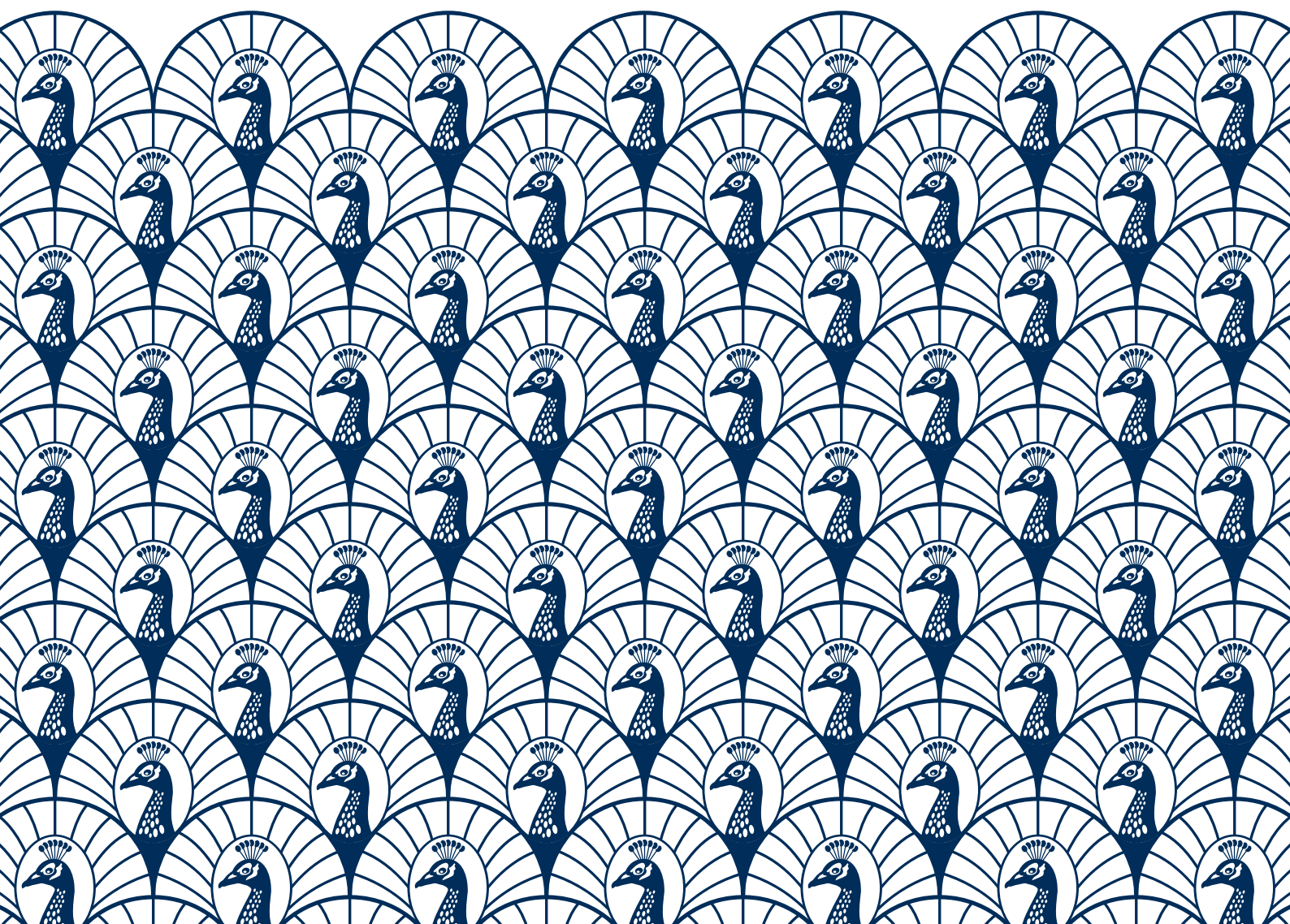




ARBUTHNOT LATHAM

Bankers since 1833



Investment Services Terms of Business

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## 1. Agreement Overview

### 1.1. About us

- 1.1.1. We, Arbuthnot Latham & Co., Limited, are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 1.1.2. The addresses of our regulators are as follows:
  - a) Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA;
  - b) Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.
- 1.1.3. Our authorisation covers the right to provide discretionary investment management services and such services are one of our main business activities. We are entered on the Financial Services Register with Registration Number 143336.
- 1.1.4. Our head office is at 20 Finsbury Circus, London EC2M 7EA which is also our Registered Office. Our telephone number is +44 (0)20 7012 2500.
- 1.1.5. Our Bristol office is at St Catherine's Court, Third Floor, Berkeley Place, Clifton, Bristol BS8 1BQ.
- 1.1.6. Our Exeter office is at The Senate, Ground Floor, Southernhay Gardens, Exeter EX1 1UG.
- 1.1.7. Our Manchester office is at 82 King Street (8th Floor), Manchester, M2 4WQ.
- 1.1.8. Where your Portfolio is not managed from our Registered Office, the address and contact details of any other relevant office will be provided to you separately at the start of our relationship with you. The address and contact details of all our offices are also available on the Website.

### 1.2. Our Investment Services

We are able to provide a range of investment services to our clients including:

- a) discretionary investment management services;
- b) the facilitation of execution-only transactions;
- c) custody and settlement services; and
- d) the provision of ISAs,

in each case as more particularly described in these Terms.

### 1.3. Purpose and availability of these Terms

- 1.3.1. The purpose of these Terms is to set out the basis upon which we agree to provide our Services in respect of your Portfolio. Additional Terms may apply to certain services and we will advise you when they apply. We recommend that you read these Terms carefully and keep a copy for your records. The Fee Schedule also contains important information about our fees and charges which you should read.
- 1.3.2. We have tried to use language in these Terms which is easy to understand. Please contact us if you would like an explanation of anything contained in these Terms.
- 1.3.3. In these Terms, unless the context otherwise requires, capitalised words will have the meanings set out in Schedule 5.
- 1.3.4. These Terms are available via our Website, at any of our branches, or directly from us upon request.

### 1.4. The Agreement between you and us

- 1.4.1. The Agreement between you and us is made up of:
  - a) these Terms;
  - b) the completed Acceptance Pack or any other acceptance documentation provided by us and completed by you;
  - c) the Fee Schedule; and
  - d) any additional Terms in respect of a particular product or service that we give you. (If there is a conflict between any additional Terms in respect of a particular product or service we give you and these Terms, the additional Terms will prevail).
- 1.4.2. These Terms comprise a number of Sections. How they apply depends on the services you have selected and we have agreed to provide. In particular:
  - a) this Section 1 and Section 8 apply to all clients;
  - b) the remainder of the Sections will apply if you have selected and we have agreed to provide the particular Services which the Section relates to;
  - c) where you subsequently request an additional Service we will provide written confirmation of the Service Date upon which such additional Service will commence and the Section in relation to that Service will apply to you from that Service Date.
- 1.4.3. For the purposes of the FCA Rules this Agreement is our client agreement with you and supersedes any earlier agreement covering the same subject matter.

### 1.5. Commencement of Services

- 1.5.1. Subject to 1.5.4 and 1.5.5 below, our Agreement will come into force on the Contract Date and shall continue until terminated in accordance with the provisions of Term 8.2.2.

- 1.5.2. Upon the Contract Date we will issue a letter to you which will inform you of the dates upon which the various Services set out in this Agreement will commence.
- 1.5.3. For the avoidance of doubt, any Services provided to you pursuant to Sections 2, 6 and 7 of these Terms will be provided from the Service Date notified in writing to you and our fees and charges plus VAT (if applicable) for such Services will begin to accrue from such Service Date.
- 1.5.4. Before we are able to provide Services to you:
  - a) we are required to make certain enquiries in relation to you (and in some cases people connected to you) and obtain certain evidence and information including evidence of identity, and source of funds for the purposes of anti-money laundering, combating terrorism and preventing financial crime. We will make all such enquiries into your background and that of any person with whom you apply to open a joint Portfolio;
  - b) we will normally require sight of original documents and you must provide all documentary evidence reasonably requested by us within a reasonable period of time;
  - c) we may collect information from third party agencies including credit reference agencies (please see Term 8.20 for further details); and
  - d) you must complete and return the Acceptance Pack.
- 1.5.5. Acceptance or rejection of your application to open a Portfolio is at our absolute discretion. In particular, if we are unable to obtain satisfactory evidence to satisfy our anti-money laundering procedures we will not be able to accept you as a client.

### 1.6. Investment Strategy

- 1.6.1. Where we provide discretionary investment management services under this Agreement, and you are not introduced to us by a Professional Adviser:
  - a) we will agree your Investment Strategy with you prior to the provision of these services. Your Investment Strategy may apply to a particular Portfolio or to all your Portfolios with us. Once agreed with us, your Investment Strategy will be confirmed to you in writing in the Acceptance Pack and/or in other acceptance documentation provided by us. Thereafter any amendments to your Investment Strategy must be agreed between you and us in writing.
  - b) To satisfy our obligations under the FCA Rules we will also ask you to provide certain information, including information about your financial circumstances and your knowledge and experience in respect of financial services. We may ask you to complete a risk profile questionnaire.
  - c) You agree to notify us promptly in writing of any material change in your financial circumstances, and/or knowledge and experience in respect of financial services. We need this information to satisfy our obligations under the FCA Rules and to ensure we act in your best interests. If you fail to provide this information we may not be able to provide our advice to you, or exercise our discretion, in a suitable manner.
- 1.6.2. Where we provide discretionary investment management services under this Agreement and you have been introduced to us by a Professional Adviser:
  - a) Your Professional Adviser will agree your Investment Strategy with you. Your Investment Strategy may apply to a particular Portfolio or to all your Portfolios with us. Your Professional Adviser will confirm the agreed Investment Strategy with you.
  - b) Your Professional Adviser will notify us of your Investment Strategy before we provide you with discretionary investment management services, and of any changes agreed with you from time to time. You must inform your Professional Adviser if you wish to make any amendments to your Investment Strategy.
  - c) You agree to notify your Professional Adviser promptly in writing of any material change in your financial circumstances, and/or knowledge or experience in respect of financial services.
- 1.6.3. Where we provide discretionary investment management services we will do so taking into account your Investment Strategy.
- 1.6.4. Your Investment Strategy will not be considered breached as a result of any events or circumstances outside our control, including, but not limited to, changes in the price or value of assets in your Portfolio brought about solely through movements in the market.
- 1.6.5. However in circumstances where, but for Term 1.6.4, your Investment Strategy would have been breached by such events or circumstances we will use our reasonable endeavours to address any such breach as soon as reasonably practicable.

### 1.7. Your Investment Restrictions

- 1.7.1. Unless you advise your Investment Manager or, if applicable your Professional Adviser, we will act on the basis that you do not wish to impose any restrictions on the types of investments, or the markets on which transactions are executed, or the amount which may be

invested in any one investment or on the proportion of your Portfolio which may be invested in any one investment or in any particular type of investment or currency that we may purchase for you. Any investment restrictions you wish to request must be notified to your Investment Manager in writing.

- 1.7.2. 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 (**CIS Products**).
- 1.7.3. Unless you advise us, and to the extent permitted by the FCA Rules, we may effect transactions on your behalf in **CIS Products**. You acknowledge that such CIS Products carry additional risk as they may not be under the regulation of a competent regulatory authority, may use gearing, may not be readily realisable and may use dealing techniques which may increase their risk profile. Further information on the risks of investments is provided at **Schedule 1**.
- 1.7.4. We shall use reasonable efforts to observe your investment restrictions, however we will not have breached this Agreement if your Portfolio deviates from your investment restrictions due to market movements, corporate actions or other events beyond our control.

#### 1.8. Base currency

The base currency of your Portfolio will be sterling unless otherwise agreed with you in writing.

#### 1.9. Suitability

- 1.9.1. Where you have not been introduced to us by a Professional Adviser, we have an obligation under the FCA Rules to take reasonable steps to ensure that the discretionary investment management service, the discretionary transactions we carry out for you and any personal recommendations we provide to you are suitable for you, having regard to facts disclosed by you regarding your knowledge and experience, your financial situation and your investment objectives and other relevant facts about you. Specifically, the suitability of an investment will be considered in the context of the Investment Strategy agreed between you and us which may contain information on your general investment objectives, return requirements, attitude to the volatility/ variability of value, capacity to sustain losses and period of investment. The reason for assessing suitability is to enable us to act in your best interests.
- 1.9.2. Please let us know as soon as possible if there are any changes to the information you have provided us with as we will rely on this information to determine whether an investment or transaction is suitable for you. If you fail to provide this information we may not be able to exercise our discretion or to provide our advice to you, or provide such advice in a suitable manner.
- 1.9.3. If you are a professional client, when we assess the suitability of an investment or transaction for you, we are entitled to assume that you:
- have the necessary level of experience and knowledge in order to understand the risks involved in the transaction or in the management of your Portfolio; and
  - are able financially to bear any related investment risks consistent with your Investment Strategy.
- 1.9.4. Where we provide you with advice we will provide a suitability report to you. This will be provided before the relevant transaction or, where prior delivery is not possible because the agreement to buy or sell is concluded by means of a distance communication, you agree that we may provide the suitability report immediately after the relevant transaction. Where we are not able to provide a suitability report before the relevant transaction, you may ask for the transaction to be delayed.
- 1.9.5. The suitability report will outline the advice and how the recommendation is suitable for you, including how the advice meets your Investment Strategy. We will not usually provide you with a suitability report if you are a professional client.
- 1.9.6. You should check the contents of each suitability report we send you carefully and let us know as soon as possible of any inaccuracy.
- 1.9.7. Where you have been introduced to us by a Professional Adviser, the Professional Adviser will be solely responsible both initially and on an ongoing basis for ensuring that the discretionary investment management service, the selected Investment Strategy and any personal recommendations they provide to you, in each case, are suitable for you, having regard to facts disclosed by you regarding your knowledge and experience, your financial situation, your investment objectives and other relevant facts about you. We shall neither have nor assume responsibility for ensuring such suitability in the event that your agreement with your Professional Adviser is terminated.
- 1.9.8. Please notify your Professional Adviser as soon as possible if there are any changes to the information you have provided to your Professional Adviser.
- 1.9.9. Where you are introduced to us by a Professional Adviser:
- we will rely on information about you provided to us by the Professional Adviser;

- the Professional Adviser, and not us, will remain responsible for carrying out the suitability assessments and providing the suitability report discussed in this Section 1.9; and
- we will be responsible for providing you with the discretionary investment management services based on any such information or recommendations provided to us by the Professional Adviser.

#### 1.10. Types of investments

Subject to your Investment Strategy, we may provide the Services in relation to all investments, including but not limited to, the following types of investments:

- shares in British and foreign companies (including unlisted or unquoted shares), debenture stock, monies, currencies and loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments including government, public agency, municipal and corporate issues, Eurobonds, fixed interest and other securities denominated in any currency, Treasury Bills and other money market instruments (referred to collectively as **Core Investments**).
- warrants to subscribe for relevant Core Investments;
- depository receipts or other types of instruments relating to Core Investments and warrants;
- unit trusts, open-ended investment companies, mutual funds and other collective investment schemes in the UK and elsewhere, including unregulated collective investment schemes;
- individual hedge funds, funds of hedge funds and managed futures funds denominated in any currency;
- venture capital and private equity schemes denominated in any currency;
- precious metals, commodities, bullion and gold coins;
- spot and forward foreign exchange contracts; and
- all other securities/investments of any type including derivatives.

#### 1.11. Risks of investment

1.11.1. There are risks involved in any investment. These include (but are not limited to) the following:

- levels of income and prices of investments can and do fluctuate;
- past performance is not an indication of future performance;
- exchange rate risk exists where investments are denominated in a different currency;
- tax treatment of investments can change;
- in certain market conditions some investments can become difficult to sell; and
- certain investments (including, but not limited to, some funds) may not be able to be sold immediately.

1.11.2. In managing your investments we may purchase on your behalf, or recommend to you, investments to which specific additional risks apply. We are keen to ensure that you understand the nature of these risks and Schedule 1 contains information on risks in respect of a range of different investments and investment techniques which you should read.

1.11.3. Please read Schedule 1 carefully and if any questions arise, please raise them with your Investment Manager or professional adviser.

#### 1.12. Fees, charges and expenses

1.12.1. You agree to pay our fees and charges plus VAT (if applicable) for the Services we agree to provide to you under this Agreement as described in the Fee Schedule we will provide to you (as may be amended from time to time in accordance with Term 1.12). The Fee Schedule outlines:

- the basis of calculation of our charges;
- how they are to be paid and collected; and
- how frequently they are to be levied.

1.12.2. Subject to Term 8.17, you agree to reimburse us for all the costs and expenses we incur in the carrying out of the Services under this Agreement. The costs will include, but not be limited to:

- any costs and expenses described in our Fee Schedule;
- transaction costs;
- commissions, transfer fees, registration fees, taxes and similar liabilities and costs; and
- other reasonable costs and expenses incurred by us in carrying out our services on your behalf.

1.12.3. In accordance with all applicable law and the FCA Rules we will provide you with information relating to costs and charges before providing our services to you. Where this is not included in the Fee Schedule, it will be provided separately and in good time before we provide the relevant service to you.

1.12.4. Where we agree in our discretion to provide additional services to you relating to a specific transaction or investment we will discuss and agree with you the type of service we will provide. In addition, if such additional

services will require us to incur any fees, costs and charges which are not set out in our Fee Schedule, we shall provide to you information on any fees, costs and charges which will apply in good time, before carrying out the relevant transaction or providing the relevant service.

- 1.12.5.** Where we provide you with information relating to fees, costs and charges before providing our services and information relating to actual costs are not available to us, we may need to use reasonable estimates and assumptions in order to provide you with this information. While we take care to ensure our estimates are reasonable and review any assumptions used on an ongoing basis, fees, costs and charges incurred may vary from the information initially provided due to reasons beyond our control, such as changes in the market which are hard to predict.
- 1.12.6.** In addition, where we have recommended or promoted certain investments to you, or provided you with a KID or KIID in relation to such investments we will provide to you an annual update on the costs and charges incurred in relation to these investments during the year.
- 1.12.7.** You may request additional copies of our Fee Schedule, or any information that we provide to you in relation to our fees, costs and charges, at no extra cost by contacting your Investment Manager.
- 1.12.8.** You authorise us to deduct the costs, fees, charges and expenses due (plus VAT if applicable) in relation to the provision of our Services under this Agreement and all related charges and expenses (plus VAT if applicable) from your Portfolio, with sales or partial sales of investments under our discretion being made to cover any shortfall. If there are insufficient funds to pay our costs, fees, charges and expenses in respect of an execution-only Portfolio we will invoice you separately and payment will be required within 30 calendar days of the date of invoice.
- 1.12.9.** You also authorise us to deduct from your Portfolio the amount of any tax, levies in the nature of taxes, duty or other charge levied on your Portfolio (or in relation to a transaction in such investments) by any tax authority or other governmental or regulatory authority (including any amount which you owe to any tax authority which we are required to pay to such authority on your behalf). You authorise us, as agent, to sign on your behalf tax certification forms of ownership or renewal as may be required.
- 1.12.10.** For non-sterling denominated Portfolios, we will use the prevailing foreign exchange rate as at the quarter end date to calculate the sterling quarter end values. The fee will be converted back to the applicable Portfolio currency and deducted in that currency. The exchange rates used can be made available on request.

### **1.13. Changes**

- 1.13.1.** We may, at our discretion, by providing you with written notice, vary our Agreement, including these Terms, for any of the following reasons:
- to reflect changes in the way we operate or do business, including systems, product, technology or service developments;
  - to introduce new services or features or to replace or improve existing services;
  - to remove a service that is no longer used, is out of date or is no longer commercially viable or is in a market we are withdrawing from;
  - to reflect changes caused by market conditions;
  - in order to take account of changes in the cost of providing Services to you;
  - to reflect changes in legal or regulatory requirements or new industry guidance or codes of practice;
  - to correct mistakes or make the Terms easier to understand and/or fairer to you; and
  - to improve security or prevent fraud.
- 1.13.2.** In addition to the reasons set out in Term 1.13.1 we may vary our Agreement, including these Terms, if we have a reasonable justification, as long as we give you notice in accordance with Terms 1.13.3 and 1.13.4.
- 1.13.3.** We may introduce changes immediately without giving you advance notice where we consider it necessary to take account of any legal or regulatory requirements or where we reasonably consider the change is to your advantage. We will notify you as soon as practicable of any such changes.
- 1.13.4.** Where the change is to your disadvantage, and the change is not necessary to take account of any legal or regulatory requirements as set out in Term 1.13.3 we will give you at least 30 calendar days' written notice of the change. If you continue to maintain a Portfolio with us following the expiry of such notice you will be considered to have accepted the changes.

### **1.14. Cancellation rights**

- 1.14.1.** You have a right to cancel this Agreement within 14 days of the Contract Date or the date you first receive a copy of the Terms (whichever is later). If you wish to exercise your right to cancel you should provide a hard copy written instruction to that effect to your Investment Manager at our Registered Office.
- 1.14.2.** On cancellation we will promptly complete transactions already initiated. We may retain and/or realise any of your assets as may be required to settle the transactions already initiated, and to pay any outstanding liabilities of yours.

**1.14.3.** In the event of cancellation, where we have provided custodial services, we will transfer your cash and investments as instructed by you.

**1.14.4.** No charges or penalties will apply in respect of such cancellation; however, for the avoidance of doubt you will remain liable for any costs or charges incurred prior to the date on which the Agreement is cancelled. In particular, (but without limitation) you agree to pay:

- our fees and charges pro rata to the date of cancellation; and
- any additional expenses necessarily incurred by us in cancelling the Agreement and any losses necessarily realised in settling or concluding outstanding obligations and transferring your assets to a new custodian.

**1.14.5.** If you cancel this Agreement during the Cancellation Period, because of the potential for fluctuating investment values, you may not receive back the full amount of your investment.

**1.14.6.** Cancellation will not affect accrued rights, existing commitments or any contractual provision intended to survive termination of the Agreement.

**1.14.7.** If you do not exercise the right to cancel within the Cancellation Period, the Agreement will remain in full force and effect.

### **1.15. Client categorisation**

**1.15.1.** We will treat you as a retail client unless by mutual written consent we have agreed to treat you as a professional client (as defined by the FCA Rules).

**1.15.2.** In order to treat you as a professional client, we are required to assess your experience, expertise and knowledge in relation to the Services to be provided (the "qualitative test") and be satisfied that you pass certain quantitative tests.

**1.15.3.** If we agree, and you consent to being classified as a professional client, we will advise you of the protections and compensation rights you may lose by virtue of such a classification.

### **1.16. Arrangements involving a third-party provider**

**1.16.1.** Where you are a beneficiary or policyholder in respect of a Portfolio which is legally owned by a third-party provider (for example, where we are appointed to provide services in respect of your SIP) we may also be bound under a contractual agreement with the third-party provider. Where the Terms of our contract with the third-party provider impose additional Terms, that contract may prevail. In particular (but without limitation) the third-party provider or its agent(s) may:

- instruct us to act without reference to you and/or limit your rights under Term 8.15 below generally;
- prevent us accepting cash or investments directly from you;
- prevent instructions from you on payments or receipts to or from third parties, or to and from any parties other than the legal owner or their nominee; and/or
- place restrictions on the investments permitted within the Portfolio which will take precedence over your instructions or direction.

**1.16.2.** In addition it should be noted that, in such circumstances:

- custody, dealing and settlement services under Section 4 are provided directly to your third-party provider; and
- your eligibility for, and access to, compensation under the FSCS may be otherwise than as set out in Term 8.39. You should consult your third-party provider for details of the compensation arrangements that apply to their product.

**1.16.3.** Please contact us if you would like to receive further information regarding our agreement with your third-party provider.

### **1.17. Legal Entity Identifier**

**1.17.1.** Under the FCA Rules, with effect from 3 January 2018, if you are a legal entity or structure (e.g. a company, charity or trust), in order for us to be able to execute transactions for you in respect of most types of investments, you must have a Legal Entity Identifier and notify us of this. If you are an entity and eligible for an LEI but do not have one, we will be unable to execute transactions for you where an LEI is required and as a result may be required to suspend or cease to provide services to you. The requirement to have an LEI does not usually apply to individuals.

**1.17.2.** Please speak to your Investment Manager if you require any assistance with obtaining an LEI. There may be an additional charge for this, as specified in the Fee Schedule.

## **2. Discretionary Investment Management Services**

### **2.1. Description of the Services**

Where we agree to provide discretionary investment management services to you in respect of a Portfolio:

- you grant us full authority at our discretion, to buy and sell investments and other assets on your behalf, for that Portfolio, without prior reference to you; and
- normally acting as your agent, we may enter into any kind of transaction on your behalf in respect of that Portfolio using a broker or agent if we choose (whether by way of purchase, sale, retention, exchange or other dealing, by the making of deposits

or subscribing to issues and offers for sale, by the acceptance of placings, by underwriting, sub-underwriting or otherwise) in respect of any investments and any markets.

## 2.2. Types of investments

- 2.2.1. Subject to your Investment Strategy, we may provide discretionary investment management services in relation to all investments, including but not limited to, the types of investments listed at Term 1.10.
- 2.2.2. In limited circumstances and where we think appropriate, we may deal on your behalf on a recognised or designated investment exchange in derivatives. We may also deal on your behalf in derivatives involving a contingent liability, and OTC derivatives. You authorise us to debit your Portfolio with the sums required to pay or supplement deposit or margin in respect of such derivatives transactions.
- 2.2.3. Where we think appropriate, we may invest on your behalf in Structured Products, including structured capital at risk products.
- 2.2.4. Where we think appropriate we may commit you to investment in Investment Certificates.
- 2.2.5. The discretion granted to us under Term 2.1 is wide but will be exercised by us in line with your Investment Strategy (and attitude to risk inherent in that strategy).
- 2.2.6. Please bear in mind that investment objectives are just that (objectives). Although we will exercise reasonable skill, care and diligence in attempting to achieve your investment objective, our selection of investments, changes in their value or market conditions, generally may prevent or hinder us from achieving the objective. Past performance is no guarantee of future performance.

## 2.3. Advice

- 2.3.1. In the course of providing services to you under these Terms we may occasionally provide you with investment advice consistent with your Investment Strategy in relation to specific investments, as requested by you. The range of investments which may be recommended to you may include (but may not be limited to) the types of investments listed at Term 1.10.
- 2.3.2. Although we may provide you with advice, this does not limit our discretion in relation to any Portfolio(s) for which we are appointed to provide discretionary investment management services pursuant to this Section. Please also note that:
  - a) any advice provided by us under these Terms will be restricted to advice upon investments which are relevant to your Portfolio. Any advice which may be provided to you under these Terms is therefore considered under the FCA Rules and applicable law to be restricted advice; and
  - b) where we provide advice under these Terms:
    - i) any investments that are recommended to you, and subsequently form part of your discretionary Portfolio, will be subject to a periodic assessment of suitability as part of the ongoing management of your Portfolio; and
    - ii) we will not provide a periodic assessment of suitability in relation to any investments that are recommended to you, but do not subsequently form part of your discretionary Portfolio.

## 2.4. Requests in relation to specific investments

- 2.4.1. We do not accept suggestions or requests from you in relation to specific investments to be bought, sold or held within a Portfolio where we provide discretionary investment management services in relation to that Portfolio in accordance with this Section 2.
- 2.4.2. Where you wish to make such suggestions or requests you should speak to your Investment Manager about the possibility of us providing execution-only services to you within another Portfolio.
- 2.4.3. Where such execution-only services are provided, the Terms in Section 3 will apply (as applicable) and not this Section 2.

## 2.5. Corporate actions and voting rights

- 2.5.1. We may (subject to our Conflicts of Interest Policy and Term 2.5.2) exercise or refrain from exercising any corporate actions or voting rights in our absolute discretion if we think it is in your best interests to do so, taking into account your Investment Strategy. You agree to ratify and be bound by our decisions in this regard. We will supply you with a copy of our voting policy on request.
- 2.5.2. Our discretion as regards voting rights is subject to:
  - a) any general instructions or controls specified by you; and
  - b) your one off instructions to the contrary.
- 2.5.3. You acknowledge that we shall not exercise any voting rights or corporate actions attaching to holdings in collective investment schemes, or investment trusts, in respect of which we or a member of the Arbuthnot Banking Group, is manager, operator or advisor. However we will be entitled to count such holdings for the purposes of constituting a quorum at a general meeting of such schemes or investment trusts.

## 2.6. Valuation reports

- 2.6.1. We will make available or provide you (and/or others you have nominated) with a periodic valuation report in respect of your Portfolio at least once every three months. In relation to a Leveraged Portfolio, periodic valuation reports will be provided at least once a month.
- 2.6.2. In relation to executed transactions we are not required and will not provide you a notice confirming the execution of each order on a transaction-by-transaction basis. Such information will be included in the periodic valuation reports. However, where you specifically request to receive such information we shall promptly send you a confirmation notice in accordance with the FCA Rules.
- 2.6.3. Each periodic valuation report will include a valuation of your Portfolio, the additional information required by the applicable law and regulation and a measure of performance based on such indices or benchmarks as may be disclosed and/or agreed with you from time to time. Further information is available on request.
- 2.6.4. You should check the contents of each periodic valuation report (and each transaction confirmation where provided) we send you carefully and let us know as soon as possible of any inaccuracy.
- 2.6.5. Additionally, we will inform you where the overall value of your Portfolio, (as evaluated at the beginning of each reporting period) depreciates by 10% and thereafter at multiples of 10%. Such reports will be provided to you via email or other means of communication:
  - a) no later than the end of the Business Day upon which the threshold is exceeded; or
  - b) (where the threshold is exceeded on a non-Business Day) the close of the next Business Day.

## 3. Execution-Only Services

### 3.1. Availability

Execution-only services are only available to you if we also provide custody and settlement services in relation to your Portfolio.

### 3.2. Description of the Service

- 3.2.1. An execution-only transaction is a transaction where:
  - a) you have identified the investment you require;
  - b) you have stated the price you are willing to pay or the amount you are willing to invest; and
  - c) no advice has been requested by you or given by us nor do you expect to receive any advice.
- 3.2.2. Where we agree to provide execution-only services to you we will, on your specific request, and subject to our agreement in each individual case, arrange for the purchase or sale of specific investments on an execution-only basis. We will not provide you with advice and we accept no liability for any inconsistency between the implementation of your instructions and your chosen investment objectives which we may know of because we provide other services to you.
- 3.2.3. You accept that investments purchased on an execution-only basis are your responsibility and we will not advise on such investments nor sell them without further instructions from you.
- 3.2.4. You further acknowledge that such investments:
  - a) will be placed within a separate Portfolio;
  - b) do not form part of our duty to ensure suitability; and
  - c) will be subject to our custody and execution-only fee tariff as set out in our Fee Schedule or as agreed with your Investment Manager.

### 3.3. Procedures for execution-only dealing

- 3.3.1. Instructions should be placed directly with your assigned Investment Manager.
- 3.3.2. Time-sensitive instructions should always be made by telephone directly to your Investment Manager. All other methods of communicating your instruction will be dealt with in the normal course of our business procedures and practices concerning absence cover for e-mails and letter distribution. Please see Term 8.15 for further provisions relating to instructions.
- 3.3.3. Sufficient funds must be held in your Dealing Account to cover any purchase or subscription.
- 3.3.4. All investments we are instructed to sell must be your legal property and free from any pledge, lien, charge or other encumbrance.
- 3.3.5. Any news or information passed to you in relation to execution-only transactions is provided solely so that you can make your own investment decisions and does not constitute investment advice or a personal recommendation.
- 3.3.6. You undertake that, should you be party to an "insider list" in respect of any investments, you will ensure that you obtain all necessary clearances to deal prior to instructing us to deal in such investments.

### 3.4. Fees for execution-only transactions

For execution-only transactions fees will be charged in accordance with our Fees Schedule.

### 3.5. Appropriateness

- 3.5.1. For execution-only services in respect of non-complex instruments (for example, shares traded on a regulated market such as the London Stock Exchange and some UCITS funds) we will not exercise any judgment on your behalf about the merits, suitability, or appropriateness of any transaction. You are responsible for assessing the suitability or appropriateness of such transactions.
- 3.5.2. Where execution-only services involve complex instruments, (for example a derivative, an instrument that gives rise to a contingent liability or a structured UCITS fund) we are required by the FCA Rules to assess the appropriateness of the transaction by determining whether you have the necessary experience and knowledge to understand the risks involved in the product or service.
- 3.5.3. If we consider, on the basis of the information we hold about you or have received from you to assess appropriateness, that the product or service is potentially not appropriate for you we will warn you about this.
- 3.5.4. Where you do not provide sufficient information to enable us to assess appropriateness, we will not be able to determine whether the requested service or product is appropriate for you and we will warn you about this.
- 3.5.5. If you decide, despite the warning, to continue with the transaction and we execute the transaction for you, you shall be solely responsible for that decision.
- 3.5.6. If you decide, despite the warning, to go ahead with the transaction, we reserve the right to consider whether to do so having regard to the circumstances.
- 3.5.7. We shall not owe you a duty to advise on the merits or suitability of any execution-only transaction you enter into, contemplate or request us to carry out. You agree that you will rely on your own judgment for all decisions as regards execution-only services.

### 3.6. Corporate actions and voting rights

- 3.6.1. We will use reasonable endeavours to deliver promptly to you or to your agent information relating to any corporate action in respect of investments held in our custody services. Subject to Term 3.6.4 below and as long as we receive instructions from you in reasonable time and in any event 48 hours before the deadline in respect of the corporate action we will implement, or will arrange to implement, your instructions in relation to the corporate action concerned.
- 3.6.2. In the absence of instructions we will take no action and shall have no responsibility or liability to you for not acting.
- 3.6.3. Where instructions are received before the deadline for the corporate action but are not received before the expiry of the deadline specified at Term 3.6.1 above we may, in our absolute discretion, agree to implement your instructions in relation to the corporate action concerned, however we shall have no responsibility or liability to you for not so acting.
- 3.6.4. You acknowledge that we shall not exercise any voting rights or corporate action attaching to holdings in collective investment schemes, or investment trusts, in respect of which we or a member of the Arbuthnot Banking Group, is manager, operator or advisor. However we will be entitled to count such holdings for the purposes of constituting a quorum at a general meeting of such schemes or investment trusts.
- 3.6.5. Only on receipt of your timely instructions will we ourselves or will we arrange to:
- exchange securities when the exchange is purely administrative (including, without limitation, the exchange of interim receipts or temporary securities in definitive form and the exchange of warrants, or other documents of entitlement to securities for the securities themselves);
  - surrender securities held for you at maturity or when called for redemption upon receiving payment;
  - execute such ownership and other certificates as may be required to obtain the payment of income from securities held for you.

### 3.7. Key investor documents

If we arrange for the purchase on your behalf of a PRIIP or UCITS fund, we will provide to you a copy of the relevant KID or KIID, as applicable. This will be provided either in good time before the transaction is concluded or, where permitted by applicable law, after the conclusion of the transaction, without undue delay.

### 3.8. Valuation reports

- 3.8.1. We will make available or provide you (and/or others you have nominated) with a periodic valuation report at least once every three months.

- 3.8.2. Each periodic valuation report will include a valuation of your Portfolio, the additional information required by the applicable law and regulation.

- 3.8.3. In respect of each transaction order, we shall promptly send you a notice confirming the execution of the order in accordance with the FCA Rules. These will be provided to you via the Digital Wealth Portal (unless you expressly request us to provide such notifications to you by post.)

- 3.8.4. You should check the contents of the periodic valuation reports and confirmations we send you carefully and let us know as soon as possible of any inaccuracy.

## 4. Our Custody and Settlement Services

### 4.1. Custody services

- 4.1.1. Subject to the remainder of this Term 4.1, where we have agreed to provide custody services in respect of the cash and investments in your Portfolio(s), this will be on the basis set out in this Section 4.

- 4.1.2. Alternatively, where agreed between you and us in writing, we may:
- arrange for your investments to be held by an offshore External Custodian; or
  - provide our discretionary investment management services in respect of a Portfolio which is held by an External Custodian selected by you and notified to us.

in which case the Terms in Section 5 will apply and not this Section 4.

- 4.1.3. Where you are a beneficiary or policyholder in respect of a Portfolio which is legally owned by a third-party provider (for example, where we are appointed to provide services in respect of your SIPP) the services described in this Section 4 will be provided directly to your third-party provider as legal owner of the Portfolio.

### 4.2. Responsibilities implicit within our custody services

- 4.2.1. Where we provide custody services we will be responsible for:
- dealing with the administration involved in the buying and selling of investments on your behalf (including effecting the legal transfer of the investment, transferring or, as appropriate, obtaining documents of title or amending other records of ownership and arranging for the payment of the purchase price or the collection of the proceeds of sale);
  - holding investments of yours in the name of, or under the control of a nominee company or custodian, of a type permitted by the FCA Rules;
  - keeping safe documents of title to your investments;
  - collecting on your behalf dividends, income and other entitlements accruing to your investments;
  - at regular intervals providing you with information about your investments (including details of the identity of investments bought and sold during the report period and valuations of investments held at the end of the report period);
  - implementing instructions received from you on the exercise of voting rights attaching to your investments; and
  - arranging, on your request, for you to receive material issued to investors (in respect of your investments).
- 4.2.2. We shall at all times maintain records identifying your entitlement to your investments.
- 4.2.3. If any counterparty fails to deliver any necessary documents or to complete any transaction we will take all reasonable steps on your behalf to rectify such failure or obtain compensation instead. All resulting reasonable costs and expenses properly incurred by us shall be paid by you.

### 4.3. Appointment of sub-custodians

- 4.3.1. At our discretion and at any time we may appoint an agent to act as our sub-custodian. Subject to Term 4.4 below, your investments held by us or our sub-custodian will always be held separately from those of Arbuthnot Latham & Co., Limited. We reserve the right to change any sub-custodian appointed by us at any time.
- 4.3.2. We will exercise due skill, care and diligence in the selection, appointment and monitoring of the sub-custodians we use and in agreeing the Terms on which each sub-custodian has appointed or may appoint its own sub-custodians.
- 4.3.3. We shall be liable for any loss resulting from fraud, wilful default or negligence of a sub-custodian appointed by us, its own sub-custodian or any of their nominees, to the extent that such loss or default arises as a result of our own fraud, wilful default or negligence, but not otherwise.
- 4.3.4. We shall be liable for the fraud, wilful default or negligence of Arbuthnot Latham (Nominees) Limited or any sub-custodian which is a member of the Arbuthnot Banking Group.
- 4.3.5. We shall use reasonable endeavours, at your expense, to recover or mitigate any losses caused by a sub-custodian for which our liability

is excluded.

- 4.3.6. If you suffer a loss due to sub-custodian failure in respect of investments being held with us and we do not make good the loss, you may be eligible to make a claim under the Financial Services Compensation Scheme (also known as the FSCS). Details of the FSCS are set out in Term 8.39.

#### 4.4. Registration of investments

- 4.4.1. Your investments, if they are in registrable form, may be registered either in your name, a nominee company permitted by the FCA Rules or (subject to the FCA Rules) our name or a third party in the circumstances described in this Section 4.
- 4.4.2. Your investments will normally be registered or otherwise recorded in the name of a nominee company of a type permitted by the FCA Rules. Securities will normally be registered in the name of Arbuthnot Latham (Nominees) Limited which is a wholly owned subsidiary of Arbuthnot Latham & Co., Limited.
- 4.4.3. Occasionally, as a result of us complying with the FCA Rules in relation to client assets, investments belonging to us may also be recorded in the name of Arbuthnot Latham (Nominees) Limited or another nominee company permitted under the FCA Rules. Where this occurs investments belonging to us will be separately identified in our records from any investments belonging to you and our investments will only remain so recorded for as long as is reasonably necessary.
- 4.4.4. We may on occasion register or otherwise record your investments in our own name or the name of another custodian (or a nominee controlled by a custodian) of a type permitted by the FCA Rules as determined by us. This will be done principally where, due to the nature of the law or market practice of an overseas jurisdiction, it is in your best interests, or, it is not feasible to do otherwise. Please bear in mind that:
- where an investment of yours is held by a custodian overseas, different settlement, legal and regulatory requirements, together with different practices for the protection and separate identification of the investments, may apply to those prevailing in the UK;
  - specifically, in some cases your investments may be deposited with a custodian in a country outside of the EEA which does not regulate the activity of holding and safekeeping of investments;
  - we are under a regulatory obligation to exercise due diligence and good faith in the use of other custodians and also to review regularly their financial standing, status and service; and
  - a third party custodian may not be able to hold your investments in a way in which they are separately identifiable from the assets of a third party or our assets, accordingly, your investments may not be segregated from investments belonging to us and in the event of our failure your assets may not be as well protected (as they would be under UK arrangements) from claims made on behalf of our general creditors.
- 4.4.5. Certain of your investments may be registered by a nominee or sub-custodian collectively in the same name with those belonging to other clients (an Omnibus Client Segregated Account) and so your entitlement may not be identifiable by separate certificates or other physical documents of title or equivalent electronic records, although we will maintain our own records which will record your interest in investments which have been pooled in this way. In the unlikely event of the default or insolvency of us or a nominee or sub-custodian, any shortfall in Omnibus Client Segregated Accounts may be shared pro rata among all clients whose investments are registered in this way.
- 4.4.6. We will hold your securities in an Omnibus Client Segregated Account unless you have elected to hold your investments in an Individual Client Segregated Account. Separate terms will apply if you elect to hold your investments in an Individual Client Segregated Account. Further information is available on request from your Investment Manager.
- 4.4.7. Where you instruct us, and we agree to arrange for your investments to be held in the name of any person other than those specified in this Term 4.4 we do not accept any responsibility for the acts or omissions of that person and you do so entirely at your own risk.

#### 4.5. Title to your investments

- 4.5.1. All documents of title to your investments shall be held by us, a sub-custodian, or as we may direct.
- 4.5.2. Subject to the above, we will ensure that when evidence of title to your investments is uncertificated (or is otherwise transferable by a book entry system) or, where title passes by delivery, evidence of title will be maintained in such a way that your investments are separately identifiable from investments held in the same way for Arbuthnot Latham & Co., Limited or the account of any of our Associates.

- 4.5.3. We will arrange safekeeping for bearer investments (other than scrip issues in respect of registered investments). We will ensure that any documents of title that we do hold for you in bearer form are kept separately from any documents of title to assets in bearer form held by us.

#### 4.6. Liens/security interests

- 4.6.1. You acknowledge that your cash or any of your investments held with us or a sub-custodian may be subject, under applicable laws, to a right of security (such as a right of retention or sale), lien or set-off.
- 4.6.2. We may retain a right or security interest over your investments until such time that any costs, losses or claims for which you are liable are paid.
- 4.6.3. Subject to Term 4.6.4 any such lien or right granted to a sub-custodian will only extend to properly incurred charges and liabilities arising from the provision of custody services in respect of your investments held in an account with that sub-custodian.
- 4.6.4. You acknowledge and accept that where your investments are held by a sub-custodian outside the EEA your investments may be subject to a security interest, lien (a right of retention or sale) or a right of set-off. We may agree that your investments may be so subject if:
- the lien or right is required by local applicable law in that jurisdiction; and;
  - we have taken reasonable steps to determine that holding your assets subject to such a lien or right is in your best interests.

#### 4.7. Use of your investments

- 4.7.1. Except as otherwise provided in this Agreement, or otherwise agreed in writing, we have no right to lend, pledge or use your investments for our own purposes or for the account of any other person.
- 4.7.2. Further, we are required by the FCA Rules to take appropriate measures to prevent the unauthorised use of your investments for our own account or for the account of any other person. Such measures may include:
- where you do not have enough provision on your account on the settlement date of any trade, taking steps to unwind the position;
  - closely monitoring our projected ability to deliver your investments upon the settlement date of any position entered into upon your behalf; and
  - closely monitoring and promptly requesting any undelivered investments which are outstanding on the settlement date of any position entered into upon your behalf.
- 4.7.3. Notwithstanding the above, events such as settlements delays, timing differences or administrative or settlement errors may result in a shortfall (as defined by the FCA Rules). In such cases, Term 4.18.1 will apply.

#### 4.8. Overseas custody risk

Investments belonging to you may be held overseas in accordance with Term 4.4. and may therefore be subject to different settlement, legal and regulatory requirements, together with different practices for the separate identification of the investments, to those applying in the UK or the EEA and your rights in relation to them may therefore differ. In addition, where your investments are held by a sub-custodian outside the EEA your investments may be subject to a security interest, lien (a right of retention or sale) or a right of set-off (as specified at Term 4.6). In these circumstances your rights (including your rights in the event of a default or insolvency) may be different and may be reduced.

#### 4.9. Dividends, distributions, interest payments, and other rights

- 4.9.1. We will make all reasonable efforts both to collect all income due, and to vest other rights in respect of investments held as nominee, on your behalf. All such income received by us will be held by us as banker in your Income Account. Please see Term 4.17 for further details.
- 4.9.2. We will arrange to credit your Income Account with dividends, interest payments, and distributions on UK investments and other income, in a timely manner and in accordance with our internal procedures. Where dividends and distributions are received on non-UK investments additional time may be required for any necessary currency conversion.
- 4.9.3. Once received into your Income Account, dividends, interest and other income will be transferred to your Dealing Account for reinvestment unless you instruct us otherwise in writing.
- 4.9.4. Subject to Term 4.9.5 below, we will ensure that you receive the appropriate share of entitlements to shares and any other benefits arising from corporate events where the holdings of our clients have been pooled.
- 4.9.5. When your investments are held by a sub-custodian collectively with investments belonging to other clients there may be occasions when fractions of investments remain after each client's entitlement is

calculated. You authorise us to retain these fractions for our own benefit for the following reasons:

- a) the cost of selling these fractions of investments, and apportioning the proceeds between clients, would be greater than their value; and
- b) each client will receive his or her correct entitlement based on the relevant individual holding and will not as a result suffer any disadvantage.

#### 4.10. Settlement

- 4.10.1. We will settle all transactions undertaken by us on your behalf, subject to us holding or receiving all necessary documents or funds and will do so on such basis as is good market practice for the type of investment and market concerned. Delivery or payment by the other party to any such transaction will be at your risk and our obligation to account to you for any investment or the proceeds of sale of any investment will be conditional upon receipt by us of the relevant documents or sale proceeds (as applicable) from the other party.
- 4.10.2. We operate a settlement system under which you are debited with the purchase cost or credited with the proceeds of sale conditionally upon settlement being ultimately effected. We reserve the right to effect the cancellation of any debit or credit so attributed to you if there are unreasonable delays or difficulties in settlement. In this event, we will promptly notify you but, where appropriate, will also continue to seek to effect settlement.
- 4.10.3. You accept that you may not rely on any debit or credit referred to under the procedure described in Term 4.10.2 until actual settlement.
- 4.10.4. If an item is returned to us unpaid or there is an operational error, we may without prior notice to you:
  - a) reverse entries; and
  - b) correct errors made in any documents.
- 4.10.5. If, on your instructions, we debit your Cash Account, against investments or funds which appear in your Portfolio but are not cleared funds and which subsequently do not clear, you agree to reimburse us and be responsible for any debts, costs or losses that arise.
- 4.10.6. Where we have authority to effect transactions or take steps on your behalf we may agree such reasonable Terms as we think fit with the counterparty or other person involved (which may be a member of the Arbuthnot Banking Group) and for that purpose we may:
  - a) give representations and warranties on your behalf;
  - b) execute agreements, confirmations, Terms of business, master documentation and enter into other contractual arrangements binding on you; and
  - c) take any steps in accordance with market practice or custom as we think fit for the purpose of effecting or settling those transactions, and all such matters will be binding on you.

#### 4.11. Annual reports etc

If you would like to receive a copy of the annual report and accounts and/or vote at meetings, exercise voting rights, and/or receive other documents in respect of any company, concern or fund in your Portfolio please contact us in writing. We will treat any such request as an ad hoc request and will use our reasonable endeavours, subject to time constraints, to facilitate any such ad hoc request. However by providing such documentation we do not accept any obligation to do so on an ongoing basis.

#### 4.12. Litigation

We have no responsibility or obligation to participate in or process class action litigation claims or similar matters, but may so participate if, in our absolute discretion we see fit. In the event that we do participate we will use our reasonable endeavours, subject to time constraints, to provide the input requested. In the event of a payment to you in settlement this will be less any associated costs. We shall have no obligation to inform you about any such class action litigation claims or similar matters which come to our notice.

#### 4.13. Costs

The costs of the provision of our custody services are included in our Fee Schedule.

#### 4.14. Foreign currency

- 4.14.1. You authorise us to conduct any foreign exchange transactions we deem necessary or reasonably incidental to carry out your instructions or protect our rights under this Agreement, and you agree to assume all risks associated with foreign exchange and currency conversion. We may, for example:
  - a) for the purpose of settling any of your debts due to us in one currency, convert any of your assets or monies held in another currency; or
  - b) if we receive money in a different currency from that in which the Portfolio is held, we may convert it into the currency of the

Portfolio.

- 4.14.2. Where we carry out foreign exchange transactions, unless we have agreed a fixed rate with you for a particular transaction, the exchange rate we will use is our reference exchange rate plus a fee charged by us in accordance with our Fee Schedule.
- 4.14.3. Our reference exchange rate is calculated by reference to the rate offered by an international bank. Details of the banks used and the applicable exchange rates in relation to any given transaction are available in writing on request.

#### 4.15. Custody arrangements for certain investments

- 4.15.1. We reserve the right (in our absolute discretion) to:
  - a) hold particular investments within your Portfolio on a segregated basis;
  - b) decline to provide custody services for any specific investment; and/or
  - c) decide that we no longer wish to provide custody in respect of any specific type of investment.
- 4.15.2. Where Term 4.15.1(c) applies we will write to you to let you know. You agree to make alternative arrangements for the safe custody of such investments within a reasonable timeframe following our notice. Once notified of these arrangements, we will transfer such investments to you, or a third party custodian nominated by you, as you direct.
- 4.15.3. For the avoidance of doubt, we reserve the right to charge a custody fee in respect of such investments until they are transferred in accordance with Term 4.15.2. Please refer to the Fee Schedule for further details.

#### 4.16. Treatment of allocated but unclaimed investments

- 4.16.1. Should we lose contact with you and where we determine that we have not received any instructions relating to your investments for a period of at least 12 years, we will act in accordance with our internal procedure for allocated but unclaimed investments, which:
  - a) requires us to take reasonable steps to trace you and return your investments to you; and
  - b) allows us, where you cannot be traced, to liquidate your investments and/or pay away the proceeds, as permitted by the FCA Rules.
  - c) allows us, where you cannot be traced, to suspend any trading activity within your Portfolio.
- 4.16.2. Where an investment is liquidated and/or paid away, we (or a company in our group) will undertake to pay you a sum equal to the value of the investment at the time it was liquidated or paid away in the event that you seek to claim the investment from us in the future.
- 4.16.3. If you think you may have unclaimed investments held by us, please write to us at our Registered Office.

#### 4.17. Your money held as banker

- 4.17.1. Except as set out at Term 4.18 below, we will hold the money in your Cash Account with us as banker and not as a trustee under the client money rules. If we were to fail, the client money distribution and transfer rules will not apply to your money in your Cash Account and you will not be entitled to share in any distribution under the client money distribution and transfer rules.
- 4.17.2. Where we hold your money in an account with us as banker, interest on qualifying credit balances shall accrue on a daily basis at a rate linked to prevailing market rates and shall usually be credited monthly to your account or upon closure of your account. In the event that the applicable credit interest rate for a currency goes below zero, we may charge you a negative interest rate on the money held in that account and you authorise us to deduct the amount of that interest charge from your Portfolio, usually on a monthly basis. Current rates of interest are available from your Investment Manager.
- 4.17.3. If you have more than one account in the books of Arbuthnot Latham & Co., Limited you grant us the right, where lawful to do so, to set-off a credit balance on one account against a debit balance on another. You will be given at least 14 calendar days' prior notice if we wish to exercise this right of set-off. This will only apply to accounts held in the same legal right.
- 4.17.4. We may require an advance payment, of such amount as we may determine, at any time before or after we enter into a forward foreign exchange transaction with you. This is to provide us with security in respect of the risk we may incur on that transaction prior to the transaction being completed. This may be held by us or a third party.
- 4.17.5. Should we lose contact with you and where we determine that there has been no movement on your cash balance for a significant period we may designate your account as "dormant". Where we designate your account as "dormant", we will act in accordance with our internal procedures for unclaimed account monies, which:
  - a) require us to take certain steps to trace you and return your money to you; and

- b) allow us, where you cannot be traced, to pay away small amounts of unclaimed money balances. You will still be able to claim for any money which has been paid away.

4.17.6. If you think you have unclaimed money with us, please write to us at our Registered Office.

#### 4.18. Client money

4.18.1. Notwithstanding Terms 4.7.2 and 4.17, events such as settlement delays, timing differences or administrative or settlement errors may result in a shortfall (as defined by the FCA Rules). In the event of such a shortfall we shall, in accordance with the FCA Rules, appropriate a sufficient amount of our own money to cover the value of the shortfall and hold it as client money under the FCA client money rules. We may also hold your money as client money in other circumstances, which will be notified to you.

4.18.2. Where you are a beneficiary or policyholder in respect of a Portfolio which is legally owned by a third-party provider (for example, where we are appointed to provide services in respect of your SIPP) this Term 4.18 will apply in respect of services provided directly to your third-party provider as legal owner of the Portfolio.

4.18.3. The following provisions apply where we hold your money as client money:

- a) client money will be held by us as trustee in accordance with the FCA's Rules;
- b) client money will be held in a client account separate from any money we hold as banker, and from our own money, and will normally be held in a client bank account with a regulated bank or credit institution. Unless you object in writing, we may use a member of the Arbutnot Banking Group to hold your money (subject to a limit of 20% of the total client money we hold);
- c) we will use all due skill care and diligence in the election, appointment and periodic review of the bank or credit institution where your client money is deposited and the arrangements for holding this money;
- d) we shall not be responsible for any credit institution or bank by whom or in which your money is held. Your money may be pooled with money belonging to other clients which means that you do not have a claim against a specific account; your claim is against the client money pool in general;
- e) we will not pay interest on any monies which we hold as client money; and
- f) in the event that we become insolvent or otherwise fail, the client money distribution rules will apply to any money held by us as client money.

4.18.4. Unless you object in writing:

- a) we may hold your money at a bank, or credit institution outside the UK. The names of such banks or institutions are available on request; and
- b) we may transact business for you which involves your money being passed to an intermediate broker or settlement agent or OTC counterparty outside the UK.

4.18.5. The legal and regulatory regime applying to the overseas institution will be different from that of the UK and in the event of the institution's default your money may be treated differently from the position which would apply if it were held in the UK. Where your money is held outside of the EEA, your rights in the event of a default or insolvency of the third party holding your money may be different and may be reduced.

4.18.6. Should we lose contact with you and where we determine that there has been no movement on your client money cash balance for a period of at least six years (disregarding any payment or receipt of interest, charges or similar items), we will act in accordance with our internal procedure for allocated but unclaimed client money, which:

- a) requires us to take certain steps to trace you and return your money to you; and
- b) allows us, where you cannot be traced, to pay away any allocated but unclaimed client money balances, as permitted by the FCA Rules.

4.18.7. Where an unallocated client money balance in excess of £25 (in the case of a retail client) or £100 (in the case of other clients) is paid away, we (or a company in our group) will undertake to pay to you a sum equal to the balance paid away in the event of you seeking to claim the balance in future.

4.18.8. If you think you have unclaimed client money with us, please write to us at our Registered Office.

#### 5. External Custodian Services

5.1. This Section 5 will apply where the cash and investments in a Portfolio are held by an External Custodian. This will be the case were:

5.1.1. you have instructed us that you wish the cash and investments comprising a particular Portfolio to be held by an External Custodian selected by you; or

5.1.2. you have instructed us that you wish for us to arrange for the cash and investments in a particular Portfolio to be held offshore with our preferred offshore External Custodian.

5.2. Where this Section 5 applies we will not be responsible for the provision of custodial services in respect of the relevant Portfolio and accordingly Section 4 will not apply in respect of that Portfolio.

5.3. Further provisions which apply when your assets are held by our preferred offshore External Custodian are contained in Schedule 4.

5.4. Where the cash and investments in a Portfolio are held by an External Custodian, you confirm and acknowledge that:

- 5.4.1. you have entered into a direct custody agreement with the External Custodian in respect of the cash and investments comprising the relevant Portfolio; and
- 5.4.2. you have provided a true and complete copy of that custody agreement to us and will provide us promptly with any updates or amendments to it;
- 5.4.3. the External Custodian is not our sub-custodian for the purposes of this Agreement nor is it our agent or a third party to which we have delegated or outsourced investment services;
- 5.4.4. for the avoidance of doubt, Term 8.32 does not apply to an External Custodian; and
- 5.4.5. in relation to the relevant Portfolio, we will not be responsible for:
  - a) the safekeeping of any cash or investments;
  - b) the settlement of transactions effected by us on your behalf pursuant to this Agreement;
  - c) the collection of income; and/or
  - d) the effecting of other administrative actions.

5.5. You fully authorise us to give instructions to the External Custodian (including, but not limited to, instructions to effect settlement of all transactions in the relevant Portfolio undertaken pursuant to this Agreement) and to operate the relevant Portfolio as agent for you for the purposes of performing our services under this Agreement.

5.6. You undertake to ensure that the External Custodian will:

- 5.6.1. act in accordance with instructions from us pursuant to this Agreement;
- 5.6.2. provide us with copies of periodic statements and access to electronic systems;
- 5.6.3. give us timely notice of any voting or other rights with respect to assets forming part of your Portfolio as soon as possible upon becoming aware of any such rights;
- 5.6.4. inform us as soon as practicable of any additions or other credits and withdrawals or other debits to any account containing assets forming part of your Portfolio; and
- 5.6.5. pay the amount of any fees, costs and expenses payable under this Agreement from or relating to your Portfolio in accordance with the payment instructions notified by us.

5.7. You undertake not to terminate your agreement with the External Custodian without giving us reasonable prior written notice of your intention to do so together with the name and other relevant information which we may require in respect of any new External Custodian appointed.

5.8. For the avoidance of doubt, any cash in the relevant Portfolio is not held by us as banker and is not client money held by us as trustee in accordance with the FCA's Rules. How such cash is held is a matter for the External Custodian.

5.9. Where the relevant Portfolio is segregated by the External Custodian into capital, income or capital gains, pursuant to tax advice you have received, we will not be responsible or liable for any tax liabilities, penalties, interest or other impositions that may arise as a consequence of their operation, nor, where these cash and investments are held offshore, in relation to any remittances of monies to the UK.

5.10. You authorise us to collect fees (as referred to in the Fee Schedule) from the relevant Portfolio in relation to our services to you under this Agreement.

5.11. Where, you have instructed us that you wish for us to arrange for the cash and investments in a particular Portfolio to be held offshore with our preferred offshore External Custodian as referred to in Term 5.1.2:

- 5.11.1. you agree to provide (or have already provided) to us original proofs of identity and residence/address, as required by the External Custodian to open the custodial accounts together with certified copies of these documents if as required;
- 5.11.2. you authorise us to provide these documents to the External Custodian together with any other information which we have about you and which it is reasonable for the External Custodian to request for the purposes of opening and maintaining custodial accounts and providing any other required services to you; and
- 5.11.3. you agree that, where you are not the underlying principal or ultimate beneficial owner of the cash and investments in the relevant Portfolio, we may assist the External Custodian in investigating the background of the underlying principal(s)/ ultimate beneficial owner(s) and you also agree that we may supply the External Custodian, their regulators and/or their auditors with

information about you including information regarding reputation, propriety and sources of initial funds and wealth.

## **6. ISAs**

### **6.1. Introduction**

- 6.1.1.** This Section sets out the Terms upon which we will provide services as an ISA manager in connection with the discretionary investment management of your investments, or the provision of execution-only services, held within an ISA with us.
- 6.1.2.** Upon acceptance of your application, we will act as ISA manager in respect of your ISA Portfolio subject to the ISA Regulations, the applicable HMRC guidance and as otherwise set out in this Agreement.
- 6.1.3.** We will only accept your application to open an ISA where we have been appointed to provide:
- a) discretionary investment management services (pursuant to Section 2 of these Terms) or execution-only services pursuant to Section 3 of these Terms); and
  - b) custody and settlement services (pursuant to Section 4 of these Terms)
- in respect of the cash and investments which will comprise the ISA Portfolio.
- 6.1.4.** In the event of any conflict between this Section 6, and the remainder of the Terms, this Section 6 shall prevail in respect of any ISA managed by us.
- 6.1.5.** We will operate your ISA in accordance with and subject to the ISA Regulations and the applicable HMRC guidance. In the event of any conflict between these Terms and the ISA regulations, the ISA Regulations will prevail.
- 6.1.6.** We will not delegate any of our functions or responsibilities in respect of your ISA unless we are satisfied that the person to whom we may so delegate is competent to carry out those functions or responsibilities.

### **6.2. Cancellation rights in respect of your ISA**

- 6.2.1.** Where you have received financial advice in respect of the ISA, and this was arranged on a face to face basis (as opposed to at a distance), you have a right to cancel your ISA within 14 days from the date upon which we accept your application to open an ISA. If you wish to exercise your right to cancel you should provide a hard copy written instruction to that effect to your Investment Manager.
- 6.2.2.** On cancellation we will promptly complete transactions already initiated. We may retain and/or realise any of your assets as may be required to settle the transactions already initiated, and to pay any outstanding liabilities of yours. If we have invested some or all of the subscription amount before we receive your cancellation request, the amount you receive back may be less than the amount originally invested.
- 6.2.3.** No charges or penalties will apply in respect of such cancellation; however, for the avoidance of doubt you will remain liable for any costs or charges incurred prior to date on which the ISA is cancelled. In particular, (but without limitation) you agree to pay:
- a) our fees pro rata to the date of cancellation; and
  - b) any additional expenses necessarily incurred by us in cancelling the ISA and any losses necessarily realised in settling or concluding outstanding obligations and transferring your assets to a new custodian.
- 6.2.4.** Where we have also agreed to provide Services in respect of non-ISA Portfolio(s) under this Agreement cancellation of your ISA will not affect the provision of these Services. Your rights to cancel the Agreement are specified at Term 1.13.
- 6.2.5.** If you do not exercise the right to cancel your ISA, the ISA will remain in full force and effect until transferred or terminated in accordance with this Section 6.

### **6.3. Opening an ISA, subscriptions and transfers-in**

- 6.3.1.** Subscriptions to ISAs may only be made in such manner or form as the ISA Regulations permit. Specifically, should you wish to open an ISA, you must provide us with either:
- a) your instructions to transfer from a Portfolio any cash amount up to the subscription limit;
  - b) a cheque; or
  - c) an electronic transfer of funds.
- 6.3.2.** Subscriptions to ISAs must at all times be within the limits set by the ISA Regulations.
- 6.3.3.** Subscriptions to ISAs may only be made by clients or persons who are eligible under the ISA Regulations at the time of subscription.
- 6.3.4.** Applications to subscribe to ISAs will only be accepted by us where we have received a signed and completed ISA Application Form, an ISA Transfer Request, and/or an Additional Permitted Subscription Form (as applicable), together with all information we notify you we

require including anti-money laundering information.

- 6.3.5.** Transfers-in of ISA investments from another ISA provider will be made by us receiving cash and/or investments from your previous ISA manager. We may decline to accept particular investments and instead ask your previous ISA manager to realise such investments and transfer cash to us. The value of assets may change during such transfer period.
- 6.3.6.** Where we have agreed to provide discretionary investment management services in relation to your ISA pursuant to Section 2 of these Terms, following your initial subscription, we may make use of your full ISA allowance in each subsequent tax year for as long as you remain eligible to make such subscriptions. However, this subject to sufficient cash and/or investments being available in order to make such subscriptions and there may be instances when your full ISA allowance is not utilised.
- 6.3.7.** If you wish to stop subscriptions into your ISA you must inform your Investment Manager immediately.
- 6.3.8.** We reserve the right to decline an ISA application without specifying any reason for such decision.

### **6.4. Continuing Account of a Deceased Investor**

- 6.4.1.** Where we are notified that you have died, and upon written confirmation of the date of death, we will designate your ISA as a "continuing account of a deceased investor" in accordance with HMRC guidance.
- 6.4.2.** Your ISA will remain as a "continuing account of a deceased investor" until the earlier of:
- a) The completion of the administration of your estate;
  - b) The closure of your ISA;
  - c) The third anniversary of your death.
- 6.4.3.** While your ISA is a "continuing account of a deceased investor" no subscriptions may be made into it but the existing investments will continue to benefit from ISA tax advantages.
- 6.4.4.** If the administration of your estate has not been completed by the third anniversary of your death, then your ISA will cease to be a "continuing account of a deceased investor". This means that the investments in your ISA are no longer held in an ISA wrapper and all subsequent income or gains on your investments will become taxable.
- 6.4.5.** We will not check with your executors if and when the administration of your estate has been completed.

### **6.5. Additional permitted subscriptions**

- 6.5.1.** Where you are eligible to make Additional Permitted Subscriptions, you may apply to open a new ISA with us in order to make such additional subscriptions up to the value of your APS Allowance. Investments within your ISA Portfolio will be registered in our name, the name of Arbuthnot Latham (Nominees) Limited or the name of another nominee or custodian appointed by us. Please see Term 4.4 for further details.
- 6.5.2.** We may accept applications to make Additional Permitted Subscriptions either where your spouse held their ISA with us, or with another ISA manager. For full details of our custody services, please see Section 4 of these Terms.
- 6.5.3.** We will only accept an application to make Additional Permitted Subscriptions where you have not already made Additional Permitted Subscriptions with any other ISA manager. In addition, once you have made an Additional Permitted Subscription with us, you will not be able to do so with any other ISA manager.
- 6.5.4.** The Additional Permitted Subscriptions are limited to situations:
- a) Where your spouse died on or before 5 April 2018, up to the value of your spouse's ISA at the date of death;
  - b) Where your spouse died on or after 6 April 2018, up to the higher of the value of your spouse's ISA at the date of death or the value of your spouse's ISA at the point the ISA ceases to be a "continuing account of a deceased investor".
- 6.5.5.** You must elect one of the two value options under 6.5.4 b) when completing the Additional Permitted Subscription Form. Once you have made your decision (decided on which value you wish the Additional Permitted Subscription to be calculated), you cannot ask us to change the basis of the calculation.
- 6.5.6.** Applications to make Additional Permitted Subscriptions will only be accepted by us on receipt of:
- a) a signed and completed Additional Permitted Subscription Form;
  - b) a signed and completed Additional Permitted Subscription Eligibility Declaration;
  - c) a signed and completed ISA Application Form;
  - d) the subscription amount (which must be within the APS Allowance) either:
    - i) in cash; or

- ii) in the form of a cheque; or
  - iii) via instructions to transfer funds from a non-ISA Portfolio that you hold with us; or
  - iv) via instructions to transfer funds from another ISA manager; and
- (d) all information and confirmations we notify you that we require including anti-money laundering information; and
- (e) (where your spouse held their ISA with another ISA manager) all information reasonably requested from the previous ISA manager.
- 6.5.7. Additional Permitted Subscriptions may only be made by clients who are eligible to make such subscriptions under the ISA Regulations at the time of subscription.
- 6.5.8. Cash subscriptions must be from your own funds and these can be sums inherited from your spouse, or any other funds that you have available.
- 6.5.9. Where Qualifying Investments are already held in an Portfolio with us we may, in our absolute discretion, accept an in-specie transfer as an Additional Permitted Subscription. Only Qualifying Investments which you have inherited from your spouse may be used to make an in-specie transfer. Such Qualifying Investments will be valued at close of business on the last Business Day prior to the date of transfer into your ISA. Only Qualifying Investments up to the value of the APS Allowance will be accepted as an in-specie transfer.
- 6.5.10. Where your spouse held their ISA with another ISA manager, and you wish to make Additional Permitted Subscriptions with us, we will ask that ISA manager to realise such investments and transfer the cash to us.
- 6.5.11. A series of subscriptions may be made provided that, in aggregate, they do not exceed your APS Allowance. Please note that there are statutory time limits for making Additional Permitted Subscriptions. These time limits vary depending on the date on which your spouse died and whether the subscriptions take the form of cash or an in-specie transfer. We will not accept any Additional Permitted Subscriptions after the expiry of these time limits.
- 6.5.12. We reserve the right to decline your application to make an Additional Permitted Subscription without specifying any reason for such decision.
- 6.6. Custody, ownership and registration of investments**
- 6.6.1. You will not sell or mortgage, pledge or charge or otherwise deal with your legal interest in any part of the ISA Portfolio yourself, nor authorise or instruct any other person to do so. Your ISA Portfolio will be, and must remain in, your beneficial ownership and must not be used as security for any loan. In certain circumstances, an equitable charge may be taken over your ISA Portfolio subject to the ISA Regulations. Term 4.17.3 does not apply in respect of cash and investments held in your ISA Portfolio.
- 6.6.2. Investments within your ISA Portfolio will be registered in our name, the name of Arbuthnot Latham (Nominees) Limited or the name of another nominee or custodian appointed by us. Please see Term 4.4 for further details.
- 6.6.3. Share certificates or other documents evidencing title to investments within your ISA Portfolio will be held by us or as we may direct. Please see Term 4.5 for further details.
- 6.6.4. For full details of our custody services, please see Section 4 of these Terms.
- 6.7. Cash**
- 6.7.1. We will hold any cash held within your ISA as banker and not as trustee and as a result your money will not be held in accordance with the client money rules. There are certain circumstances which may arise when money in respect of an ISA is required to be held as client money and in such circumstances we will comply with our obligations under the client money rules in this respect. Please see Term 4.18 for further details.
- 6.7.2. Interest on cash balances within your ISA Portfolio will be credited at prevailing market rates. See the Term 4.17.2 for further details. Current rates of interest are available from your Investment Manager. Interest earned on cash balances held within an ISA will be retained within the ISA.
- 6.8. Qualifying Investments**
- 6.8.1. We will purchase for your ISA only those investments which are Qualifying Investments for a stocks and shares ISA pursuant to the ISA Regulations.
- 6.8.2. If a previously Qualifying Investment should no longer qualify, we will sell the investment and reinvest the proceeds in the ISA, or transfer the investment to a non-ISA Portfolio held by you in accordance with the ISA Regulations.
- 6.9. Communications with HMRC**
- 6.9.1. You authorise us to provide HMRC with all relevant particulars of the ISA and the investments within the ISA Portfolio.
- 6.9.2. You authorise us to make claims, conduct appeals and reach agreement on your behalf for tax reliefs in relation to the cash and investments in your ISA Portfolio.
- 6.9.3. We will notify you as soon as reasonably practical if, by reason of any failure to satisfy the provisions of the ISA Regulations, the ISA has or will become void.
- 6.10. Reports**
- 6.10.1. Reports will be provided to you in respect of your ISA Portfolio pursuant to Terms 2.6 and 8.1.
- 6.10.2. For the avoidance of doubt, where you hold more than one Portfolio, we may, where we consider it appropriate, consolidate these Portfolios for reporting purposes; unless you expressly instruct us in writing to do otherwise, no separate measure of performance covering your ISA Portfolio will be included.
- 6.11. Notices, voting rights and other information**
- 6.11.1. If you request, in writing, we will arrange for you to be provided with copies of the annual report and accounts of each company or other entity directly held within your ISA. Charges may apply as set out in our Fee Schedule.
- 6.11.2. If you request, in writing, we will make arrangements to enable you to attend shareholders', securities holders' or unit holders' meetings, to exercise voting rights and receive any other information issued to shareholders, securities holders or unit holders in addition to the annual report and accounts, in respect of companies or other entities directly held within your ISA. Charges may apply as set out in our Fee Schedule.
- 6.12. Withdrawals, transfers and termination**
- 6.12.1. You may request to transfer either the whole or a part of your ISA to another ISA manager approved under the ISA Regulations. You may stipulate a time limit on the transfer of your ISA (subject to a minimum limit of 15 Business Days). We will comply with this request as soon as is reasonably practicable and upon such date, in accordance with your instructions, the ISA with all applicable rights and obligations, shall be transferred to your chosen ISA manager in accordance with the ISA Regulations relating to transfers.
- 6.12.2. On your written request (and subject to any payments for any outstanding transactions, accrued fees and expenses) to all or part of the investments held in the ISA and/or the proceeds arising from those investments (as instructed by you) shall be transferred or paid to you. You may stipulate a time limit on such withdrawals (subject to a minimum limit of 15 Business Days). If you withdraw funds from your ISA you may lose the ISA benefits in respect of the amount withdrawn. If your intention is to invest such funds in an ISA with another ISA manager, you should not request a withdrawal but should instead request an ISA transfer pursuant to Term 6.12.1.
- 6.12.3. Where you request a transfer or withdrawal and your ISA holds units or shares in a UK UCITS, a non-UCITS retail scheme or a recognised UCITS, dealings in which have been suspended in accordance with COLL 7.2 (or any direct foreign equivalent), the minimum limit of 15 Business Days referred to in Term 6.12.1 or Term 6.12.2 (as applicable) may be extended by a further seven calendar days after the end of that suspension.
- 6.12.4. We may terminate the ISA by 30 calendar days' written notice to you. Prior to such termination you may request to transfer or withdraw your ISA in accordance with Term 6.12.1 or Term 6.12.2 (as applicable). However, this Term is not intended to prejudice our rights to immediately terminate the Agreement and/or suspend services to you in accordance with Term 8.22.3.
- 6.12.5. For the avoidance of doubt, Term 8.15 will apply to all instructions given by you under this Term 6.12.2.
- 6.13. Fees**
- 6.13.1. Details of our fees in respect of our ISA services are contained in our Fee Schedule.
- 6.13.2. You agree that our fees in respect of the ISA may be debited either from the ISA Portfolio or from a Portfolio belonging to you. If there are insufficient funds within the ISA Portfolio(s) to pay our fees in respect of the ISA we will invoice you separately and payment will be required within 30 calendar days of the date of invoice.
- 6.14. Additional Permitted Subscriptions following your Death**
- 6.14.1. Upon your death, it may be possible for your ISA benefits to be passed on to your spouse or civil partner via an APS Allowance. Subject to the ISA Regulations, your spouse or civil partner will be allowed to invest as much into their own ISA as you held in your ISA at the date of your death (in addition to their normal annual ISA limit).
- 6.14.2. Following your death we will advise your spouse or civil partner, your personal representatives or any beneficiaries that the ISA can continue during the administration of your estate for a maximum of three years in accordance with Term 6.4.2. We will respond to a request from your spouse to disclose the value of the APS Allowance provided that:
- a) such a request is in writing; and

- b) your spouse or civil partner provides your name and address, your National Insurance Number (NINO) if known, your date of birth, the date of your death and the date of your marriage or civil partnership.

- 6.14.3. The value of your spouse's APS Allowance will be based on the probate valuation of your ISA in accordance with 6.5.4. provided or agreed by your personal representatives in line with the ISA Regulations.
- 6.14.4. Please see Term 6.3 to Term 6.5 for the provisions which will apply should your spouse or civil partner wish to use their APS Allowance within an ISA managed by us.

## **7. Junior ISAs**

### **7.1. Introduction**

- 7.1.1. This Section 7 sets out the Terms upon which we will provide services as a Junior ISA manager in connection with the discretionary investment management of investments held within a Junior ISA with us.
- 7.1.2. We normally only offer Junior ISAs where the initial Registered Contact is either an existing client of ours with a Portfolio managed by us, or a new client of ours who opens a Portfolio (whether in their own or joint names) which is to be managed by us and, at the same time wishes to open a Junior ISA for a child. We do not normally accept applications to open Junior ISAs from persons aged 16 or 17. Other providers may offer this service.
- 7.1.3. You, being the Registered Contact, may apply for us to provide services as Junior ISA manager in connection with the management of the Eligible Child's investments held within a Junior ISA. Upon acceptance of the application, we will act as Junior ISA manager in respect of the Junior ISA Portfolio subject to the ISA Regulations, the applicable HMRC guidance and as otherwise set out in this Agreement.
- 7.1.4. We will only accept your application to open a Junior ISA on behalf of an Eligible Child where we have been appointed to provide discretionary management services (pursuant to Section 2 of these Terms) and custodial services (pursuant to Section 4 of these Terms) in respect of the cash and investments which will comprise the Junior ISA Portfolio. In the event of any conflict between this Section 7, and the remainder of the Terms, this Section 7 shall prevail in respect of any Junior ISA managed by us.
- 7.1.5. We will operate the Junior ISA in accordance with and subject to the ISA Regulations and the applicable HMRC guidance. In the event of any conflict between these Terms and the ISA regulations, the ISA Regulations will prevail.
- 7.1.6. We will not delegate any of our functions or responsibilities in respect of the Junior ISA unless we are satisfied that the person to whom we may so delegate is competent to carry out those functions or responsibilities.

### **7.2. Cancellation rights in respect of the Junior ISA**

- 7.2.1. Where you have received financial advice in respect of the Junior ISA, and this was arranged on a face to face basis (as opposed to at a distance) you have a right to cancel the Junior ISA within 14 days from the date upon which we accept your application to open the Junior ISA. If you wish to exercise your right to cancel you should provide a hard copy written instruction to that effect to your Investment Manager.
- 7.2.2. On cancellation we will promptly complete transactions already initiated. We may retain and/or realise any of the assets as may be required to settle the transactions already initiated, and to pay any outstanding liabilities. If we have invested some or all of the subscription amount before we receive your cancellation request, the amount received back may be less than the amount originally invested.
- 7.2.3. No charges or penalties will apply in respect of such cancellation; however, for the avoidance of doubt, you will remain liable for any costs or charges incurred prior to date on which the Junior ISA is cancelled. In particular, (but without limitation) you agree to pay:
  - a) our fees pro rata to the date of cancellation; and
  - b) any additional expenses necessarily incurred by us in cancelling the Junior ISA and any losses necessarily realised in settling or concluding outstanding obligations and transferring the assets to a new custodian.
- 7.2.4. Where we have also agreed to provide Services in respect of other Portfolio(s) under this Agreement cancellation of the Junior ISA will not affect the provision of these Services. Your rights to cancel the Agreement are specified at Term 1.13.
- 7.2.5. If you do not exercise the right to cancel the Junior ISA, the Junior ISA will remain in full force and effect until transferred or terminated in accordance with this Section 7.

### **7.3. The Registered Contact**

- 7.3.1. Only one person may be the Registered Contact in respect of any

Junior ISA at any time. We will not accept instructions in relation to the management of the investments in the Junior ISA from any person other than the Registered Contact.

- 7.3.2. The initial Registered Contact will be the person who completes and signs the Junior ISA Application Form. Until the Eligible Child's 16th birthday, the Registered Contact must be a person with parental responsibility for the Eligible Child. At any time, another person with parental responsibility for the Eligible Child may replace the then current Registered Contact. To change the Registered Contact both the existing Registered Contact and the incoming Registered Contact must complete the relevant form and declaration provided by us (subject to certain exemptions set out in the ISA Regulations, for example, where the existing Registered Contact has died).
- 7.3.3. At any time on or after their 16th birthday, the Eligible Child may opt to become the Registered Contact, but must apply to us to assume this position. If no such application is made, then the person acting as the Registered Contact immediately before the Eligible Child's 16th birthday will continue in this position. If the Eligible Child exercises this option, they may not subsequently be replaced as Registered Contact by any other person.
- 7.3.4. The authority of the Registered Contact in relation to the Junior ISA shall cease on the earlier of:
  - a) the Eligible Child's 18th birthday (whereupon Term 7.12.7 applies);
  - b) the date upon which the Eligible Child, upon attaining the age of 16, assumes the responsibility for the Junior ISA Portfolio in accordance with the ISA Regulations and Term 7.3.3;
  - c) the date upon which the Registered Contact is replaced in accordance with Term 7.3.2; or
  - d) the date upon which we become aware that the Registered Contact no longer has parental responsibility for the Eligible Child. In this case we shall decline further instructions until a new Registered Contact has been appointed in respect of the Junior ISA.

### **7.4. Opening a Junior ISA, transfers-in and subscriptions**

- 7.4.1. Subscriptions to Junior ISAs may only be made in such manner or form as the ISA Regulations permit. Specifically, should you wish to open a Junior ISA in respect of an Eligible Child, you must provide us with either:
  - a) your instructions to transfer from a Portfolio any cash amount up to the subscription limit;
  - b) a cheque; or
  - c) an electronic transfer of funds.
- 7.4.2. Applications may only be made on behalf of an Eligible Child who is eligible under the ISA Regulations at the time of subscription. The ISA Regulations do not permit an Eligible Child to have more than one Junior ISA of each type at any one time.
- 7.4.3. Applications to open a Junior ISA will only be accepted by us where we have received a signed and completed Junior ISA Application Form or a Junior ISA Transfer Request (as applicable), together with all information we notify you we require including anti-money laundering information and evidence that you, as the Registered Contact, have parental responsibility for the Eligible Child.
- 7.4.4. We reserve the right to decline a Junior ISA application without specifying any reason for such decision.
- 7.4.5. Transfers-in of Junior ISA investments from another Junior ISA provider will be made by us receiving cash and/or investments from the previous Junior ISA manager. We may decline to accept particular investments and instead ask the previous Junior ISA manager to realise such investments and transfer cash to us. The value of assets may change during such transfer period.
- 7.4.6. All subscriptions to Junior ISAs are gifts to the Eligible Child and are non-refundable. We may accept subscriptions to the Junior ISA from any person and need not obtain your consent before doing so.
- 7.4.7. Junior ISA subscriptions, where an Eligible Child aged 16 and 17 also holds an ISA must comply with the additional subscription limits as set out in the ISA Regulations.

### **7.5. Custody, ownership and registration of investments**

- 7.5.1. The Eligible Child will at all times be the beneficial owner of the investments and cash held within the Junior ISA Portfolio. You must not sell or mortgage, pledge, charge or otherwise deal with the cash and investments within the Junior ISA Portfolio, nor authorise or instruct any other person to do so. The Junior ISA must not be used as security for a loan. Term 4.17.3 does not apply in respect of cash and investments held in the Junior ISA Portfolio.
- 7.5.2. Investments within the Junior ISA Portfolio will be registered in our name, the name of Arbuthnot Latham (Nominees) Limited or the name of another nominee or custodian appointed by us. Please see Term 4.4 for further details.
- 7.5.3. Share certificates or other documents evidencing title to

investments within the Junior ISA Portfolio will be held by us or as we may direct. Please see Term 4.5 for further details.

- 7.5.4. For full details of our custody services, please see Section 4 of these Terms.

## 7.6. Cash

7.6.1. We will hold any cash held within the Junior ISA Portfolio as banker and not as trustee and as a result such money will not be held in accordance with the client money rules. There are certain circumstances which may arise when money in respect of a Junior ISA is required to be held as client money and in such circumstances we will comply with our obligations under the client money rules in this respect. Please see Term 4.18 for further details.

7.6.2. Interest on cash balances within the Junior ISA Portfolio will be credited at prevailing market rates. See the Term 4.17.2 for further details. Current rates of interest are available from your Investment Manager. Interest earned on cash balances held within a Junior ISA will be retained within the Junior ISA.

## 7.7. Income

7.7.1. Subject to any direction permitted to be given by you pursuant to the ISA Regulations and Term 7.12 all income (whether in the form of dividends or interest) and all tax recovered in respect of the Junior ISA shall be received into the Junior ISA Portfolio and may be reinvested.

## 7.8. Qualifying Investments

7.8.1. We will purchase for the Junior ISA only those investments which are Qualifying Investments for a stocks and shares Junior ISA pursuant to the ISA Regulations.

7.8.2. If a previously qualifying investment should no longer qualify, we will sell the investment and reinvest the proceeds within the Junior ISA Portfolio in accordance with the ISA regulations.

## 7.9. Communications with HMRC

7.9.1. You authorise us to provide HMRC with all relevant particulars of the Junior ISA and the investments within the Junior ISA Portfolio.

7.9.2. You authorise us to make claims, conduct appeals and reach agreement on behalf of the Eligible Child for tax reliefs in relation to the cash and investments in the Junior ISA Portfolio.

7.9.3. We will notify you as soon as reasonably practical if, by reason of any failure to satisfy the provisions of the ISA Regulations, the Junior ISA has or will become void.

## 7.10. Reports

Reports will be provided to you in respect of the Junior ISA Portfolio pursuant to Terms 2.6 and 8.1.

## 7.11. Notices, voting rights and other information

7.11.1. If you request in writing we will arrange for you to be provided with copies of the annual report and accounts of each company or other entity directly held within a Junior ISA. Charges may apply as set out in our Fee Schedule.

7.11.2. If you request, in writing, we will make arrangements to enable you to attend shareholders', securities holders' or unit holders' meetings, to exercise voting rights and receive any other information issued to shareholders, securities holders or unit holders in addition to the annual report and accounts, in respect of companies or other entities directly held within a Junior ISA. Charges may apply as set out in our Fee Schedule.

## 7.12. Transfers, withdrawals and termination

7.12.1. You may request to transfer either the whole or a part of the Junior ISA Portfolio to another Junior ISA manager approved under the ISA Regulations. You may stipulate a time limit on the transfer of your Junior ISA (subject to a minimum limit of 15 Business Days). We will comply with this request as soon as is reasonably practicable and upon such date, in accordance with your instructions, the Junior ISA with all applicable rights and obligations, shall be transferred to another Junior ISA manager in accordance with the ISA Regulations relating to transfers.

7.12.2. The ISA Regulations do not permit an Eligible Child to have more than one Junior ISA of each type at any one time, so if the Junior ISA is transferred to a stocks and shares ISA with another provider the whole amount must be transferred. However, the Junior ISA can be transferred entirely or in part to a new or existing cash Junior ISA provided that at the end of the transfer process the Eligible Child does not have more than one Junior ISA of each type.

7.12.3. Except as set out in Term 7.12.4 and Term 7.12.5, no withdrawals may be made from the Junior ISA until the Eligible Child has reached the age of 18.

7.12.4. If the Eligible Child becomes terminally ill at any time before their 18th birthday, HMRC may allow withdrawals to be made from the Junior ISA. You must apply to make withdrawals directly to HMRC. Upon our receipt of confirmation from HMRC, we will allow

withdrawals from the Junior ISA. Where this results in all of the assets in the Junior ISA being withdrawn, we may terminate the Junior ISA.

7.12.5. Cash and investments may also be withdrawn from a Junior ISA:

- upon the closure of the Junior ISA; or
- in order to meet our fees and expenses.

7.12.6. We may terminate the Junior ISA where:

- all of the assets in the Junior ISA are transferred to another provider under Term 7.12.1;
- the Eligible Child dies;
- fees levied in accordance with Term 7.12.5(b) reduce the balance of the Junior ISA to zero;
- upon the Eligible Child's 18th birthday; or
- where termination is otherwise permitted by the ISA Regulations.

7.12.7. Upon their 18th birthday the Eligible Child may apply to withdraw the total value of the Junior ISA Portfolio. If the Eligible Child does not withdraw the value of the Junior ISA Portfolio on their 18th birthday, from this date the Junior ISA will be treated as an adult stocks and shares ISA in accordance with ISA Regulations and the provisions in Section 6 as regards ISAs will apply in replacement of these provisions regarding Junior ISAs.

7.12.8. Where information (including but not limited to anti-money laundering information) has not been obtained from the Eligible Child prior to their 18th birthday, all cash and investments will remain in the tax free wrapper (now an ISA under the ISA Regulations) and be managed on a temporary basis in line with the Investment Strategy previously agreed in respect of the Junior ISA until the relevant information has been obtained.

7.12.9. If we have not been able to obtain the information we require (including in order to undertake a suitability assessment) within a reasonable period of the Eligible Child's 18th birthday, we may cease to provide our services (other than custody and execution-only services). No further subscriptions will be permitted to the ISA until the information we require has been received.

## 7.13. Fees

7.13.1. Details of our fees in respect of our Junior ISA services are contained in our Fee Schedule.

7.13.2. You agree that our fees in respect of the Junior ISA may be debited either from the Junior ISA Portfolio or from a Portfolio belonging to you. If there are insufficient funds within the Junior ISA Portfolio(s) to pay our fees in respect of the Junior ISA we will invoice you separately and payment will be required within 30 calendar days of the date of invoice.

## 8. General Terms

### 8.1. Reports

8.1.1. Once you have confirmed to us that all cash and investments have been transferred into your Portfolio we will promptly provide you with a statement showing the initial value and composition of the investments.

8.1.2. We will supply you with regular periodic valuation reports for our services as set out in the relevant section of these Terms. The first periodic valuation report to be provided after the initial valuation will be made available or provided following the next period end date and will cover the entire period's activity. You may request additional copies of a periodic valuation report, and charges may apply as set out in our Fee Schedule.

8.1.3. In addition to our valuation and reporting obligations currently specified in the Terms, where we provide you with custody services you may also request that we provide you with a report relating to the investments which we hold for you at any time. Details of any fees are contained in our Fee Schedule.

8.1.4. You are responsible for checking the accuracy of any periodic valuation reports and transaction confirmations we send you as well as their contents, including valuations, and informing us as soon as possible if there appear to be any inaccuracies.

8.1.5. In respect of any valuations we prepare and which are included in our periodic valuation reports, such valuations will be based on prices obtained from exchanges and other pricing services which we consider appropriate. If the investment is non-readily realisable, the value is determined by a method that we believe to be most appropriate. We will of course use reasonable endeavours to verify the accuracy of such valuations, but otherwise we bear no responsibility for inaccurate valuations.

8.1.6. Where you have more than one Portfolio, we may, where we consider it appropriate, consolidate these for reporting purposes unless you expressly instruct us in writing to do otherwise.

8.1.7. Additionally, where your Portfolio includes positions in leveraged financial instruments or contingent liability transactions, we will

inform you where the overall value of your Portfolio (as evaluated at the beginning of each reporting period) depreciates by 10% and thereafter at multiples of 10%. Such reports will be provided to you via email and other means of communication:

- a) no later than the end of the Business Day upon which the threshold is exceeded; or
- b) (where the threshold is exceeded on a non-Business Day) the close of the next Business Day.

**8.1.8.** You expressly agree that any reports provided pursuant to Term 8.1.7 will not be provided on an instrument-by-instrument basis. Please notify your Investment Manager if you wish to discuss the provision of such reports on an instrument-by-instrument basis.

## **8.2. Payments to / from third parties**

**8.2.1.** We will comply with all FCA Rules and all other applicable law in relation to payment to or from third parties. In particular we will not:

- a) pay to or accept from any party (other than you) any fee or commission in connection with our provision of the Services, or
- b) provide to or receive from any party (other than you) any non-monetary benefit in connection with our provision of the Services;

except where such payments or non-monetary benefits are permitted by the FCA Rules and/or other applicable law.

**8.2.2.** In the course of providing our services to you we may receive and retain from other persons Acceptable Minor Non-Monetary Benefits where this is permitted by the FCA Rules and all applicable law. Details of all Acceptable Minor Non-Monetary Benefits received will be disclosed to you on an annual basis.

**8.2.3.** For the avoidance of doubt, any third party investment research that we receive and retain (apart from any such research capable of constituting an Acceptable Minor Non-Monetary Benefit) will be paid for by us directly from our own resources. We will not operate a research payment account.

## **8.3. Conflicts of interest**

**8.3.1.** During the course of providing our services under this Agreement there may be times when we, another company within the Arbuthnot Banking Group or an Associate, may have an interest, relationship or arrangement in relation to an investment, a transaction or a Service provided to you.

**8.3.2.** Under the FCA Rules we are required to have in place arrangements with a view to taking all appropriate steps to identify and to prevent or manage conflicts of interest between:

- a) ourselves (including our managers, employees and certain others connected to them) and you; or
- b) you and another client of ours

that arise or may arise in the course of us providing the Services under this Agreement.

**8.3.3.** If such arrangements made by us are not sufficient to ensure, with reasonable confidence, that the risk of damage to your interests will be prevented, we will disclose to you the general nature or sources of the conflict of interest (or both) and the steps taken to mitigate those risks.

**8.3.4.** We maintain a conflicts of interest policy to identify, prevent and manage such actual or potential conflicts of interest as well as a supporting register of conflicts which is regularly reviewed.

**8.3.5.** Our conflicts of interest policy is reviewed on an annual basis and a summary of our current conflicts of interest policy is contained in Schedule 3. The conflicts we have identified and manage, and the steps taken to mitigate those risks are also identified within Schedule 3. Further details of our conflicts of interest policy are available on request.

## **8.4. Group investments**

**8.4.1.** We may, in providing services to you under this Agreement, invest on your behalf in:

- a) collective investment schemes which are operated, managed or advised by us or a company in the Arbuthnot Banking Group;
- b) investment trusts which are managed or advised by us or a company in the Arbuthnot Banking Group; and
- c) Structured Products which are offered or wrapped by us or a company in the Arbuthnot Banking Group.

**8.4.2.** We will endeavour to inform you when we invest in any of the products specified in 8.4.1.

**8.4.3.** Our conflicts of interest policy (a summary of which is contained in Schedule 3) also takes into account any circumstances of which we are aware which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the Arbuthnot Banking Group.

## **8.5. Best execution**

**8.5.1.** When we execute an order on your behalf or receive and transmit

such orders, we are under an obligation under the FCA Rules to take all sufficient steps to obtain the best possible result for you taking into account relevant factors. This is known as 'best execution'. In order to comply with our obligations in relation to best execution we have in place a best execution policy and by entering into this Agreement you consent to this policy. Our best execution policy is reviewed not less than annually and also whenever a material change occurs that affects our ability to continue to provide best execution. A best execution disclosure statement containing a summary of our best execution policy can be found at Schedule 2. We will notify you of any material changes to our Best Execution Policy.

**8.5.2.** Where you provide us with specific instructions in relation to the execution of an order, or part of an order (for example instructions as to execution venue, price, or timing) such instructions may prevent us from taking all sufficient steps to obtain the best possible result for you in relation to that order (or the part of the order to which your instructions relate). You acknowledge that certain transactions executed in respect of the services we provide to you may be subject to transaction reporting requirements and you agree to provide promptly all such information we may reasonably request and take action in a timely manner as we may reasonably request, in order to fulfil these transaction reporting requirements, if applicable. In addition you acknowledge that if you do not provide promptly the requested information, the relevant transaction may be delayed or we may not be able to proceed with the transaction. You further acknowledge that as a result of such transaction reporting requirements certain information about affected transactions will be reported to the FCA, in some cases via third parties, in accordance with applicable law.

## **8.6. Aggregation**

Subject to the FCA Rules, we may combine transactions in respect of your investments with those of other clients and of our employees and Associates and their employees without asking you first. This process is described as 'aggregation'. We will only carry out aggregation in accordance with the FCA Rules. The effect of aggregation may work on some occasions to your advantage, and on other occasions to your disadvantage.

## **8.7. Allocation**

We have an obligation under the FCA Rules to ensure that any order executed on your behalf is promptly and accurately recorded and allocated. When we allocate such deals, it will be done fairly, in accordance with our order allocation policy.

## **8.8. Limit orders**

We may, on a best endeavours basis, at our discretion accept 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). You expressly instruct us to not make public client limit orders in respect of shares admitted for trading on a regulated market or traded on a Trading Venue which are not immediately executed under prevailing market conditions.

## **8.9. Dealing outside a Trading Venue**

You expressly consent to us executing orders relating to your investments outside a Trading Venue when we believe this to be in your best interests.

## **8.10. Securities depositories, etc.**

You authorise us to use securities depositories, clearing and settlement houses and similar securities systems when required for the purposes of our providing the services described in this Agreement.

## **8.11. Market and exchange rules and practice**

**8.11.1.** We will carry out transactions in investments on your behalf in accordance with the rules and regulations of the relevant market or exchange. You authorise 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.

**8.11.2.** You authorise us to execute your instructions or transfer funds by any conventional means we consider suitable, including banking channels, electronic or manual funds transfer systems, mail, courier, or telecommunications services, and other methods. You agree that we may, without prior notice to you, use the services of any institution, exchange, or correspondent bank in carrying out your instructions and that we reserve the right to pass on their charges.

**8.11.3.** You agree to be bound by the rules and regulations that govern the applicable exchanges, funds transfer systems, or institutions and to accept their normal charges. You understand that none of these is our agent and that we are not responsible for their acts or omissions or any delay or suspension of their operation.

## **8.12. Acting as principal**

We may act as principal in transactions with you if we consider it appropriate. We will act in accordance with our best execution policy (see Term 8.5) when carrying out a transaction as principal.

## **8.13. Borrowing**

**8.13.1.** Except as otherwise provided elsewhere in this Agreement, or

agreed in writing between you and us, we will not borrow money on your behalf from a third party, nor shall we commit you to a contract which may require you to supplement investments or other assets comprising your investments from time to time.

- 8.13.2.** We do not provide authorised overdraft facilities or loan facilities under this Agreement and such services are subject to separate Terms and documentation. You should speak to your Investment Manager if you require these additional services.
- 8.13.3.** Notwithstanding Term 8.13.1 above, we may manage your Portfolio(s) in such a manner that your Cash Account may become temporarily overdrawn for the purpose of allowing us to carry out a transaction relating to one or more financial instruments on your behalf, without a pre-arranged overdraft being in place. The provision of any such overdraft is of no specified duration. The amount of any overdraft and accrued interest will be repayable by you in full on our demand at any time.

#### **8.14. Communications**

- 8.14.1.** Any notice, demand or communication given under these Terms or any transaction to which they apply shall, in the absence of any express agreement and except where we shall give general notice in the press, be in writing and shall be deemed to be duly served if left at, or sent to, your correspondence address or the email address last communicated to us by you.
- 8.14.2.** If you agree that we may send you information electronically, we may also provide any notice or information by posting it to the Website, where permitted by the FCA Rules or email.
- 8.14.3.** Any such notice, demand or communication shall be deemed to be received, if sent by first class mail, two Business Days after posting, if sent by second class mail, three Business Days after posting, or five Business Days in the case of airmail, if sent by email, at the moment of dispatch, if left at your correspondence address, at the time of delivery. In the case of a joint Portfolio, we may give notice to either or any of the joint Portfolio holder(s).
- 8.14.4.** If you wish to change your address or email details you should send to us hard copy instructions to do so. If you notify us of such changes by telephone we may ask you to confirm these in writing.
- 8.14.5.** You may communicate with us in writing (which may include email). Any instruction or communication required to be in hard copy under this Agreement must be signed by you, sent to our Registered Office, and will be considered delivered upon our receipt. We will take reasonable care to verify your signature against our records but shall not be liable for acting upon written instructions which reasonably appear to be signed by you. We may refuse to carry out an instruction if we are not satisfied that it is genuine or authorised by you.
- 8.14.6.** Subject to this Term 8.14 and Term 8.15 you may communicate with us verbally or by email, but you acknowledge that if you choose to communicate with us by any of these methods you do so at your own risk. The contact details for such communications will be notified to you in writing.
- 8.14.7.** Where you provide verbal instructions we may ask you to confirm these in writing. We will not be liable for any inconsistency between the verbal instructions and the subsequent written confirmation.
- 8.14.8.** If you wish to communicate with us by telephone you must do so by calling the telephone number(s) we have given you in writing. Please see Term 8.38 for further details regarding the recording of communications.
- 8.14.9.** If you wish to communicate with us by email, a valid email address must be provided by you in writing. By providing us with a valid email address or sending a communication to us by email, you are indicating that you are willing for us to communicate with you by email for any purpose under this Agreement.
- 8.14.10.** You acknowledge and accept that email communications may not be secure or reliable and that, if you choose to communicate with us in this manner, or request us to communicate with you in this manner, there is a risk of technical malfunction, unauthorised interference, failed delivery or delay and computer viruses. You further accept that emails may not be read or actioned in a timely manner and that any time critical communications must be followed up by a telephone call to us.

#### **8.15. Instructions**

- 8.15.1.** As long as we act reasonably, you authorise us to rely and act upon any instruction or communication by whatever means transmitted which appears or purports to have been given by or on behalf of you or any third party authorised by you.
- 8.15.2.** Subject to Terms 8.14 and the remainder of this Term 8.15, we may act upon instructions received from you (or an Authorised Person) in person, in writing (including by email) or by telephone. However, in order to protect you:
- a) instructions to buy or sell investments or withdraw cash or investments cannot be provided by email only; such instructions must additionally be provided to us by telephone or by signed

letter;

- b) (except where Term 8.15.2(c) applies) where you wish to withdraw cash you must instruct us to transfer the relevant cash amount to one or more Nominated Accounts; and
- c) we only will accept instructions to transfer cash or other assets out of a Portfolio to a third party account which is not a Nominated Account, if we are satisfied that we may act on the instructions and we may, at our discretion, telephone and speak to you on a nominated telephone number to verify such instructions. We may also request verification of your identity.
- 8.15.3.** If you (or an Authorised Person) request the cancellation of an instruction previously given to us, it will not be possible for us to do this where the instruction has already been acted upon.
- 8.15.4.** Where instructions are received on a Business Day, we will do what we reasonably can to act upon the instructions that day. Instructions not received on a Business Day will be acted upon the following Business Day.
- 8.15.5.** Instructions from you or an Authorised Person (other than instructions to amend the Agreement) will be acknowledged by our acting on them.
- 8.15.6.** We may in certain circumstances, at our discretion, refuse to act upon instructions. For example, we may refuse to act upon instructions where:
- a) we suspect that the instruction may not have genuinely come from you or from a third party authorised by you;
- b) we have been unable to perform any checks which we (in our absolute discretion) deem necessary to verify the authenticity of the instructions;
- c) the instruction is unclear or inconsistent with any agreement between us from time to time as to the form and manner of such instruction;
- d) we are on notice, or reasonably believe, that someone else may have rights over the cash or investments in a Portfolio, or there is a dispute between joint Portfolio holders;
- e) we suspect or are aware that there may be investigations, pending or ongoing, by any court or regulatory or fiscal authority into your affairs;
- f) you do not provide any information reasonably requested by us in order for us to comply with our anti-money laundering obligations;
- g) to do so would cause us or you to be in breach of legal and/or regulatory requirements;
- h) we believe on reasonable grounds that to do so would be impracticable (for example where, in our reasonable opinion, such instruction represents either an instruction to deal in an unmarketable investment or an unmarketable quantity of the investment concerned) or against your interests; or
- i) to do so would run the risk of us suffering financial loss.
- 8.15.7.** Where you have granted a third party a lasting (or enduring) power of attorney we are entitled to assume that you have capacity to act until notified to the contrary by the person(s) granted authority under the lasting (or enduring) power of attorney.
- 8.15.8.** Notwithstanding Term 8.15.7, where you have granted a third party a lasting (or enduring) power of attorney and we subsequently receive notice that you no longer have capacity, we reserve the right not to act on instructions received from the person(s) granted authority under the lasting (or enduring) power of attorney unless we are satisfied (in our absolute discretion) that the lasting (or enduring) power of attorney allows for us to be so instructed.

#### **8.16. Authorised Persons**

- 8.16.1.** Should you wish to appoint a third party to provide instructions in relation to your Portfolio you must complete and sign the Third Party Authority Form (which will be provided to you with the Acceptance Pack). You irrevocably authorise us to act in accordance with instructions received from the third parties named in the Third Party Authority Form until we receive written notice to the contrary from you. You are able to add and remove Authorised Persons by completing a new Third Party Authority Form (which will take effect upon the date that we acknowledge that we have received the new Third Party Authority Form and updated our records accordingly).
- 8.16.2.** The same rules apply to instructions received from Authorised Person as they do to instructions received from you and you must ensure that your authorised third party complies with these provisions.
- 8.16.3.** You will be responsible for the acts and omissions of all Authorised Persons as if they were your own acts and omissions and you undertake to ensure that all Authorised Persons comply with these Terms at all times.
- 8.16.4.** We are not obliged to accept instructions from an Authorised Person if we have reason to believe that the individual or entity is not fit and

proper or is acting in bad faith.

#### **8.17. Liability**

- 8.17.1.** 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, and save in circumstances caused by our fraud, negligence or wilful default, 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 services for and on your behalf.
- 8.17.2.** This Agreement contemplates an Investment Strategy which will feature certain risks. We draw your attention to the risks inherent in specific investments contained in the Risks and Related Considerations contained in Schedule 1 of this Agreement.
- 8.17.3.** Where we provide custody services we accept responsibility for the acts or omissions of nominees within the Arbutnot Banking Group and are responsible to you for loss due to our negligence, wilful default or fraud. We are not responsible for, nor will we incur any loss or liability arising from, the default of a nominee or custodian who is not a member of the Arbutnot Banking Group (whether the loss arises from loss of funds, investments, title documents, other property or otherwise).
- 8.17.4.** We are not responsible in any circumstances for any losses you suffer if we are prevented from any service under this Agreement by reason of abnormal and unforeseeable circumstances beyond our control, including (without limitation) failure of or defects in, any securities system, or the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations, strikes and other industrial action, failure of power supplies, failure of telecommunications or other equipment, acts of God, war or terrorism or other causes beyond our control.
- 8.17.5.** We will not be liable to you in any circumstances for:
- loss of business, loss of goodwill, loss of opportunity, loss of profit; and/or
  - any type of loss which we could not reasonably have anticipated when you gave an instruction.
- 8.17.6.** Nothing in this Agreement is intended to have, or has, the effect of excluding or restricting our duties or liabilities to you under FSMA, any regulations made under it, or the FCA Rules.

#### **8.18. Representations and undertakings**

- 8.18.1.** You agree to accept and to be bound both this Agreement and represent that you have full power and authority to enter into the Agreement with us and to give us instructions as provided for in the Agreement. Where applicable, you represent that you are duly organised and validly existing under the laws of your jurisdiction of incorporation.
- 8.18.2.** In relation to information, you represent and undertake that:
- all information (including where relevant any of your directors, officers or employees) which you have provided to us is complete and correct;
  - you will notify us promptly if there is any material change in any information you have provided to us;
  - you will provide us, in a timely fashion, with any other relevant information or documentation which we may reasonably request in order to provide you with our services;
  - you will provide such other additional information or documentation which we may reasonably request from time to time in order to fulfil our or your legal, regulatory and contractual obligations;
  - you will use all reasonable endeavours to ensure that all confidential information provided to you by us in consequence of this Agreement is kept confidential, except for information which you are bound to disclose under compulsion of law, or by request of regulatory agencies or which you give to your professional advisers for the purposes of your personal financial affairs.
- 8.18.3.** In particular (but without limitation), pursuant to Term 8.18.3(b) above, you agree to:
- notify us immediately if you change your contact or personal details or if any Authorised Person changes their contact or personal details;
  - (where we provide discretionary management services in respect of your ISA pursuant to Section 6) notify us immediately if, for any reason, you cease to be eligible to make subscriptions into your ISA;
  - inform us within 30 calendar days of any changes that would affect any tax residency certifications that have been given previously.
- 8.18.4.** You acknowledge that a failure to provide such information referred to in 8.18.3 may mean we suspend or terminate the services under this Agreement.
- 8.18.5.** Where we provide discretionary investment management services

in respect of a Portfolio pursuant to Section 2 you further represent and undertake that:

- the investments and cash in that Portfolio are within your legal or beneficial ownership and will remain for the term of the Agreement free from all rights, charges and any other encumbrances (other than any rights in favour of us which may arise in the circumstances described in these Terms); and
- whilst this Agreement continues you will not, except through us, deal, or authorise anyone else to deal, with the cash or investments in the Portfolio.

- 8.18.6.** You undertake to sign and/or produce, by the time we reasonably ask you to, any documents we need to enable us to carry out our duties under this Agreement.

#### **8.19. IMPORTANT: Your potential financial obligations**

- 8.19.1.** Where we have properly and reasonably incurred any loss, cost, liability, action and/or expense as a result of:
- your intentional breach of these Terms and the exercise and enforcement of our rights and remedies under these Terms;
  - the intentional supply of information by you that you know to be false or misleading;
  - tracing and recovering any outstanding monies from you or from any joint Portfolio holder and/or tracing and communicating with you or any joint Portfolio holder; you agree that you shall compensate us for such loss, cost, liability, action and/or expense. However, you shall not have to compensate us where we have been grossly negligent, fraudulent or in wilful default.
- 8.19.2.** Where a Portfolio is held in joint names, the liability under these Terms is joint and several. This means that you and any joint Portfolio holder(s) are liable together, but also individually for all monies due.

#### **8.20. Privacy Notice**

We are committed to protecting and respecting your privacy and we will only use your information in accordance with Data Protection Legislation. The Arbutnot Latham Privacy Notice explains the basis on which any personal data we collect from you, or that you provide to us, will be processed by us. Please read it carefully to understand our view and practices regarding your personal data and how we will treat it. You can find the Arbutnot Latham Privacy Notice at [www.arbutnotlatham.co.uk/privacy-notice](http://www.arbutnotlatham.co.uk/privacy-notice), or you can request a copy from your Investment Manager.

#### **8.21. Confidentiality and use of credit reference agencies**

- 8.21.1.** Confidentiality of your affairs will be maintained except:
- where we are compelled by law or regulation to disclose information;
  - where we are subject to a duty to the public to disclose information;
  - where our interests require disclosure and it is reasonable for us to do so;
  - where disclosure is made at your request, or with your consent; and/or
  - within the Arbutnot Banking Group.
- 8.21.2.** In all such cases we shall reveal only such information as is considered necessary by us in the circumstances.
- 8.21.3.** We may provide information about you and how you manage your Portfolio(s) to the following:
- people who provide a service to you or are acting as your agents, on the understanding that they will keep the information confidential;
  - anyone to whom we transfer or may transfer our rights and duties under this Agreement;
  - members of the Arbutnot Banking Group;
  - any relevant regulatory or supervisory authority.
- 8.21.4.** We may provide any information in relation to you and your Portfolio to HMRC or any other relevant tax authority in the UK or overseas who may be obliged to share this information with an overseas government or tax authority in accordance with the provisions of law, legislation or regulation of the UK or other applicable jurisdiction. Should we need further information from you in order to comply with such information requests, you agree to provide us with any information as we may request within 30 days of our requesting it. We will not be liable to you for any loss you may suffer if we disclose information in accordance with our legal or regulatory obligations. You agree to inform us within 30 days of any changes that would affect any tax residency certifications that have been given previously.
- 8.21.5.** You hereby authorise us to make searches about you at credit reference agencies, who will supply us with credit information, as well as information from the electoral register. You understand that we and other companies may use the records, searches and any

other information provided to the agencies if credit decisions are to be made about you, or other members of your household. This information may also be used for debt tracing and the prevention of money laundering as well as the management of the account. You further understand that credit reference agencies will record details of the searches made by us.

**8.21.6.** If you wish to receive details of the credit reference agencies from whom and with whom we obtain and share information about you, then please write to us at the following address: Data Protection Officer, Arbuthnot Latham & Co., Limited, Arbuthnot House, 7 Wilson Street, London EC2M 2SN.

## **8.22. Termination of the Agreement and suspension of our Services**

**8.22.1.** Our Agreement has no minimum duration. You may terminate the Agreement and the provision of our services at any time by providing a hard copy written notice to us at our Registered Office.

**8.22.2.** Subject to Term 8.22.3, we may terminate the Agreement and the provision of our services at any time by giving you not less than 30 calendar days' written notice.

**8.22.3.** We may choose to immediately terminate the Agreement or suspend the provision of our services under the Agreement, at any time without notice, if:

- a) you fail to respond to any demand for payment;
- b) you breach these Terms and do not remedy such breach within a reasonable time after receipt of written notice from us;
- c) we reasonably believe that you are, or are likely to be, unable to pay your debts when they become due (within the meaning of sections 123 or 268 of the Insolvency Act 1986), or any step, application or proceeding has been taken by you or against you in respect of:
  - i) your bankruptcy or individual voluntary arrangement; or
  - ii) the whole or any part of your undertaking, for a voluntary arrangement or composition or reconstruction of your debts, winding up (including the appointment of a provisional liquidator), dissolution, administration, receivership or otherwise, or creditors' attempts to enforce any security they hold, or (if you are a company) your sole director or any of your directors have been disqualified, or any of the circumstances specified in the Company Directors Disqualification Act 1986 exist that would give rise to a power or obligation of a court to disqualify your sole director or any of your directors, or any partner in the partnership is subject to any bankruptcy proceedings or individual voluntary arrangement;
- d) you do not provide, when requested by us, information which we may reasonably require in order to continue the provision of services to you;
- e) we are required to do so by law or regulation (including where we receive a notice from any governmental or tax authority requiring us to freeze your Portfolio or Cash Account), or where we suspect fraud, money laundering or other crime;
- f) we reasonably believe that the provision of services in respect of your Portfolio(s) might expose us (or another company in the Arbuthnot Banking Group) to action or censure from any government, regulator or law enforcement agency; or
- g) we reasonably believe that provision of services in respect of your Portfolio(s) might damage our reputation.

**8.22.4.** In addition, where a Portfolio is jointly held and we have notice that there is a dispute between you (for example, in the case of divorce proceedings) we may decide (but will not be obliged) to:

- a) suspend the provision of all or part of our services to you; and/or
- b) refuse to act upon instructions given by only one of you unless we are satisfied (in our absolute discretion) that such instructions given to us are uncontested by all joint Portfolio holders.

**8.22.5.** Please bear in mind that if you give us notice to end the Agreement with immediate effect and ask us to sell your investments this could result in losses and tax liabilities, and that due to the illiquid nature of the investments that we may hold on your behalf, it may take several months to return your capital to you. In particular, whilst we will use our best efforts to redeem your holdings in a timely manner, the nature of such holdings and the redemption Terms may mean that it will take time to return your capital. As a general rule we would envisage, but cannot guarantee, a redemption cycle of approximately 90 calendar days.

**8.22.6.** When the Agreement ends, any transactions already initiated (including in-flight transactions) to which we or our agents are committed will be completed.

**8.22.7.** When the Agreement ends we may charge you for:

- a) periodic charges, charges and expenses which have accrued and

are due;

b) any additional expenses we or our agents necessarily incur on termination of the Agreement;

c) any losses necessarily realised by us in settling or concluding outstanding obligations.

**8.22.8.** When the Agreement ends we will account to you promptly for the cash and investments within your Portfolio(s) and ask nominees and sub-custodians holding your investments to do the same. However, you are reminded that pursuant to Term 4.6 we may retain a right of security interest over any of your cash and investments until such time that any costs, losses or claims (including, without limitation, any overdrawn balance on your Cash Account) for which you are liable are paid.

**8.22.9.** The ending of the Agreement will not affect accrued rights, indemnities, existing commitments (including in-flight transactions) or any contractual provision intended to survive termination (including, without limitation, Terms 8.17 and 8.19).

## **8.23. Death**

**8.23.1.** In the event of your death (or if there is more than one of you the death of either or both of you) we will require a certified copy of the death certificate(s).

**8.23.2.** Unless agreed otherwise in writing, if there is more than one of you, and only one of you dies, this Agreement will not terminate and we may treat the survivor(s) as the only person(s) entitled to or interested in the Portfolio. Please let us know in writing if you would like us to make alternative arrangements.

**8.23.3.** In the case of Portfolios which are not jointly held (and which are therefore not subject to Term 8.23.2), you agree that, upon receipt by us of written notification of your death and, subject to the remainder of this Term, we will suspend the provision of services (other than our custody services) in respect of the Portfolio(s) in accordance with the procedures set out in our Bereavement Guide. In respect of ISAs, you agree that, when the date of your death is on or before 5 April 2018, we will close the ISA in accordance with HMRC requirements and Term 6.4.1. When the date of your death is on or after 6 April 2018, no subscriptions, including replacement flexible subscriptions can be made into a "continuing account of a deceased investor", however management of the investments already held within your ISA may continue in the circumstances described in Term 6.4. We will require the personal representatives to enter into a new agreement if ongoing management is required. However, prior to a new agreement being entered into we will:

- a) continue to collect dividends arising on investments held in the Portfolio(s);
- b) subject to the provisions of this Agreement take instructions from personal representatives regarding corporate actions and voting rights;
- c) subject to an indemnity from the personal representatives consider liquidation of the Portfolio(s) and/or applying cash balances and the Portfolio towards settlement of funeral charges, inheritance tax and/or court fees and other related expenses.

**8.23.4.** Our fees as provided for in our Fee Schedule shall continue to apply in the event of your death until personal representatives are appointed. Further charges that may be applicable on the appointment of personal representatives are set out in our Bereavement Guide.

## **8.24. Incapacity**

**8.24.1.** Where you have granted a third party a lasting (or enduring) power of attorney and we subsequently receive notice that you no longer have capacity, we will require a certified copy of the appropriate notice of incapacity from the person(s) granted authority under the lasting (or enduring) power of attorney.

**8.24.2.** Upon receipt by us of written notification of your incapacity and subject to the remainder of this Term we may suspend the provision of services (other than our custody services) in respect of the Portfolio unless:

- a) we are satisfied (in our absolute discretion) that the lasting (or enduring) power of attorney allows for us to be instructed in the provision of investment management services; or
- b) the person(s) granted authority under the lasting (or enduring) power of attorney undertakes to keep us fully indemnified against any and all costs, claims, demands, expenses, damages and liabilities (including tax liabilities) for which the we, our directors and employees may become liable as a result of the our agreeing to continue with the provision of discretionary investment management services in relation to the Portfolio; or
- c) there is more than one of you, and one individual retains capacity.

**8.24.3.** Where ongoing discretionary investment management services are required pursuant to 8.24.2(a) or 8.24.2(b) above we will require

the person(s) granted authority under the lasting (or enduring) power of attorney to enter into a new agreement. However, prior to a new agreement being entered into we will:

- a) continue to collect dividends arising on investments held in the Portfolio; and
- b) subject to the provisions of this Agreement, take instructions from person(s) granted authority under the lasting (or enduring) power of attorney regarding corporate actions and voting rights.

#### **8.25. Provisions relevant to jointly held Portfolios**

If you are individuals appointing us in relation to a held Portfolio(s) the following additional Terms apply:

- a) Each of you accepts joint and several liability for the obligations accepted by you under this Agreement.
- b) We may engage or deal with any one joint Portfolio holder, and we shall be entitled to rely on disclosures, information or representations provided by any one of you as representing both joint Portfolio holders, for the purpose of assessing the suitability of an investment or transaction, or any periodic review, subject to any legal requirements or unless you specify otherwise in a Delegated Authority Form.
- c) Periodic valuation reports and notices given under this Agreement will only be sent to the first named party in the Acceptance Pack (unless you request and we agree otherwise) and any notice given to any of you will be deemed to be given to all of you.
- d) Each of you accepts that we may disclose/share your personal information to/with each of you.
- e) Except as otherwise agreed between you and us in writing, you acknowledge that each of you has individual authority to give instructions of any kind in relation to the Portfolio; to instruct that your joint assets are pledged as security, to sign any documents or agreements related to the Portfolio. This means that one of you alone can withdraw the entire Portfolio. However we reserve the right, in respect of a jointly held Portfolio, to require written instructions from each of you, or a court order, if in our absolute discretion we consider that appropriate and fair in the circumstances or if we are informed of a dispute between joint Portfolio holders.
- f) However, please note that (b) and (d) above will not apply where you have entered into this Agreement in your capacity as the trustees of a pension scheme. Note that Term 8.28 will apply.

#### **8.26. Provisions relevant to companies and partnerships**

**8.26.1.** If you are a company or a partnership the following additional Terms apply:

- a) This Agreement shall continue in full force and effect notwithstanding any change in the composition of the company or partnership whether by the death, retirement or addition of directors or partners or otherwise.
- b) If you are a partner in a partnership, each of you accepts joint and several liability for the obligations accepted by you under this Agreement.

#### **8.27. Provisions relevant to trusts**

**8.27.1.** If you have entered into this Agreement in the capacity of a trustee the following additional Terms apply:

- a) You warrant and represent that the Investment Strategy and the provisions of the Agreement are consistent with your written policy statement issued in accordance with the Trustee Act 2000 and that we, by acting in accordance with the Agreement, will be fully complying with your policy statement in all respects and you undertake to notify us in writing as soon as practicable of any amendment to your policy statement.
- b) You acknowledge and accept that pursuant to section 14 of the Trustee Act 2000 that in order for us to fulfil our obligations under the Agreement it is necessary that we have the authority (if required) to appoint substitutes and/or act in circumstances capable of giving rise to a conflict of interest (as set out in Term 8.3).
- c) 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.
- d) Where there is more than one of you, each of you accepts joint and several liability for the obligations accepted by you under this Agreement.
- e) Where you are acting as a trustee, your liability under the Agreement shall be limited, in the absence of fraud or a breach of your powers as trustee, to the assets of the trust from time to time.

#### **8.28. Provisions relevant to pension schemes**

**8.28.1.** Where you have entered into this Agreement in your capacity as the trustees of a pension scheme the following additional Terms (in addition to the Terms in Term 8.27 above) apply:

- a) Notwithstanding anything in this Agreement to the contrary, we shall accept instructions only from a Nominated Trustee and shall report only to Nominated Trustees or other individuals as notified by you from time to time.
- b) We undertake to ensure that any proceeds paid from your investments shall be paid only into a scheme bank account of which a trustee is a mandatory co-signatory.
- c) Nothing in this Agreement is intended to nor shall exclude any liability of ours under the Pensions Act 1995 or Pensions Act 2004.
- d) For small self-administered schemes, 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 professional trustee.
- e) We confirm that we will comply with the FCA Rules in relation to conflicts of interest and confirm that we have notified you of conflicts of interest to which it is or may be subject in relation to your investments in accordance with both the FCA Rules and the Regulation 5(2)(b)(i) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended).

#### **8.29. Provisions relevant to unincorporated associations**

**8.29.1.** If you are members of an unincorporated association the following additional Terms apply:

- a) 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.
- b) Each of you accepts joint and several liability for the obligations accepted by you under the Agreement.

#### **8.30. Tax**

Whilst we may take into account any tax-related instructions that you reasonably communicate to us, we do not provide tax advice and cannot be held responsible for any liability arising pursuant to our acting upon such instructions. We strongly recommend that you retain a qualified tax adviser to assume responsibility for the management of your own tax affairs and for general advice on any taxes levied in respect of your investments or dealings in investments.

#### **8.31. Agency status**

We will normally act as your agent and you will be bound by our actions. Nevertheless none of the 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 including programme trades, acting as both market maker and broker, or as principal or agent or dealing with other Associates or other clients.

#### **8.32. Outsourcing and delegation/agents**

- 8.32.1.** We may delegate any of our critical or important functions or services provided under the Agreement to a third party (including Associates and without limitation, sub-custodians).
- 8.32.2.** Subject to Term 8.17 we remain responsible for the acts and omissions of those to whom we delegate. We will give you prior written notice of any delegation of the exercise of our discretionary management outside of the Arbutnot Banking Group and will not, without your written consent, delegate the whole or substantially the whole of such powers.
- 8.32.3.** We may employ agents (including Associates) to carry out administrative, dealing, custodial and ancillary services necessary to enable us to perform our obligations under the Agreement. We will act in good faith and with due diligence in the choice and monitoring and use of such agents.
- 8.32.4.** We remain responsible for the actions of such agents (subject to Term 8.17).

#### **8.33. Language**

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

#### **8.34. Bribery Act 2010**

- 8.34.1.** Neither you nor Arbutnot Latham & Co., Limited will engage in any practice, activity or conduct which would result in an offence being committed by either party under applicable anti-bribery laws or regulations, including the Bribery Act 2010.
- 8.34.2.** We have in place and will maintain our own policies and procedures, including but not limited to adequate procedures under the Bribery Act, to ensure compliance with the relevant requirements and will enforce them where appropriate.

#### **8.35. Overseas residents**

**8.35.1.** The services described in this Agreement are not available to

U.S. residents, nor to persons resident in any other country where the provision of such services would be contrary to local law or regulation.

8.35.2. You undertake to inform us prior to the provision of any services under this Agreement if you are tax resident in a jurisdiction outside of the United Kingdom.

#### 8.36. Assignment/transfer

8.36.1. Unless we agree otherwise, you may not assign, novate or transfer your rights and obligations under the Agreement.

8.36.2. We may assign, novate or otherwise transfer any or all of our rights and obligations under the Agreement to another person provided that we give you written notice and that person has all relevant authorisations and permissions to perform such responsibilities.

#### 8.37. Severability

If any provision of these Terms is held to be unlawful, invalid, or unenforceable, that provision shall be deemed severed and the lawfulness, validity and enforceability of the remaining provisions of these Terms shall not be affected.

#### 8.38. Telephone calls, visits and recording of communications

8.38.1. To help us manage and administer your investments properly (and for other purposes relevant to our investment services) our representatives or employees may occasionally call you on the telephone or visit you in person.

8.38.2. Telephone calls will be made during the hours of 9am to 9pm in your country of residence Monday to Saturday. Any visits will be made during normal business hours and by prior agreement.

8.38.3. We will monitor and record telephone calls and electronic communications between you and us for your protection, quality control and monitoring purposes and to comply with applicable law. Specifically telephone communications or conversations between you and us that result (or may result) in certain investment activities will be recorded. A copy of the recording of such conversations will be retained and be available upon request for a period of up to five years, and where requested by the FCA, for a period of up to seven years. There will be an additional charge for the retrieval of such records, as specified in the Fee Schedule.

#### 8.39. FSCS

8.39.1. We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to investors if an investment firm is unable to meet its financial obligations. In the event of our default or insolvency where you are an eligible claimant you may be entitled to make a claim to the FSCS. This depends on the type of business and the circumstances of the claim. Most types of investment business are able to claim up to a maximum limit of £85,000.

8.39.2. Where you are a beneficiary or policyholder in respect of a Portfolio or Fund which is legally owned by a third-party provider (for example, where we are appointed to provide services in respect of your SIPP) your eligibility for, and access to, compensation under the FSCS may be otherwise than as set out in this Term 8.39. You should consult your third-party provider for details of the compensation arrangements that apply to their product. Please also see Section 1, for further Terms which apply to such arrangements.

8.39.3. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please ask your Investment Manager or refer to the FSCS website [www.fscs.org.uk](http://www.fscs.org.uk) or call the FSCS on +44 (0)20 7741 4100 or +44 (0)800 678 1100.

#### 8.40. Treating Customers Fairly

At Arbutnot Latham & Co., Limited we are committed to treating customers fairly. (TCF). We have reviewed these Terms in the context of TCF and believe they are in accordance with that commitment. We have also reviewed our internal systems and controls and will continue to monitor the service we provide in the light of customer feedback to ensure we treat our customers fairly.

#### 8.41. Complaints

8.41.1. If you have a complaint about our services please contact our Head of Compliance at our Registered Office. Details of our complaints handling procedures are available on our Website and from us upon request.

8.41.2. We are covered by the Financial Ombudsman Service (FOS). If we are unable to resolve your complaint you may be able to refer the complaint to the FOS. Please refer to the FOS website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or contact the FOS on: +44 (0)800 023 4567 or +44 (0)300 123 9123, or by email at [complaint.info@financialombudsman.org.uk](mailto:complaint.info@financialombudsman.org.uk) for further information.

#### 8.42. Entire Agreement

8.42.1. This Agreement constitutes the entire agreement between you and us regarding the provision of investment management and/or custodial services by us to you, and supersedes all previous agreements, and understandings, whether written or oral, relating to

its subject matter.

8.42.2. Each party acknowledges that in entering into this Agreement it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement.

#### 8.43. Third Party Rights

8.43.1. 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 term of this Agreement. This does not affect any right or remedy if a third party which exists, or is available, apart from that Act.

8.43.2. The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this Agreement are not subject to the consent of any other person.

#### 8.44. No waiver

8.44.1. No failure or delay by us to exercise any right or remedy provided under this Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict the further exercise of that or any other right or remedy.

8.44.2. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that or any other right or remedy.

#### 8.45. Governing law

Our Agreement, including these Terms, and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it shall be governed by and construed in accordance with English law. You and we agree to submit to the non-exclusive jurisdiction of the English Courts.

# Schedule 1 – Risks and Related Considerations

This Schedule is intended to provide you with information and warnings about the key risks associated with our investment products and services so that you are able to understand the most significant risks and, if you are receiving Execution-only services, consequently be in a position to take investment decisions on a more informed basis. This Schedule cannot disclose all the risks associated with the products we may provide to you. You should consider this Schedule carefully before deciding whether or not to deal in these products. You should also be satisfied that the product is right for you in light of your circumstances and financial position.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might apply will depend on various matters, including how the product is created, structured or drafted. Different investments involve different levels of exposure to risk.

## General Risks

### Valuation Risk/Variability of Return

Investment values can be affected by a wide variety of unpredictable factors. As well as stock-specific factors, these include market supply and demand, investor perception and sentiment, sector and economic factors, geo-political developments, financial crises, or disease pandemics. These factors can affect whole markets as well as individual investments by varying amounts.

### Counterparty risk

Counterparty risk is the risk that a party connected to an investment or transaction is unable to meet its commitment to the other party. For example, in connection with derivatives and forward foreign exchange transactions, you will be open to the risk of failure or default of the counterparty to that transaction which may cause you loss.

### Regulatory and geo-political risk

The value of an investment may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, and other developments in the laws and regulations of countries in which the investment may be made. Furthermore, the law, regulation accounting, auditing and reporting standards in certain countries in which an investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major financial markets, and may be subject to inconsistent or arbitrary application or interpretation and may be changed with retrospective effect.

### Liquidity Risk/Illiquid investments

In the simplest Terms, liquidity risk refers to the risk that an investment won't have an active buyer or seller when we come to buy or sell it. This means you may be stuck holding the investment at a time when you need cash. In extreme cases, liquidity risk may cause you to take huge losses because of having to mark down the asset at fire sale prices to attract buyers. We mitigate this risk by ensuring that a significant portion of your portfolio is invested in highly liquid assets such as open-ended funds. Portfolios will usually hold 1% or more in cash to cover fees and small client withdrawals without the necessity to sell assets. Where liquidity is limited, e.g. in our Absolute Return Premium service, the illiquidity issue will be made clear to you during the sales process, the proposal and the initial policy letter.

### Currency Risk/Foreign markets and foreign denominated securities

Transactions on foreign markets, which include the financial markets of developing countries (emerging markets) will involve different risks from transactions on the UK markets. In some cases the risks will be greater. The return achieved from transactions in foreign markets or in foreign denominated contracts and securities will be affected by fluctuations in foreign exchange rates. This can adversely affect the value of your return and the value of your investment. Investments in emerging markets are exposed to additional risks, including accelerated inflation, exchange rate fluctuations, adverse repatriation laws and fiscal measures, and macroeconomic and political factors.

### Taxation

The levels and bases of taxation can change and the taxation benefits can change and the taxation benefits associated with a particular type of investment may be withdrawn by changes in legislation. The tax treatment of an investment for individual clients is relevant only to the specific circumstances of each client, and there is no guarantee that these rates and the basis for taxation will not change in future, which might lead to potential tax liabilities. You should therefore seek advice from a qualified tax adviser about the tax treatment of a particular investment product, and how your investments might affect your tax situation.

### Stabilisation

Transactions may be carried out in securities 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. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to 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 the stabilisation manager may stabilise (in the case of shares and warrants but not bonds); and
- c) require the stabilising manager 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, nor of the price at which they are prepared to buy the securities.

### Clearing house protections

On many exchanges, the settlement of a transaction may be 'guaranteed' by the exchange or clearing house. However, this guarantee may not protect you if another party defaults on its obligations to the exchange. There is no clearing house for traditional options, nor for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

Risk factors may occur simultaneously and may compound each other resulting in an unpredictable effect on the value of any investment. The value of investments and the income from them can fall as well as rise and you might lose the original amount invested. Fluctuations in such value and income can result from factors such as variations in the rates of exchange and market movement. Past performance is not a reliable indicator of future results.

## Product Risk

### 1. Equities

Dealing in equities may involve the following specific risks:

- 1.1. Equity markets may decline in value;
- 1.2. Dividend growth is not guaranteed, nor are investee companies obliged to pay a dividend;
- 1.3. In a liquidation of a company, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds, which could lead to a partial or total loss of the original investment;
- 1.4. Individual share prices can go down as well as up;
- 1.5. Corporate earnings and financial markets may be volatile; if the company is private i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk whereby shares could become very difficult to dispose of.

### 2. Bonds, Money Market Funds and Related Instruments

Investments in cash and cash instruments, UK government bonds, sterling and foreign currency denominated corporate issues and interest-paying instruments such as convertible securities, may involve the following risks:

- 2.1. the risk of default;
- 2.2. the risk of capital erosion in real Terms over time due to the effects of inflation;
- 2.3. the value of fixed income securities may fall as well as rise due to market movements;
- 2.4. that in the event of default, if compensation is available it may not cover the full amount of the deposit.

### 3. Warrants

- 3.1. Warrants may be purchased as investments in their own right and may also be allotted as a right or entitlement in respect of your investments. 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.
- 3.2. Some other instruments are also called warrants but they are actually options. For example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities is often called a 'covered warrant'.

### 4. Collective Investment Schemes

- 4.1. There are many different types of collective investment schemes with different characteristics and regulatory status. Generally a collective investment scheme will involve an arrangement that enables a number of investors to 'pool' their money, in order to gain access to professional fund managers. Such schemes are often referred to as unit trusts, OEICs or ICVCs, SICAVs, managed funds or mutual funds. Investments in collective investment schemes are made with a view to increasing the range of investments available to you, thereby enhancing the scope for investment returns whilst at the same time providing diversity to reduce risk.
- 4.2. Collective investment schemes broadly fall into two categories: authorised (by a regulator e.g. the FCA) and unauthorised, which are considered to be riskier because they lack regulatory supervision and scrutiny. Collective investment schemes bear the risks associated with the underlying securities that they invest in. The value of a collective investment scheme, or the income derived from them, can decrease as well as increase; in addition they bear investment management risks and insolvency risks.

### 5. Investment Trusts

- 5.1. Investment trusts are similar to collective investment schemes in that they provide a means of pooling your money, but using a different structure, and are governed by different regulations. Investment trusts are publicly listed companies whose shares are traded on the London Stock Exchange. They are close-ended funds (having a fixed number of shares in issue at any time). The price of their shares will fluctuate according to investor demand, as well as a result of changes in the value of their underlying assets. They will be subject to a combination of the risks associated with shares, bonds and collective investment schemes in which they are invested. The value of investment trusts, or income derived from them, can decrease as well as increase and you may not necessarily get back the amount you invested.

### 6. Exchange Traded Funds (ETFs)

- 6.1. ETFs are shares that are traded on a stock exchange and whose assets mirror the price movements of the underlying share portfolio of an index, sector or commodity, such as the FTSE 100. ETFs can replicate a very wide range of indices investing in everything from shares and property to more esoteric asset classes such as private equity, energy, commodities, infrastructure, property and gold.
- 6.2. ETF shares are openly traded securities, so will be vulnerable to market price fluctuations and the value of the investment may rise or fall in value and neither the capital nor any income generated is guaranteed. Although ETFs have a low tracking error and will generally closely track an index, during times of market volatility the tracking error of an ETF may increase and it will not always be possible to precisely replicate the performance of an index.
- 6.3. There are two tracking methods in general use by ETFs; the first method involves holding some or all of the components of the relevant index. In this case there is full transparency of the underlying holdings and low tracking difference. The other method is where an ETF does not physically hold the underlying assets but seeks to replicate index performance 'synthetically' through a swap transaction with a counterparty such as an investment bank. In this case there is a risk that the counterparty could default, which could result in a loss not represented by the underlying index.

### 7. Hedge Funds

- 7.1. Hedge funds differ from traditional regulated collective investment schemes in their ability to utilise an unrestricted number of, and often speculative, investment techniques, including short-selling, options and derivatives, to generate different streams of performance. They frequently employ gearing or leverage, which can increase potential losses. They can also be illiquid.
- 7.2. Common hedge fund structures involve a combination of entities, of varying legal form, located in a mixture of onshore major financial centres and offshore low tax and light touch regulatory regimes.
- 7.3. The optimal location and form of each entity within the structure is frequently determined according to factors such as tax efficiency, proximity to major markets and appropriate regulatory regime.
- 7.4. Investments in hedge funds are only suitable for investors with experience and knowledge of the financial markets and who fully understand and are capable of bearing the risks of such investments.
- 7.5. Risks relating to hedge fund investing include but are not limited to: gating (when a fund manager will prevent investors from withdrawing their capital on the pre-agreed Terms), illiquidity, varying degrees of leverage, counter-party risks, currency risks and administration risks.

### 8. Non-Mainstream Pooled Investments

- 8.1. Non-Mainstream Pooled Investments (NMPIs) are, in the most part, collective investment schemes that are neither regulated, nor authorised by the FCA. This means that these investments are not subject to the stringent rules governing authorised and regulated investments, for instance, what they can invest in, diversification and borrowing limits. Additionally NMPIs often do not have the protection provided by the Financial Services Compensation Scheme.
- 8.2. As NMPIs have the freedom to invest in non-traditional assets, may invest in only one asset, may be dependent on one stream of income or have high levels of borrowing, this means that:

- 8.2.1. these investments have the potential for higher returns, when compared to collective funds with a constrained mandate;
- 8.2.2. the underlying assets may be speculative, illiquid and/or difficult to value accurately;
- 8.2.3. the investment strategies and/or Terms and conditions are often highly complex;
- 8.2.4. there are more risks associated with the amount of control that the underlying fund manager can exercise;
- 8.2.5. they could also potentially expose you to a significant risk of losing all of the money invested.

## **9. Derivatives**

### **9.1. Derivatives generally**

A derivative is a financial instrument, the value of which is derived from the value of an underlying asset. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but futures, options, swaps and contracts for differences are among the most common. Derivatives may be used for speculative purposes or as hedges to manage other investment or economic risks.

### **9.2. Risks of Derivatives**

Whilst prudent use of financial derivative instruments can be beneficial, it can also involve risks different from, and in certain cases greater than the risks presented by more traditional investments including:

- 9.2.1. dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates;
- 9.2.2. imperfect correlation between the price movements of the derivatives and price movements of the related investment;
- 9.2.3. the possible absence of a liquid market for any particular instrument at any particular time;
- 9.2.4. on-exchange derivatives may be subject to the requirement to provide margin;
- 9.2.5. possible losses arising from an unexpected application of law or regulation or arising as a result of the unenforceability of a contract;
- 9.2.6. sudden and large falls in the value of a derivative instrument which could result in you losing more than the amount of your initial investment.

### **9.3. Forward Foreign Exchange Contracts**

The use of forward foreign exchange contracts has the effect of fixing the rate of exchange available when the proceeds of foreign denominated investments are converted into pounds sterling. The advantage of their use is that, if the pound falls against the foreign currency concerned, the conversion can be made at the (higher) conversion rate fixed by the forward contract. The disadvantage is that if the pound strengthens against the foreign currency concerned, the conversion must be made at the (lower) conversion rate fixed by the forward contract.

## **10. Structured Products**

**10.1. 'Structured products' is a general term to describe investments which provide exposure to a wide range of asset classes through a combination of financial instruments (typically including derivatives) brought together to provide a single investment product. Structured products can also utilise gearing and leverage, increasing the risk of the investment.**

**10.2. Whilst many structured products have a level of capital protection, not all do so.**

**10.3. There are some additional risks in relation to structured products that should be highlighted:**

- 10.3.1. the return of initial capital invested at the end of the investment period is not guaranteed and therefore you may get back less than what was originally invested;
- 10.3.2. the amount of initial capital repaid may be geared, which means that a relatively small movement in the value of the product could result in a loss of more than the amount of the initial investment.;
- 10.3.3. rates of return expected might be achieved only after a set period and you may not know how well your investment has performed until that date;
- 10.3.4. if you redeem a product early you may suffer redemption penalties and a poor return;
- 10.3.5. the initial capital invested may be placed into high risk investments, such as non-investment grade bonds;
- 10.3.6. the rate of income or growth advertised may depend on specified conditions being met and you may not be able to judge accurately how likely that will be.

## **11. Investment Certificates**

Investment Certificates are often not capital guaranteed by the issuer. The risks of Investment Certificates are principally those of credit exposure to the issuer and exposure to variations in the indices to which the coupon and/or redemption amount is linked.

# Schedule 2 Best Execution Disclosure Statement

## 1. Purpose of the statement

You are a retail client of ours to whom we provide various investment management services. In the course of providing these services we undertake transactions in investments for you. When we do so, we aim to achieve the best possible result for you in Terms of the cost of the investments, the associated costs of the transaction and other factors that may be relevant in the context of the specific transaction. The rules which govern the manner in which we aim to achieve the best possible result are described by the Financial Conduct Authority as “best execution” rules.

To enable us to achieve the best possible result for you on a consistent basis we have developed a “best execution” policy backed up by appropriate internal procedures.

The purpose of this statement is to provide information to you on the essentials of our policy to enable you to understand our approach to “best execution” and to allow you, should you wish, to compare our approach to that taken by others.

Execution of a client order applies where we receive and transmit client orders to buy or sell a financial instrument to a third party for execution (an ‘order’) and where we request quotes on behalf of clients. Reference to “executing client orders” within this statement therefore has this meaning.

If you have any questions about this statement we would be delighted to help – please contact your Investment Manager.

## 2. How we provide Best Execution

### 2.1. Execution factors

When executing orders on behalf of a client, we will take all sufficient steps to obtain the best possible result for the client. We will take into account the following relevant execution factors:

- Price: for most liquid instruments, the market price will be the overriding factor in achieving best execution for the client;
- Size of the order and available market liquidity;
- Speed of execution;
- Execution costs, such as exchange execution and clearing fees;
- Likelihood of execution and settlement;
- Nature of the order; and
- Any other consideration relevant to the execution of the order, such as potential market impact.

#### 2.1.1. Relative importance

In determining the relative importance of the execution factors, we will use our commercial judgement and experience in light of market information available and take into account the following characteristics:

- a) The client
- b) The order
- c) The financial instruments that are the subject of the order; and
- d) The execution venues to which that order can be directed.

For our clients, consideration of the price of the financial instrument together with the costs related to execution will be given precedence unless any other of the relevant execution factors are determined to be of equal or more importance in obtaining the best possible result for the client.

There may be occasions where we will change the priorities given to the execution factors, and factors other than price and cost should take precedence in achieving the best possible outcome for the client. For example, in times of severe market disruption or in the event of a system outage, speed and certainty of execution and settlement may be prioritised. In such circumstances, we will follow the processes and procedures in place and will consider whether or not our ability to continue trading has been materially affected by such disruptions.

### 2.2. Execution venues

2.2.1. We do not operate a single Execution Venue policy. We choose the Execution Venue based on which venue provides for the best overall result for the client. The main Execution Venues used by us are shown in section 2.2.3 below.

In this statement an ‘Execution Venue’ means: (i) a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third party buying and selling interests in financial instruments in a way that results in a contract (a ‘Regulated Market’); (ii) a multilateral trading facility, operated by an investment firm, credit institution or market operator, which brings together multiple third party buying and selling interests in financial instruments in a way that results in a contract (a ‘Multilateral Trading Facility’ or ‘MTF’); (iii) a multilateral system that is not a Regulated Market or a Multilateral Trading Facility, where multiple third party buying and selling interests in non-equity instruments, are able to interact in a way that results in a contract (an ‘Organised Trading Facility’ or ‘OTF’); (iv) an investment firm that, on an organised, frequent and systemic basis, deals on its own account by executing client orders outside a Regulated Market, MTF or an OTF without operating a multilateral system (a ‘Systemic Internaliser’); (v) a regulated firm that is always ready to both buy and sell interest in financial instruments at all times (a ‘Market Maker’); and (vi) any other liquidity provider or entity that performs a similar function in a third country to the function performed by any of the foregoing.

As such we may execute client orders:

- Directly on a Regulated Market of which we are a member;
- With a third party investment firm, brokers, and/or affiliates, with whom we have entered into an agreement for handling orders for Regulated Markets, Multilateral Trading Facilities, Organised Trading Facilities, Systemic Internalisers, Market Makers and other liquidity providers;
- Outside a Regulated Market, Organised Trading Facility or Multilateral Trading Facility (together taken to be ‘Trading Venues’), where we have obtained your express prior consent before proceeding to execute the order outside a Trading Venue. Please note that, whilst this may provide the advantage of an improved execution price and faster execution, additional risks may be incurred which are detailed below:
  - a) Transactions will not be subject to the rules of a Trading Venue, which are designed to provide for a fair and orderly treatment of orders;
  - b) Transactions will not benefit from any additional but unpublished liquidity, such as hidden limit orders that may be available on Trading Venues;
  - c) Executions will not benefit from additional pre and post trade transparency in respect of pricing and liquidity that is required to be published on Trading Venues; and
  - d) For transactions executed away from a Trading Venue a settlement risk may be incurred as transactions will be subject to counterparty risk and will not be covered by the relevant clearing and settlement rules of the Trading Venue and relevant central counterparty clearing house.
- With Arbuthnot Latham & Co., Limited, where we believe we can trade to your advantage or at no disadvantage to you.

Where a financial instrument has only one possible Execution Venue, it will be assumed that we have achieved best execution.

2.2.2. In deciding which Execution Venues to use, we take into account the following factors:

- Price;
- Liquidity;
- Execution and clearing costs;
- Settlement reliability;
- Execution Venue trading controls; and
- Scheduled actions.

The Execution Venues and brokers we use are subject to monitoring and review by us to ensure that they continue to provide, on a consistent basis, the best possible results for clients. In making this assessment we will consider information derived from our internal best execution monitoring tools and processes, the factors listed above as well as execution quality data reported by Execution Venues under applicable regulatory reporting requirements.

The established Execution Review Committee considers both the type and nature of clients and the orders which they execute in order to determine whether some factors are more important than others. Where this is the case, additional weighting may be given to the importance of some factors.

We will monitor compliance with our policy through post trade analysis, including transaction monitoring via the Fidessa system tool; transaction cost analysis of all trading to determine where best execution has or has not been achieved via Liquid Metrix; risk based compliance monitoring programme; and internal audit plan.

The review process is documented and includes supporting results and conclusions. Where new Execution Venues are identified, these will be assessed to ensure that we may, on a consistent basis, obtain the best possible results when executing client orders.

You may request that we demonstrate that we have carried out your order in accordance with our best execution policy.

- 2.2.3. Below is a list of Execution Venues and Brokers we transmit client orders to. This list will be subject to change as described in the Best Execution Policy, and will be updated from time to time and made available on our Website.

**Market Makers/Brokers:**

Name	Class of Financial Instruments	Name	Class of Financial Instruments
Arbuthnot Latham & Co., Limited	Currency Derivatives Foreign Currency Transactions	Lloyds	Currency Derivatives Foreign Currency Transactions
Barclays Bank	Currency Derivatives Foreign Currency Transactions	Mirabaud Securities	Exchange Traded Products Equities – Shares & Depository Receipts
Berenberg Bank	Equities – Shares & Depository Receipts Exchange Traded Products	Morgan Stanley	Currency Derivatives Securitised Derivatives
Canaccord Genuity	Equities – Shares & Depository Receipts	Numis	Equities – Shares & Depository Receipts Exchange Traded Products
Cantor Fitzgerald	Equities – Shares & Depository Receipts	Optiver V.O.F	Exchange Traded Products Equities – Shares & Depository Receipts
Cenkos	Equities – Shares & Depository Receipts	Panmure Gordon	Equities – Shares & Depository Receipts
Commerzbank	Currency Derivatives Foreign Currency Transactions	Peel Hunt	Equities – Shares & Depository Receipts Exchange Traded Products
DRW	Exchange Traded Products	Shore Capital	Equities – Shares & Depository Receipts
Flow Traders	Exchange Traded Products Debt Instruments	Société Générale	Currency Derivatives Equities – Shares & Depository Receipts Exchange Traded Products Foreign Currency Transactions
Goldman Sachs	Equities – Shares & Depository Receipts Debt Instruments Exchange Traded Products	State Street Bank	Currency Derivatives Foreign Currency Transactions
Investec Bank	Equities – Shares & Depository Receipts Exchange Traded Products	Stifel	Equities – Shares & Depository Receipts Exchange Traded Products
Jane Street Financial Limited	Exchange Traded Products Debt Instruments	Susquehanna International Securities Limited	Exchange Traded Products
Jefferies	Equities – Shares & Depository Receipts Exchange Traded Products	Winterflood	Equities – Shares & Depository Receipts Exchange Traded Products Debt Instruments Other Instruments
JP Morgan	Equities – Shares & Depository Receipts Currency Derivatives Securitised Derivatives Exchange Traded Products		
King & Shaxton	Debt Instruments		
Liberum Capital	Equities – Shares & Depository Receipts Exchange Traded Products		

We, together with our Market Makers and brokers tend to rely on the following execution venues, but these are only examples:

- Member firms of the London Stock Exchange;
- Member firms of overseas stock exchanges;
- Member firms of International Capital Market Association;
- Other UK and overseas Execution Venues as considered appropriate and where their use is consistent with our best execution policy.

- 2.2.4. In accordance with our Conflicts of Interest and Inducements policies, in executing client orders, we do not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular Execution Venue or structure or charge a commission in such a way as to discriminate unfairly between Execution Venues. We do not partake in any payment order flow arrangements.

Adherence to these policies is monitored in accordance with the risk framework in operation at Arbuthnot Latham & Co., Limited.

**2.3. Execution orders**

Where possible we will execute orders through the Retail Service Provider Network (RSP) facility, which is provided by Fidessa. The RSP polls a number of Market Makers and brokers for the best price currently available for the stock in the quantity required, utilising the best execution functionality of the system.

For some orders (for example, those that are outside normal market size), it may not be possible to deal through the RSP and as such, we will direct the order to a specific Execution Venue where we believe we can trade to the best advantage for (or at no disadvantage to) you in accordance with the list of Execution Venues at section 2.2.3 above.

**3. Specific instructions**

Where the client gives specific instructions for all aspects of the order, we will not be deemed as acting on behalf of the client.

**Clients should be aware that providing specific instruction to us in relation to the execution of a particular order may prevent us from taking the steps set out in our best execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.** We reserve the right to refuse specific instructions from you regarding the execution of your order, where in our opinion such instructions are not practicable, may be contrary to your best interests or where we are unable or unwilling to transact with a requested venue or counterparty.

Where the client specific instruction only relates to partial aspects of the order, we will continue to apply our best execution to those aspects of the order not covered by the specific instructions given by the client.

#### 4. **Client Consent**

We are required by the rules and financial regulations of the Financial Conduct Authority (FCA) to obtain your prior consent to our best execution policy. **You will be deemed to provide such consent when you first give an order after receipt of this statement.**

In order for us to achieve the best results for your orders when we execute them on your behalf, we may sometimes seek to place your orders with an Execution Venue other than a Regulated Market, MTF or OTF. However for a financial instrument that is not admitted to trading on a Regulated Market, MTF or OTF, we are required to obtain your prior express consent before proceeding to execute the order. **By agreeing to our Investment Services Terms of Business you will be deemed to have provided such prior express consent.**

## Schedule 3 Summary of Conflicts of Interest Policy

### 1. The purpose of the policy is to:

- 1.1. identify the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to a client;
- 1.2. specify the organisational and administrative arrangements to be followed and adopted to ensure all appropriate steps are taken to prevent or manage conflicts that arise, or may arise, from adversely affecting the interests of clients.

### 2. In preparing the policy we have taken into account a number of factors including:

- 2.1. whether circumstances might arise where we are likely to make a financial gain or avoid a financial loss at the expense of a client;
- 2.2. whether we receive or will receive from a person other than the client a non-monetary benefit in relation to a service provided to the client, other than the standard commission or fee for the service;
- 2.3. whether we have an interest in the outcome of a service provided to a client distinct from the client's interest;
- 2.4. whether we have a financial or other incentive to favour the interest of another client or group of clients over the interest of the client.

### 3. Examples of the potential conflicts of interest we have identified include:

- 3.1. where we have confidential information regarding an existing or former client which would be of value to another part of the firm or to other clients of the firm;
- 3.2. if a transaction carried out on a client's behalf relates to an investment in respect of which the firm or an Associate may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the client, and the firm or an Associate may also receive fees from the counterparty to such a transaction;
- 3.3. if the firm acts as agent for a client in relation to transactions in which the firm is also acting as agent for other clients and Associates.

### 4. Against this background our conflicts policy can be summarised as follows:

- 4.1. where a conflict arises the interests of a client must always be put before the interests of the firm and its employees;
- 4.2. whether the firm has a material interest in a transaction to be entered into with or for a client, all appropriate steps must be taken to prevent the conflict of interest from adversely affecting the interests of the client;
- 4.3. the firm has established procedures to ensure fair treatment between clients. For example, when executing an aggregated order for a client which is not filled, securities which are obtained are allocated fairly between clients;
- 4.4. the firm does not enter into dealing arrangements that could compromise its ability to comply with its best execution obligations;
- 4.5. the firm has a policy designed to minimise the risk of conflicts arising in situations where staff receive or provide gifts/hospitality from clients or third parties;
- 4.6. the firm has a personal account dealing procedure to reduce potential conflicts in situations where staff deal for their own account;
- 4.7. the firm has internal organisational arrangements which act as information barriers controlling the disclosure of information within the firm and preventing the unauthorised release of restricted information to other areas of the firm or the Arbuthnot Banking Group;
- 4.8. the firm has an independence policy that requires staff to act disregarding any material interest or conflict of interest when advising a client or dealing for a client in the exercise of discretion;
- 4.9. the firm has established procedures, where arrangements in place are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of the client will be prevented, to disclose conflicts to clients, explaining the risks and including sufficient detail to enable the client to take an informed decision. Disclosure to clients is a measure of last resort and will be made in a durable medium.

### 5. Our conflicts policy is governed as follows:

- 5.1. the policy is assessed and reviewed periodically, and at least annually, and all appropriate steps are taken to address any deficiencies;
- 5.2. management information related to all conflicts is provided to management at least annually.

## Schedule 4 Offshore banking and External Custody Services to be provided by Kleinwort Hambros

Our preferred offshore External Custodian is SG Kleinwort Hambros Bank (CI) Limited (trading as Kleinwort Hambros) (KH). Should you wish for the cash and investments within a Portfolio to be held offshore we may introduce you to the services of KH pursuant to Section 5.

Where we introduce you to KH, you should note the following:

1. KH has asked us to inform you that in providing its services to you KH acts on an execution-only basis and it is not obliged to and does not assess the suitability of the services it provides to you. KH shall have no liabilities or responsibilities whatsoever to you in respect of any acts or omissions of, or recommendations or advice given or omitted to be given to you by us (or our delegates) when we are acting in the capacity as your private banker, execution-only broker, financial adviser, or discretionary manager.
2. KH has no authority to incur any liability or obligation whatsoever for, and binding upon, us. We shall not be responsible or liable for (i) any statement or representation made to you by KH including without limitation, in any of its product information which we pass on to you; or (ii) any act or omission of KH in connection with any services it provides to you or otherwise. We will provide you with a copy of the latest KH Terms of Business document, as amended from time to time.
3. You should note that the legal and regulatory protections applicable to you with respect to Portfolio held with KH will be different from those that would apply if your Portfolio were held with an institution in the UK. This may expose your Portfolio to additional risks. In particular, (but without limitation) your any money in your Portfolio will not be covered by the FSCS and you may be ineligible to claim compensation and/or redress from the FSCS and/or FOS in connection with KH's services in respect of that Portfolio. We recommend that you seek independent legal advice where appropriate. Please note you can find information on the relevant Depositors Compensation Scheme that KH is a member of at the following web link: [www.gov.je/Industry/Finance/DepositProtection/Pages/Overview.aspx](http://www.gov.je/Industry/Finance/DepositProtection/Pages/Overview.aspx)
4. We have not and do not provide you with tax advice in respect of your arrangements to hold cash and/or investments offshore. You have confirmed to us that you have taken tax advice from a suitably qualified tax adviser about these arrangements and we recommend that you continue to take advice from such tax adviser. We shall not be responsible or liable for any recommendations or advice given to you by your tax adviser.

## Schedule 5 Definitions

In these Terms, unless the context otherwise requires, the following words will have the meanings set out below:

**Acceptable Minor Non-Monetary Benefits** means those minor non-monetary benefits which are capable of being accepted and retained by us in accordance with the FCA Rules and all applicable legislation.

**Acceptance Pack** means the acceptance documentation completed by you along with the matters set out in the associated questionnaires and forms.

**Additional Permitted Subscription** means an ISA subscription which is in addition to your usual yearly ISA allowance but within your APS Allowance.

**Additional Permitted Subscription Form** means a request to make a subscription to an ISA which utilises any APS Allowance, in the form required by the ISA Regulations.

**Agreement** means the agreement between us and you made up of the documents listed in Term 1.4.

**APS Allowance** means an additional ISA allowance which may be available to you where your spouse held an ISA and died on or after 3 December 2014.

**Arbuthnot Banking Group** means the group of undertakings comprising Arbuthnot Banking Group PLC and any direct or indirect subsidiary of Arbuthnot Banking Group PLC from time to time.

**Associate** means a person or entity that is connected with us or any member of the Arbuthnot Banking Group.

**Authorised Person** means a person named on your Third Party Authority Form and who is therefore entitled to provide instructions to us in respect of your Portfolio(s).

**Bereavement Guide** means the document which sets out our procedures upon the death of a client, as well as any additional fees that may apply, and may be obtained upon request.

**Business Day** means the period between 9.00am and 5.00pm on a day on which banks are open for general business in London (other than Saturday, Sunday and Bank Holidays).

**Cash Account** an account with us which is used to hold the cash within a Portfolio, and which may further be comprised of one or more Income Accounts and/or Dealing Accounts.

**Cancellation Period** means the period during which this Agreement may be cancelled by you in accordance with Term 1.13.

**Contract Date** means the date notified by us to you that you have been accepted as an investment services client on the basis of these Terms.

**Data Protection Legislation** means the Data Protection Act 2018, the EU General Data Protection Regulation (Regulation (EU) 2016/679) as it is retained in the domestic law of the United Kingdom and any equivalent legislation that is adopted in England and Wales, the Privacy and Electronic Communications Regulations 2003, and all other applicable laws, enactments, regulations, orders, standards and other similar instruments, each as may be amended or superseded from time to time.

**Dealing Account** means a sub-account within a Cash Account that will be used to settle trades. A Cash Account may contain multiple Dealing Accounts depending on the Services you receive from us and your currency requirements.

**Delegated Authority Form** means a form which you will be asked to complete should you open a jointly held Portfolio and wish to give us written notice that all joint account holders must consent to instructions given in relation to that Portfolio.

**Digital Wealth Portal** means the online investment services portal which allows you to view your Portfolio, reports, transaction records and other information in relation to the investment management services provided by us to you.

**Eligible Child** means a person under the age of 18, who satisfies the criteria to be an "eligible child" as stated in the ISA Regulations, and in whose name and for whose benefit the Junior ISA is held.

**European Union** means the European Union, being established by the Treaty of European Union signed at Maastricht on 7 February 1992 (as amended).

**External Custodian** means a third-party custodian selected by you to hold the cash and investments comprising your Portfolio.

**FCA** means the Financial Conduct Authority, or any successor organisation.

**FCA Rules** means the FCA Handbook of rules and guidance made under FSMA as may be amended or updated from time to time.

**Fee Schedule** means the Schedule containing information on our charges and any criteria that apply to our charges, as amended by us from time to time.

**FSMA** means Financial Services and Markets Act 2000.

**Income Account** means a sub-account within a Cash Account that will be used to collect the income generated from the investments within that Portfolio. A Cash Account may contain multiple Income Accounts depending on the Services you receive from us and your currency requirements.

**Individual Client Segregated Account** means an account used to hold the securities of a single client separately from the securities of other clients at the Central Securities Depository, where we are a direct participant.

**Investment Account** means a specific account with us for holding assets within a Portfolio. There can be more than one Investment Account within a Portfolio and an Investment Account may be either solely or jointly owned.

**Investment Certificate** means a certificate, in most cases issued by a financial institution, with the objective of offering holders exposure to a particular market in a pre-packaged format similar to a structured product.

**Investment Manager** means the individual who is appointed by us, from time to time, as your investment manager in relation to your Portfolio.

**Investment Strategy** means your investment objective, risk profile and any specific investment restrictions in respect of your Portfolio(s), as agreed in writing from time to time:

- i) where you are not introduced to us by a Professional Adviser, between you and us, or
- ii) Where you are introduced to us by a Professional Adviser, between you and your Professional Adviser.

**ISA** means an individual savings account which is a scheme of investment satisfying the conditions prescribed in the ISA Regulations.

**ISA Application Form** means a request to apply for a new ISA in the form required by the ISA Regulations.

**ISA Portfolio** means the Portfolio comprising your ISA.

**ISA Regulations** means the Individual Savings Account Regulations 1998.

**ISA Transfer Request** means a request to transfer an ISA in the form required by the ISA Regulations.

**Junior ISA** means a junior individual savings account which is an investment account of an Eligible Child managed in accordance with the ISA Regulations under these Terms agreed with the Registered Contact.

**Junior ISA Application Form** means a request to apply for a new Junior ISA in the form required by the ISA Regulations.

**Junior ISA Portfolio** means the Portfolio comprising a Junior ISA in respect of which you are the Registered Contact.

**Junior ISA Transfer Request** means a request to transfer a Junior ISA in the form required by the ISA Regulations.

**Key Information Document or KID** means in respect of a PRIIP the document setting out specific information about the PRIIP, explaining for example the nature of the product, the risks, the costs, the duration of the investment, the complaints procedure, and any other relevant information.

**Key Investor Information Document or KIID** means in respect of a UCITS fund the document setting out specific information about the fund, explaining the essential elements of the fund including its name, a short description of its investment objectives and investment policy, information relating to performance, costs and associated charges and information on risk with appropriate guidance and warnings.

**Legal Entity Identifier or LEI** means the internationally-recognised 20-digit alphanumeric code which is specific to a legal entity and forms part of a maintained global database of legal entities.

**Leveraged Portfolio** means a Portfolio where, as expressly agreed between you and us:

- investments may be purchased using funds borrowed by us on your behalf (but does not include a Portfolio which may experience short term overdraft positions as a result of the dealing and settlement process); and/or
- derivatives or structured products may be used to create a Portfolio which is leveraged (i.e. for investment purposes, rather than for hedging or efficient portfolio management).

**Nominated Account** means:

- a bank account held in your name (or, where applicable, a joint bank account held in all your names) with us; or
- any other account agreed in writing between you and us as your nominated bank account.

**Nominated Trustee** means, where you are the trustees of a pension scheme, a Trustee who is nominated to give instructions in relation to the Portfolio(s) and to receive reports in accordance with Term 8.28.1(a) and who has been notified to us in writing.

**Omnibus Client Segregated Account** means an account used to hold the securities of a number of clients on a collective basis at the Central Securities Depository, where we are a direct participant.

**OTC derivatives** means over the counter derivatives.

**Packaged Retail and Insurance-based Investment Products or PRIIPs** means, broadly speaking, an investment where the amount repayable to the retail investor is subject to market fluctuations because of its exposure to certain reference values. By way of illustration, the types of retail products which would usually be considered PRIIPs would include regulated and unregulated collective investment schemes, alternative investment funds, derivatives and structured deposits.

**Portfolio** means a portfolio of assets (including cash) in respect of which we have agreed to provide our services.

**PRA** means the Prudential Regulation Authority, or any successor organisation.

**PRA Rules** means the PRA Handbook of rules made under FSMA, as may be amended or updated from time to time.

**Privacy Notice** means the document that describes how we use your personal information. You can find the Arbuthnot Latham Privacy Notice at [www.arbuthnotlatham.co.uk/privacy-notice](http://www.arbuthnotlatham.co.uk/privacy-notice).

**Professional Adviser** means any other person or legal entity who provides personal recommendations to you on a professional basis who has entered into an agreement with us to introduce clients to us for discretionary investment management services.

**Qualifying Investments** means investments which, in accordance with the ISA Regulations, may be held in an ISA or Junior ISA as applicable.

**Registered Contact** means a person who:

- is over 16 and has parental responsibility as set out in the ISA Regulations in relation to the Eligible Child and either makes the application to open the Junior ISA or assumes responsibility for the Junior ISA; or
- is the Eligible Child over the age of 16 who holds the account, where that Eligible Child has assumed responsibility for the account in accordance with the ISA Regulations.

**Registered Office** means the registered office of Arbuthnot Latham & Co., Limited which is currently at Arbuthnot House, 20 Finsbury Circus, London EC2M 7EA.

**Structured Products** means a structured product or structured capital at risk product as further described in Schedule 1 paragraph 8.6.1.

**Services** means the investment and custodial services as selected by you in the Acceptance Pack (or otherwise requested by you) and which we have agreed to provide in respect of your Portfolio under this Agreement, as further detailed in Sections 2 to 7.

**Service Date** means the date, notified by us to you, that we agree to commence the provision of certain Services pursuant to this Agreement.

**UCITS** means in respect of a fund an undertaking for collective investment in transferable securities which is established in accordance with the Directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (2009/65/EC) as amended.

**Terms** means these Terms and conditions including all relevant Schedules, appendices, and addenda, as amended by us from time to time.

**Third Party Authority Form** means a form which you will be asked to complete should you wish to give us written notice that you wish to nominate someone to give instructions in relation to your Portfolio on your behalf.

**Trading Venue** means a regulated market, a multilateral trading facility or an organised trading facility as defined in the FCA Rules.

**VAT** means value added tax.

**we, us, our** means Arbuthnot Latham & Co., Limited.

**Website** means our website at [www.arbuthnotlatham.co.uk](http://www.arbuthnotlatham.co.uk), or such updated, alternative or additional website as we may notify to you from time to time.

**you**, refers to you, our client, and includes a reference to any person jointly entering into the Agreement with you. Where a Term refers to us communicating with **you** or receiving instructions from **you**, this includes reference to any Authorised Person (as applicable). In Section 7 **you** shall mean the Registered Contact in respect of the Junior ISA.

For the avoidance of doubt, where a Term refers to your liability, your responsibility, or any undertaking made by you, this means the liability, responsibility or undertaking of you, our client, and should not be construed as imposing separate liability on an Authorised Person.

In these Terms, unless a contrary intention appears:

- use of the singular shall include the plural and vice versa;
- use of any gender includes the other genders;
- the word "spouse" includes civil partner;
- headings are used for reference only;
- references to statutes, statutory provisions, regulations, FCA Rules, PRA Rules or notices shall, unless expressed otherwise, include those statutes, statutory provisions, regulations, FCA Rules, PRA Rules or notices as amended, extended, consolidated, substituted or re-enacted from time to time (including those laws re-enacted for the purpose of bringing them into domestic law prior to the UK's exit from the European Union);
- a time of day shall be construed as a reference to London time; and

- any phrase introduced by the Terms including, include, in particular or any similar expression is to be construed as illustrative only and does not limit the sense of the words preceding those Terms;
- Terms which are defined in the FCA Rules or the PRA Rules, but which are not defined in these Terms, shall have the meaning set out in the glossary of the FCA Rules or PRA Rules (as appropriate);
- a 'lien' a legal right to retain property (such as cash or securities) until an obligation (such as a debt) has been discharged; any reference to the term 'lien' in these Terms shall be construed as a 'lien' within the limits of the FCA Rules and the PRA Rules;
- the phrase "in writing" is to include email, unless otherwise stated.

For business. For family. For life.

## Contact Information

### Arbuthnot Latham & Co., Limited

#### Registered Office

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Registered in England and Wales No. 819519. Arbuthnot Latham & Co., Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Arbuthnot Latham & Co., Limited is on the Financial Services Register under Firm Reference Number 143336.