.7 Currency / Foreign Exchange Risk

Where investments are denominated in different currencies from the base currency, foreign exchange rates may cause the value of these investments, and the income from them, to rise or fall. You acknowledge that:

- a) Where a liability in one currency is to be matched by an asset in a different currency; or
 - b) In any other transaction where more than one currency is involved,
- a movement of exchange rates may have a separate effect, unfavourable as well as favourable, on the gain or loss otherwise experienced on investments.

12.8 International Markets

International markets will involve different risks from the UK markets, and some of the recognised markets in which investments may be traded may be regulated differently to those in the UK.

In particular, investing in emerging markets can carry a high degree of risk and may be considered speculative, as the markets are generally less well regulated, investments may be less liquid, and there may be less reliable arrangements around the trading and settlement of the underlying holdings.

On request, we will provide an explanation of the relevant risks and protections (if any) which will operate in any International Markets, including the extent to which it will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions on International Markets or in foreign denominated investments will be affected by fluctuations in foreign exchange rates.

12.9 Exchange Control and Repatriation Risk

In certain countries, there may be restrictions on the ability to repatriate investment capital, dividends, interest and other income, or it may require government consent to do so, resulting in delays in, or the refusal to grant consent for the repatriation of some or all of the monies held.

12.10 Political and Regulatory Risk

The value of investments may be affected by uncertainties, such as international political, governmental, legal, regulatory and / or taxation changes. Furthermore, the accounting, auditing, financial reporting, legal and / or regulatory standards in certain countries may not provide the same level of investor protection or information to investors, as would generally apply in more developed markets.

12.11 Custody Risk

Local custody services may be underdeveloped in many emerging market countries, resulting in a higher level of transaction and custody risk involved in dealing in such markets. The costs associated with investing and holding investments in such markets will generally be higher than in organised securities markets, and, in certain circumstances, the full recovery of the underlying holdings may not be possible.

12.12 Counterparty / Credit Risk

The issuers of the underlying holdings (e.g. securities) of an investment may be affected by credit difficulties leading to investors losing some or all of their capital invested and / or any income payable. Investments may also be exposed to credit risk in relation to the counterparties with whom the underlying holdings are traded, and may bear the risk of counterparty default.

12.13 Hedging Risk

Some investments may enter into currency exchange transactions or use techniques and instruments to seek to hedge' against fluctuation in the relative value of its Portfolio positions as a result of changes in currency exchange rates and / or interest rates. Although such hedging strategies are intended to minimise the risk of loss due to a

decline in the value of a hedged currency, their successful execution cannot be assured, and, conversely, they may limit any potential gain that might be realised should the value of the hedged currency increase.

12.14 Liquidity Risk

Due to the nature of their underlying holdings, the liquidity of some investments may be limited, meaning that they may not be readily redeemable, and investors should be prepared to hold their investment for the full, prescribed commitment period.

In the event that early redemption is permitted, any value received will be subject to prevailing currency and market rates, as well as any exit penalties, as may be applicable, and the investor could get back less than the original capital invested.

12.15 Redemption Risk

Under certain trading conditions it may be difficult or impossible to liquidate a position.

This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amount, because market conditions may make it impossible to execute such an order at the stipulated price.

Similarly, large redemptions of shares in a fund may result in the fund being forced to sell assets at a time and price at which it would not normally prefer to dispose of those assets.

12.16 Investments which are not readily realisable

You agree (subject to any written instructions provided by you) that we may purchase investments on your behalf which are not traded on a recognised or designated investment exchange, and/or for which a market is made by less than three independent market makers, and / or collective investment schemes managed by us or one of our Associates.

You acknowledge that these types of investments may not be readily realisable, and that there is no recognised market for such investments. As a consequence it may be difficult to:

- a) deal in any such investment;
- b) obtain reliable information about the value of any such investment;
- c) obtain reliable information as to the extent of the risks to which any such investment is exposed.

12.17 Valuation Risk

Certain funds may hold any or all of their underlying holdings in illiquid and / or unquoted securities or instruments. Any valuations are subject to substantial uncertainty, and there is no assurance that they will reflect the actual sales or 'close-out' prices of the holdings.

In addition, there is an inherent conflict of interest between the involvement of the investment manager in determining valuations of underlying holdings and their other duties and responsibilities.

12.18 Effect of Fees or other Charges

Where any commissions, fees or other charges are charged to the capital, although the distributable income of the investment may be higher, there is the potential that performance or capital value may be eroded.

Before you begin to trade, you should obtain details of all fees and other charges for which you will be liable. If they are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear and written explanation, including appropriate examples, to establish what such commissions, fees or other charges are likely to mean in specific money terms. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

12.19 Stabilisation

On occasion, we may make investments on your behalf, where the price may have been influenced by measures taken to stabilise it.

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FCA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is carried out by a "stabilisation manager" (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

- a) limit the period when a stabilising manager may stabilise a new issue;
- b) fix the price at which they may stabilise (in the case of shares and warrants but not bonds); and
- c) require them to disclose that he may be stabilising but not that he is actually doing so.

The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, or of the price at which they are prepared to buy the securities.

12.20 Clearing House Protections

On many exchanges, the performance of a transaction by us (or third party with whom we are dealing on your behalf) is "guaranteed" by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if we or another party defaults on our obligations to you. On request, we will explain any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

12.21 Insolvency Risk

Our insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash. On request, we will provide an explanation of the extent to which it will accept liability for any insolvency of, or default by, other firms involved with your transactions.

12.22 Gearing

Gearing is a strategy used by fund managers with a view to enhancing the return for, or the value of a security without increasing the amount invested by the holders of the security, involving one or more of the following:

- a) borrowing money;
- b) investing in one or more instruments such as (but not limited to) warrants or derivatives, for which a relatively small movement in the value or price of the underlying rights or assets to which the instrument relates, whether favourable or adverse, results in a larger movement in the value or price of the instrument; and
- c) structuring the rights of holders of a security so that a relatively small movement in the price or value of the underlying rights or assets, whether favourable or adverse, results in a larger movement in the price or value of the security.

Gearing may increase any gains in the value of your Portfolio, but may also magnify any losses suffered by your Portfolio.

12.23 Securities Lending Risk

In the event of their being securities lending undertaken in connection with an investment, there will inherently be risks of delay and recovery attaching. Although collateral will be maintained with the purpose of equalling or exceeding the value of the securities being lent, there is a risk that the value of that collateral may fall below the value of the securities. In addition, where the collateral itself is invested, it will be exposed to the risks associated with such investments.

12.24 Contingent Liability Transactions

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures contracts for differences or sell options, you may sustain a total loss of the margin you deposit with us to establish and maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

Save as specifically provided by the FCA, we may only carry out margined or contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions which are not so traded may expose you to subsequently greater risks.

12.25 Limited Liability Transactions

Before entering into a limited liability transaction, you should obtain from us a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction.

The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

12.26 Collateral

If you deposit collateral as security with us, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and the associated clearing house) applying, or trading off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from us how your collateral will be dealt with.

12.27 Product-specific Information and Risk Warnings

This section sets out important information and risk warnings on individual products that may be offered under the terms of this Agreement, but explicitly does not disclose all of the risks and other significant aspects of the investments listed. Before dealing in any investment, you should be comfortable that you understand their nature and the extent of your exposure to risk.

12.27.1 Warrants

Although Warrants can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Different instruments and strategies involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the following.

a) Warrants

A Warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the Warrant. The prices of Warrants can therefore be volatile.

It is essential for anyone who is considering purchasing Warrants to understand that the right to subscribe, which a Warrant confers, is invariably limited in time

with the consequence that if the investor fails to exercise this right within the predetermined time-scale then the investment becomes worthless.

You should not buy a Warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

b) Off-exchange Warrant Transactions

Transactions in off-exchange Warrants may involve greater risk than dealing in Exchange Traded Warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is. We will make it clear to you if you are entering into an off-exchange transaction and advise you of any risks involved.

12.27.2 Hedge Funds

Hedge Funds are different from traditional collective investment schemes (which are described in section 12.27.3) in their ability to utilise an unrestricted number of (often speculative) investment techniques, including short-selling, options and derivatives, to enhance performance. Different investments involve different levels of exposure to risk, and in deciding whether to invest in Hedge Funds you should be aware of the following.

a) Alternative Investment Funds (AIFs)

Hedge Funds which are Alternative Investment Funds can carry a higher level of risk, as they are not subject to the same regulatory requirements as regulated collective investment schemes, and, accordingly, most, if not all, of the protections provided by the UK regulatory system do not apply (including access to the UK Financial Ombudsman Service and Financial Services Compensation Scheme). In addition, these schemes may not be readily realisable, and price swings may be more volatile if they are priced less frequently than authorised funds.

For the purposes of UK regulation, the promotion of Alternative Investment Funds is heavily restricted, and we will only promote them to those clients who have first been determined to fall within the criteria specified by the FCA.

b) Emerging Markets

To the extent that investments in Hedge Funds may be made in the markets of developing countries, the political, regulatory and economic risks inherent in investments in emerging markets are significant and may differ in kind and degree from the risks presented by investments in the world's major markets. These may include greater price volatility, substantially less liquidity and controls on foreign investment and limitations on the repatriation of invested capital.

c) Illiquid Investments

Some Hedge Fund Managers may hold "illiquid" or "not readily realisable" investments which are difficult to sell because they are not traded on a regulated exchange or because transactions in them are too infrequent or irregular for a reliable quoted price to be available.

There can be no certainty that a market maker will be prepared to deal in them and proper information for determining their current value may not be available. These and other factors mean that there can be no assurance that trading will be profitable. Furthermore, some Hedge Funds themselves may also be open to redemptions and subscriptions and quote prices on an infrequent basis and it may take a considerable amount of time (e.g. 6 months plus) to redeem some or all Hedge Fund investments within a Portfolio. Similarly, in certain instances, 5-10% of proceeds from redemptions are held back until the end of a Fund's accounting period, which may be up to 12 months from the redemption date.

d) Exchange Rate Risk

You should be aware that some investments may be denominated in a currency other than your base currency. The movement of exchange rates between the currencies may have a separate effect, favourable or unfavourable, on any gain or loss which might otherwise affect the value of your investment.

e) Derivatives

Hedge Funds may utilise both exchange traded and over the counter futures, options and other contracts as part of their investment policy. These instruments are highly volatile and expose investors to a high degree of risk. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage, and as a result, depending upon the type of instrument, a relatively small movement in the price of a contract may result in a profit or loss which is high in proportion to the amount of funds actually placed as initial margin. The performance of an over the counter contract is the responsibility only of the individual with whom the trade has been contracted with, therefore such investments will be subject to the risk of the inability of, or refusal by, the counterparty to perform its obligations with respect to such contracts. Any failure may subject such investments to substantial losses or substantial reduction in profits.

f) Leverage

Some Hedge Funds may use leverage. Leverage can be employed in a variety of ways including direct borrowing, margining, and short-selling together with the use of futures, warrants, options and other derivative products. Generally, leverage is used to increase the overall level of investment in a Portfolio. Higher investment levels may offer the potential for higher returns but also expose investors to increased risk as leverage can increase a Fund's market exposure and volatility.

g) Volatility

High volatility carries increased risk, as the value of investments subject to volatility may fall suddenly and substantially and the losses on realisation may be very high, including the total loss of the initial investment.

12.27.3 Collective Investment Schemes

Collective Investment Schemes such as investment funds and Open Ended Investment Companies ("OEICs") and unit trusts, invest monies on a pooled basis in a basket of

investments, which typically might include gilts, bonds and quoted equities, but depending on the type of scheme, may also include derivatives, real estate or any other asset. The collective investment scheme then issues shares or units in the vehicle holding the pooled funds and investments. They allow for diversification at a lower cost than might be achieved otherwise. However, you still remain exposed to the risks associated with the underlying investments that the collective investment scheme makes, though potentially to a lesser degree. A collective investment scheme that holds a number of different assets will thus spread its risk and reduce the effect that a change in the value of any single component investment will have on the overall portfolio.

a) Investment Trusts

Investment Trusts are companies listed on stock exchanges whose main business activity is investing in other companies. Most Investment Trusts can, and some do, borrow money to make investments. This can increase the volatility of the price of the shares of the investment trust itself and can increase the risk of the investment in the trust.

The effect of the borrowing is that where there is a rise in the price of the underlying securities, the value of the net assets attributable to each investment trust security rises by a greater percentage, and when the value of the underlying portfolio falls, the net assets attributable to each investment trust security falls by a greater percentage. Investment trusts often pursue a policy of “cross-investing” in other investment trusts, which in turn may also be borrowing money to leverage themselves. So where an investment trust employs a higher degree of direct or indirect leverage, its securities are likely to be subject to significant fluctuations in value, and as a result, holdings in such an investment trust may be subject to sudden falls in value.

b) Exchange Traded Funds (“ETF”)

ETF’s are open-ended investment companies comprised of units traded on a regulated market or designated investment exchange. Like an index fund, an ETF represents a basket of stocks that reflects an index such as the FTSE 100. Unlike a typical collective investment scheme (e.g. a unit trust), it trades like any other company on a stock exchange. An ETF’s price changes throughout the day, fluctuating with supply and demand. This is different from a typical collective investment scheme that has its net-asset value (NAV) calculated at the end of each trading day. It is important to note that while an ETF attempts to replicate the return on indices, there is no guarantee that they will do so exactly. It is not uncommon to see a 1% or more difference between the actual index’s year-end return and that of an ETF. By owning an ETF, you get the diversification of an index fund with the flexibility of an equity investment. Because ETFs trade like stocks, you can margin them and purchase them in very small quantities. The expense ratio of an ETF is often lower than that of a typical collective investment scheme.

c) Venture Capital Trusts (“VCTs”)

VCTs are professionally managed collective investment schemes listed on the London Stock Exchange and are similar to investment trusts. They invest in fledgling venture capital backed unquoted companies. These unquoted companies will ordinarily be at an earlier stage of development than larger quoted

companies and will therefore carry a greater risk of failing.

VCTs must be approved by HMRC for the purpose of the scheme. Once invested an investor may be entitled to various income tax and Capital Gains Tax reliefs, and VCTs are exempt from corporation tax on any gains arising on the disposal of their investments. However, in order to take advantage of the tax relief associated with VCTs, you should be aware that you must hold your investments therein for at least 5 years from the date of purchase.

d) Enterprise Investment Schemes (“EISs”)

EISs are tax efficient schemes approved by HMRC to encourage investment into small unquoted companies carrying on a qualifying trade in the United Kingdom. Investment in companies that are not listed on a stock exchange often carries a high risk and the tax relief is intended to offer some compensation for that risk. As such, EIS investments are inherently high risk in nature. The specific risks vary depending on the particular EIS (e.g. an EIS based on investment in a single company is, of its nature, riskier than a more widely diversified EIS). Because the underlying holdings are not listed, the manager of an EIS cannot sell them, and unlike a VCT, the EIS itself is not traded on any market. Investors accordingly have to wait until the manager realises the cash value of the underlying holding(s) before they can redeem the value of their investment. Investors also face risk in relation to CGT. If a capital gain is deferred by means of investment in an EIS, the same gain is re-crystallised when the EIS is sold. If the CGT rate falls, investors benefit, but if it rises then they will lose out.

e) Property Funds

These funds are often structured as limited liability partnerships but may also be set up as Real Estate Investment Trusts (REITs) or open-ended investment companies (OEICs). As such they may also be set up to be highly illiquid and you may not be able to realise your investment immediately or the price may reflect a forced seller discount.

12.27.4 Equities

If you buy shares or equity in a company, you become a member of the company and therefore share in the financial risk of that company. Equity-based investments are subject to general risks (political risk, interest rate risk, dividend risk, price risk, exchange rate risk, changes in the economic or regulatory environment, tax changes) as well as risks specific to the particular company. If a company issues a dividend, you will be entitled to receive one. However, the dividend per share depends on the issuing company's earnings and on its dividend policy. In cases of low profit or losses, dividend payments may be reduced or suspended. In the event of the company going into insolvency, your claim for recovery of your investment will rank behind various creditors of the business, whether secured or unsecured. The value of the equity can go down as well as up and you may lose part or all of your capital.

There are specific risks associated with particular equities:

a) Penny Shares

Penny shares are shares in smaller companies and can involve a higher degree

of risk. In broad terms, penny shares are securities in relation to which the bid offer spread is 10% or more and the market capitalisation is below £100m at the time of the transaction or advice. There is a big difference between the buying and selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up. You authorise us to deal on your behalf or advise you on penny shares.

b) AIM Shares

AIM is a market operated by the London Stock Exchange for small and growing companies. AIM-traded shares may carry a higher degree of risk than those listed on the main market as AIM is less regulated and less information is available. Shares in smaller companies tend to be traded less frequently and in smaller amounts than those of larger companies. Price volatility may be greater, making the timing of sales and purchases more difficult.

c) Foreign Stocks

As well as the risks associated with the underlying company's business, there are additional risks associated with stock listed overseas, and these are covered in section 12.8 (International Markets).

d) Regulation S Securities

We may on occasion purchase securities for your Portfolio which are exempt from the requirement of registration in the United States pursuant to Regulation S of the Securities Act 1933, as amended. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption there from. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Regulation S Securities can only be held by non-US residents and citizens and cannot be registered in the United States for twelve months from date of issue. The effect of this is that you can only sell these securities off-exchange during the twelve month period and only to non-US persons. Thereafter the securities can only be sold into US markets pursuant to securities registration or an applicable exemption from registration. No hedging transactions with respect to the securities may be conducted unless in compliance with US securities laws.

Consequently, in addition to the high risks inherent in dealing in small capital market securities, you run an extra risk of losing money when you buy shares in "restricted" or "non-readily realisable" securities due to the difficulties in selling such securities.

We and our associated companies may receive an additional fee, ultimately paid by the issuing company, in respect of our role as introducing broker for these securities.

12.27.5 Bonds

You should be aware that certain bonds may not be readily realisable. These are investments in which the market is restricted or may become so, with the result that it may be difficult to deal in them and/or to assess what would be a proper market price for them. If you do not wish us to enter into such transactions for you, you should notify us in writing. We will disclose to you any position knowingly held by us or any of our Associates in a non-readily realisable investment that forms part of your Portfolio(s).

Investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on income and capital value. Income payments may constitute a return of capital in whole or in part. Income may be achieved by foregoing future capital growth.

12.27.6 Structured Products

Structured Products are fixed term investments and are designed so that the investor's capital remains invested for the full term of the plan. Although it may be possible to liquidate the investment before the end of the term, the amount redeemed could be less than the initial capital invested.

The security of the original capital invested within a Structured Product depends on the ability of the counterparty (that is, the institution providing the underlying assets, rather than the product provider) to repay the investment at the end of the term. As a result, Structured Products are generally not covered under the Financial Services Compensation Scheme, and any failure on the part of the counterparty could result in the investor not receiving back any or all of the initial capital invested.