

Terms and Conditions



BROOKS MACDONALD

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Introduction

Welcome to Brooks Macdonald Asset Management Limited (“**Brooks Macdonald**”). These Terms and Conditions (“**Terms**”) are important because they contain legally binding obligations on you. As a client you should:

- read the Terms carefully and retain a copy
- understand that you are entering into certain commitments and accepting certain responsibilities
- understand the scope of Brooks Macdonald’s services and the fees and costs associated with them
- understand the risks associated with investment using the Services selected by you

If you have any questions relating to Brooks Macdonald, the services offered or the Terms generally you should contact your Professional Adviser or your normal contact at Brooks Macdonald.

Important: Where you have been introduced to Brooks Macdonald by your Professional Adviser you should carefully consider section 4 of these Terms which describes the respective obligations of Brooks Macdonald and your Professional Adviser when providing their respective services to you.

The Terms are divided into three key parts:

- sections 1 to 4 providing information about Brooks Macdonald, its Services, Professional Adviser services and the important definitions and interpretation to enable you to understand these Terms
- sections 5 to 13 providing the terms relating to the nature of the Services and the holding of the client Portfolio
- section 14 providing the terms which apply generally across all of the Services (unless explicitly stated otherwise)

1. About Brooks Macdonald

- 1.1 Brooks Macdonald is authorised and regulated by the Financial Conduct Authority (“FCA”) with firm registration number 184918. The FCA can be contacted at 25 The North Colonnade, Canary Wharf, London, E14 5HS (www.fca.gov.uk and 0800 111 6768).
- 1.2 Brooks Macdonald’s registered office is at 72 Welbeck Street, London W1G 0AY. A list of other addresses from which Brooks Macdonald conducts its business is set out in the application pack and at www.brooksmacdonald.com/contact-us.
- 1.3 The Services provided by Brooks Macdonald are set out in sections 8-10 of these Terms. The principal business activities of Brooks Macdonald are discretionary investment management and execution only services for clients.
- 1.4 The Client Agreement is provided in English and English will be the language of all communications between the client and Brooks Macdonald.

2. The Client Agreement and commencement of Services

- 2.1 These Terms (including the Schedule) form part of the legally binding obligations between the client and Brooks Macdonald which also include:
 - (a) The completed Application Pack relevant to the client;
 - (b) The Fee Schedule detailing fees, charges, costs and expenses for the service;
 - (c) Such other terms and conditions expressly stated to form part of the Client Agreement (for example, bespoke terms or terms specific to tax wrappers or products or Services)

Together the “Client Agreement”.

- 2.2 These Terms come into effect from the date on which Brooks Macdonald commences provision of Services. clients should be aware that Brooks Macdonald will not be able to commence the provision of Services until such time as a Client Agreement is in place.
- 2.3 Nothing in section 2.2 affects any right of cancellation or withdrawal which may apply to Services provided to the client (as more particularly described in section 14.8).

3. Understanding these Terms

- 3.1 In these Terms:
 - (a) Unless the context otherwise requires, words importing the singular will include the plural and vice versa and the masculine includes the feminine and neutral;
 - (b) Headings of parts and sections are for ease of reference only and do not affect interpretation;
 - (c) References to statutes, statutory instruments, rules or regulations are to such statutes, statutory instruments, rules or regulations as amended or replaced from time to time;

- (d) References to ‘subsidiary’, ‘parent undertaking’ and ‘participating interest’ are to have the same meanings given in section 1159, 1161 and 1162 of the Companies Act 2006

- 3.2 In these Terms the following words have the following meanings:

“**Account**” means an account maintained by us in the name of the client which is used to hold cash and Investments.

“**Affiliates**” means a related person that is a member of the Brooks Macdonald Group.

“**AIM Service**” means the Brooks Macdonald discretionary investment management service under which a portfolio of AIM-listed stocks is constructed and managed for the purposes of providing inheritance tax benefits.

“**Applicable Law**” means those laws, rules and regulations (including the FCA Rules) applicable to Brooks Macdonald in relation to the provision of Services under the Client Agreement.

“**Application Pack**” means the Brooks Macdonald application pack completed by the client and the Professional Adviser (where applicable) seeking the provision of the Services described in the application pack and these Terms.

“**Appropriateness**” means the regulatory obligation on Brooks Macdonald to assess the appropriateness of financial products or services for clients when providing Execution-Only Dealing (but which does not apply to any other services).

“**Approved Bank**” means a bank or other financial institution that satisfies the Client Money Rules.

“**Attorney**” means a person appointed under a power of attorney.

“**BPS**” means the Brooks Macdonald Bespoke Portfolio Service as described in section 9.

“**BPS Portfolio**” means a portfolio of Investments offered by Brooks Macdonald through BPS.

“**Brooks Macdonald**” means Brooks Macdonald Asset Management Limited.

“**Brooks Macdonald Group**” means any person or entity being a parent or subsidiary undertaking of Brooks Macdonald, a subsidiary of a parent undertaking or an entity in which such person has a participating interest, each within the meaning of “group” as defined by the FCA Rules.

“**Client Agreement**” means these Terms, the Application Pack, the Fee Schedule and such other terms and conditions expressly stated to form part of the Client Agreement.

“**Client Money Rules**” means the client money rules set out in the FCA Rules.

“Collective Investment Scheme” or **“CIS”** means any collective investment scheme within the meaning of section 235 of FSMA, including unit trusts, open ended investment companies (recognised or established under FSMA (see **“Regulated CIS”**)) and unregulated collective investment schemes (see **“Unregulated CIS”**).

“Conflicts of Interest Policy” means the summary Brooks Macdonald conflicts of interest policy as required by the FCA Rules and as amended from time to time.

“Combined Account” means Accounts nominated as combined accounts in the Application Pack.

“Custody Services” means the services provided by or through Brooks Macdonald relating to the safekeeping of Investments for clients.

“Derivatives” means futures, options, contracts for differences or other investments whose value or pricing derives from some other variable.

“DPA” means the Data Protection Act 1998.

“EEA” means the European Economic Area being the EU plus Iceland, Norway and Liechtenstein.

“Electronic Communication” means any form of communication made by digital, text, email, messaging, internet or other technological device capable of making communication electronically.

“EU” means the European Union.

“Execution-Only Dealing” has the meaning given in section 10.

“Fee Schedule” means the fee schedule forming part of the Client Agreement (as amended from time to time in accordance with section 14.9).

“FSMA” means the Financial Services and Markets Act 2000.

“FOS” means the Financial Ombudsman Service.

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

“FCA Rules” means the FCA Handbook of Rules and Guidance as amended, replaced or supplemented from time to time.

“FSCS” means the Financial Services Compensation Scheme.

“Instruction” means any communication from the client giving an instruction, consent or authorisation in relation to the Client Agreement.

“Investment Objective” means the client investment objective where set out in the Application Pack.

“Investment” means the investments in relation to which Brooks Macdonald provides its services as described in section 6.

“ISA” means an individual savings account within the meaning of the ISA Regulations.

“ISA Regulations” means the Individual Savings Account Regulations 1998.

“KYC” means ‘know your customer’ information; the basic customer due diligence information and data that financial services companies must gather in order to meet anti-money laundering requirements and to understand clients and meet Suitability and/or Appropriateness obligations.

“MPS” means the Brooks Macdonald Managed Portfolio Service described in section 8.

“MPS Portfolio” means a pre-determined model portfolio of Investments offered by Brooks Macdonald through MPS and selected by the client in the Application Pack.

“Order Execution Policy” means the Brooks Macdonald policy explaining the steps taken to provide best execution in accordance with the FCA Rules.

“Packaged Products” means life policies, units in regulated Collective Investment Schemes, interests in investment trust savings schemes and personal pension schemes.

“Personal Data” means any personal information relating to a client within the meaning of the DPA.

“Privacy Policy” means the Brooks Macdonald privacy policy as amended from time to time.

“Professional Adviser” means a person appointed by the client to provide the client with financial planning and advice services.

“Professional Client” means a client categorised as a Professional Client in accordance with section 5.

“Regulated CIS” means a CIS established or recognised under FSMA as a regulated CIS.

“Retail Client” means any client other than a client categorised as a Professional Client.

“Retail Investment Product” means a retail investment product as defined in the FCA Rules, including, but not limited to Packaged Products, structured investment products and Collective Investment Schemes.

“Risk Profile” means the risk profile of the client where set out in the Application Pack.

“Suitability” means the regulatory obligation to ensure that advice or personal recommendations (including decisions to deal within a discretionary investment management service) are suitable having regard to the Investment Objectives, Risk Profile and circumstances of a Retail Client.

“Trustee” means the trustee of a trust.

“UK” means the United Kingdom of Great Britain and Northern Ireland.

“Unregulated CIS” means any CIS other than a Regulated CIS.

“Working Day” means any day excluding weekends and bank holidays when banks are normally open for business in London.

4 Relationships with Professional Advisers

- 4.1 Brooks Macdonald accepts clients introduced to it by Professional Advisers subject to these Terms. Clients should be aware of the respective responsibilities of Professional Advisers and Brooks Macdonald. This section of the Terms describes the role undertaken by each of them.
- 4.2 Where the client is given general financial planning, advice and recommendations by a Professional Adviser, Brooks Macdonald does not provide such planning, advice or recommendations and has no duty to assess Suitability.
- 4.3 Where MPS is provided to the client:
- (a) the Professional Adviser is responsible for:
 - (i) collecting any KYC required by Applicable Laws;
 - (ii) determining the client's Investment Objectives and Risk Profile;
 - (iii) assessing the Suitability of MPS;
 - (iv) advising the client as to the selection of an MPS Portfolio and assessing the Suitability of the chosen MPS Portfolio; and
 - (v) assessing the Suitability of MPS and the chosen MPS Portfolio on an ongoing basis and advising the client accordingly; and
 - (b) Brooks Macdonald is responsible for managing the MPS model portfolio on a discretionary basis in accordance with the stated Investment Objectives and Risk Profile for the MPS portfolio
- 4.4 Where BPS is provided to the client:
- (a) unless section 4.4(b) applies the Professional Adviser is responsible for collecting any KYC required by Applicable Law and Brooks Macdonald may rely on any KYC collected by the Professional Adviser in order to carry out any functions for which it is responsible;
 - (b) if there is no Professional Adviser, or where Brooks Macdonald has agreed with the Professional Adviser, Brooks Macdonald is responsible for collecting any KYC required by Applicable Law;
 - (c) Brooks Macdonald is responsible for creating and managing the BPS Portfolio on a discretionary basis in accordance with the client's stated Investment Objectives and Risk Profile;
 - (d) either the Professional Adviser or Brooks Macdonald will be appointed by the client to carry out the Suitability Functions set out under 4.4(e) below and the party so appointed is responsible for carrying out those functions;
 - (e) in this Section 4.4, "Suitability Functions" means the functions of:
 - (i) assessing the Suitability of BPS;
 - (ii) advising the client as to the Suitability of any particular BPS Portfolio (including, but not limited to, client's Investment Objectives and Risk Profile); and
 - (iii) assessing the Suitability of BPS and the BPS Portfolio for the client on an ongoing basis and advising the client accordingly
- 4.5 Where the AIM Service is provided to the client:
- (a) the Professional Adviser is responsible for:
 - (i) collecting any KYC required by Applicable Laws;
 - (ii) determining the client's Investment Objectives and Risk Profile;
 - (iii) assessing the Suitability of the AIM Service for the client;
 - (iv) advising the client as to the selection of an AIM Portfolio and assessing the Suitability of the chosen AIM Portfolio for the client; and
 - (v) assessing the Suitability of the AIM Service and the chosen AIM Portfolio for the client on an ongoing basis and advising the client accordingly
 - (b) Brooks Macdonald is responsible for managing the AIM portfolio on a discretionary basis in accordance with the stated Investment Objectives and Risk Profile for the client
- 4.6 Brooks Macdonald is entitled to rely on the KYC and Investment Objective and Risk Profile information provided by Professional Advisers using Brooks Macdonald documentation. The receipt of such information does not constitute any acceptance of responsibility to review it for any purpose, including for any assessment of Suitability (save where Brooks Macdonald has explicitly agreed to do so in the client Application Pack).
- 4.7 Notwithstanding that the client's principal relationship may be with the Professional Adviser, Brooks Macdonald reserves the right to contact the client for any purposes in connection with the Client Agreement. The client acknowledges that such contact may be necessary to enable Brooks Macdonald to comply with Applicable Law and to ensure the smooth performance of its obligations under this Agreement. By making contact with the client, Brooks Macdonald does not accept a transfer of or undertake responsibility for suitability obligations owed by the Professional Adviser.

5 Client categorisation

- 5.1 Brooks Macdonald will provide its Services on the basis that clients are Retail Clients for the purposes of the FCA Rules. Any different categorisation will be agreed with the client in writing.
- 5.2 These Terms apply to Retail Clients and Professional Clients. As a Retail Client, all the protections afforded to Retail Clients under the FCA Rules will apply. As a Professional Client those protections do not apply and the differences are described in section 5.4 below.

- 5.3 In certain circumstances clients may wish to seek in writing a different categorisation. Brooks Macdonald may agree to categorise Professional Clients as Retail Clients. Brooks Macdonald is not obliged to agree to such request and may decline to act. Also, even if Brooks Macdonald agrees to categorise a client as a Professional Client it may, on its own initiative re-categorise the Professional Client as a Retail Client by notice in writing.
- 5.4 In circumstances where Brooks Macdonald has categorised a client as a Professional Client these Terms still apply save that:
- (a) Brooks Macdonald's duty of best execution under the FCA Rules is modified as provided for by the FCA Rules such that Brooks Macdonald is entitled to make certain assumptions about the Professional Clients
 - (b) where Brooks Macdonald is required by FCA Rules to assess the suitability of an Investment or Service for Professional Clients it will be entitled to assume that the Professional Client has the necessary experience and knowledge to understand the risks involved and Brooks Macdonald is entitled to assume the Professional Client is able to bear any consequences related to them, to the extent permitted by the FCA Rules
 - (c) where Brooks Macdonald is required by the FCA Rules to assess the Appropriateness of an Investment or Service for the client it will be entitled to assume that the Professional Client has the necessary experience and knowledge to understand the risks involved
- 5.5 Please note that where Brooks Macdonald has categorised a person falling within the definition of a Professional Client as a Retail Client this categorisation will not necessarily give such client protection under the FSCS or access to FOS.
- ## 6 Scope of Brooks Macdonald Services
- 6.1 Brooks Macdonald provides discretionary investment management and execution only services to clients (the "Services").
- 6.2 As part of the Services, Brooks Macdonald provides safekeeping, custody and nominee services. This section 6 explains the scope of those related functions.
- 6.3 Brooks Macdonald will deal in the following investments:
- (a) shares (equities) in UK or overseas companies;
 - (b) debentures, loan stock, certificates of deposit, bonds, notes, commercial paper and other government, public or corporate debt securities;
 - (c) warrants to subscribe for investments falling under (a) or (b) above;
 - (d) depositary receipts or other types of investment relating to investments falling under (a) to (c) above;
 - (e) regulated CIS and Unregulated CIS in the UK or overseas;
 - (f) derivatives; and
 - (g) other investments falling within the definition of 'specified investments' under Schedule 2 Part II of FSMA or similar or related instruments
- 6.4 The following investments or services are not provided by Brooks Macdonald:
- (a) short selling (sales of investments by a client which are not actually owned by the client);
 - (b) traded options, writing of options;
 - (c) commodities;
 - (d) stop loss or stop market trading;
 - (e) underwriting;
 - (f) stock lending; or
 - (g) insurance mediation activity
- 6.5 The scope of Services is subject to the Client Agreement, in particular to the selections made by the client in the Application Pack. Amendments to the scope of Services are subject to section 14.18.
- 6.6 Brooks Macdonald does not advise or hold itself out as advising on the general financial affairs of clients or on the impact of investment decisions relating to pensions, offshore investments, taxation or other matters relating to the personal circumstances of clients and does not therefore provide services across all Retail Investment Products. Consequently when providing advice or personal recommendations in the performance of its discretionary investment management services it will do so on a restricted basis.
- 6.7 Where the client uses MPS or BPS (including the AIM Service or any client specified discretionary investment management service) Brooks Macdonald may at its sole discretion decide whether or not to exercise voting rights or corporate actions relating to Investments. This may mean that Brooks Macdonald acts in accordance with or against the recommendations of boards or may not vote at all. Brooks Macdonald will seek to act in accordance with the best interests of its clients when exercising (or not exercising) voting rights or taking up (or not taking up) rights arising on corporate actions.
- 6.8 Where the client uses the Execution-Only Dealing Service Brooks Macdonald will use reasonable endeavours to provide clients with information about voting rights or potential corporate actions. Brooks Macdonald will not be bound to exercise either voting rights or corporate actions on behalf of an Execution-Only Dealing client but will, where Instructions are received in good time, seek to implement the Instructions. Brooks Macdonald may, at its sole discretion, exercise voting rights or corporate actions notwithstanding that it has not received Instructions from an Execution-Only Dealing client and will seek to act in accordance with the best interests of its clients.

6.9 Clients may access services, other than those described in these Terms, through other entities within the Brooks Macdonald Group. Clients should speak to their Professional Adviser or normal Brooks Macdonald contact. New services will usually require new terms and conditions.

7 Investment Objectives and Risk Profile

- 7.1** Where clients use Professional Advisers the responsibility for Suitability is different for MPS and BPS. Please see section 4.
- 7.2** Under MPS the Investment Objectives and Risk Profile of the MPS Portfolios managed by Brooks Macdonald are as described in the Application Pack. The Professional Adviser remains responsible for ongoing assessment of the client's individual Investment Objectives and Risk Profile and for advising on the Suitability of the MPS and selected MPS Portfolio(s).
- 7.3** Under BPS either Brooks Macdonald or the Professional Adviser may have accepted the Suitability functions described in section 4.4. Where the Professional Adviser has accepted the Suitability functions the extent of Brooks Macdonald's responsibility is to create and manage the client's BPS Portfolio in accordance with the client's Investment Objectives and Risk Profile. However, where the client has appointed Brooks Macdonald to provide the Suitability functions, Brooks Macdonald will also accept responsibility for assessing the Suitability of BPS and the BPS Portfolio for the client in accordance with the Investment Objectives and Risk Profile of the client.
- 7.4** Clients should notify their Professional Adviser or Brooks Macdonald promptly in writing of any material change in their investment objectives, attitude to risk, any individual financial or personal circumstances or knowledge and experience in financial services. Such changes are important and may determine the nature of Services provided to clients. Failure to provide up to date information may impact on the ability of Brooks Macdonald's Services (or the service of Professional Advisers) to correspond with client needs.
- 7.5** The impact of events and circumstances outside of Brooks Macdonald's control, including but not limited to the ongoing movements in the markets and fluctuations in the value of Investments, will not automatically be deemed to be a breach of any MPS Portfolio, BPS Portfolio or any other portfolio's Investment Objectives or Risk Profile. In the event of unusual market conditions or turmoil, Brooks Macdonald may accept Instructions from the client (or Professional Adviser) to change the client's selected Risk Profile, MPS Portfolio or model portfolio. Such Instructions may include changing the client's Investment Objective and Risk Profile on the client's Instruction to a lower risk basis. Brooks Macdonald only accepts such Instruction within MPS or BPS on an exceptional basis and treats such Instructions as Execution-Only Instructions. Consequently, Brooks

Macdonald will not accept any responsibility for following the Instruction, including loss of opportunity or loss of returns.

7.6 Brooks Macdonald will seek to achieve the Investment Objective but there is no guarantee that it will be achieved.

8 Managed Portfolio Service (MPS)

- 8.1** MPS is a service under which Brooks Macdonald manages a range of MPS Portfolios on a discretionary basis to meet a defined Investment Objective and Risk Profile. MPS clients (in consultation with their Professional Adviser) choose an MPS Portfolio and Investments are made in order to precisely replicate the chosen MPS Portfolio. The MPS Application Pack details the MPS Portfolios available for selection by the client. The list of available MPS Portfolios may vary from time to time and is available on request from Brooks Macdonald.
- 8.2** MPS offers discretionary investment management over the MPS Portfolios, providing exposure to the Investments referred to in section 6 above.
- 8.3** Subject to section 6 above, MPS Portfolios may cover all major world markets without geographical spread or type of Investment being restricted.
- 8.4** Clients are required to accept the initial composition, investment strategy, risk profile, volatility and characteristics of the MPS Portfolio selected. Where additional investment is made into an MPS Portfolio it will be invested and managed in accordance with the strategy of the relevant MPS Portfolio(s) at the time invested unless otherwise agreed.
- 8.5** Subject only to section 7.5 above, clients are not permitted to give Instructions to buy, sell or exercise rights in relation to Investments held in the MPS account. If a client wishes to give Instructions Brooks Macdonald will require a separate Execution-Only Account to be opened by the client.
- 8.6** Where a client with a MPS Account ceases to have the required Professional Adviser, Brooks Macdonald, at its entire discretion, may cease to provide MPS to the client with immediate effect. Brooks Macdonald may agree to provide Execution-Only Dealing or BPS or other service to such clients (subject to completion of the appropriate Application Pack and acceptance as a client for such Service).

9 Bespoke Portfolio Service (BPS)

- 9.1** BPS is a discretionary investment management service by which Brooks Macdonald manages a bespoke range of Investments. The BPS Application Pack details the Investment Objectives and Risk Profiles available for selection by the client.
- 9.2** Subject to section 6 above, BPS Investments may cover all major world markets without geographical spread or type of Investment being restricted.

- 9.3** Clients are required to accept the initial composition, investment strategy, risk profile, volatility and characteristics of the BPS Portfolio selected. Where additional investment is made into the BPS Portfolio it will be invested and managed in accordance with the strategy of the relevant BPS Portfolio at the time invested unless otherwise agreed.
- 9.4** Subject only to section 7.5 above, clients are not permitted to give Instructions to buy, sell or exercise rights in relation to Investments held in the BPS. If a client wishes to give Instructions Brooks Macdonald will require a separate Execution-Only Account to be opened by the client.
- 9.5** In the event that a client requests a portfolio service or service level not ordinarily available within the BPS, Brooks Macdonald may agree to provide a different portfolio service or service level within the BPS. In all such cases, Brooks Macdonald will accept responsibility for the Suitability of the resulting client portfolio to the client's Investment Objectives and Risk Profile and will agree to construct and manage the specified client portfolio accordingly. Further, if the client requires that Brooks Macdonald does not exercise discretion over a part or the whole of the Investments in such a separate Account Brooks Macdonald reserves the right to open a separate Execution-Only Account in respect of such Investments.
- 9.6** Where the client has selected the AIM Service a separate client Account will be opened.

10 Execution-Only Dealing Services

- 10.1** Where Brooks Macdonald provides Execution-Only Dealing it will, subject to these Terms, follow client Instructions and carry out transactions in Investments on behalf of the client.
- 10.2** Clients are responsible for the suitability of investment selection for Execution-Only Dealing. Where a Retail Client provides an Instruction to deal in Investments on an execution only basis in respect of non-complex instruments (for example shares traded on a regulated market such as the London Stock Exchange, Gilts, Corporate Bonds and Regulated CIS) Brooks Macdonald will not provide any advice as to the suitability or appropriateness of such Instruction or whether a transaction is generally a good idea for the client. Clients are responsible for assessing the suitability and/or appropriateness of such transactions.
- 10.3** Only non-complex instruments can be purchased within your Brooks Macdonald Execution-Only account. Non-complex instruments include but are not limited to shares traded on a regulated market such as the London Stock Exchange, Gilts, Corporate Bonds and Regulated CIS. Examples of instruments that are complex and therefore cannot be purchased within your Brooks Macdonald Execution-Only account are, amongst other instruments, Warrants and Derivatives.
- 10.4** Brooks Macdonald will not provide Execution-Only Dealing within a discretionary investment management service, MPS or BPS. Instructions given by clients within a discretionary investment management service may be accepted by Brooks Macdonald subject to an Execution-Only Dealing Account having been established for the client. Brooks Macdonald is not responsible for the effects of any delay while Brooks Macdonald considers a request for an Execution-Only Dealing Account to be established.

11 Dealing

- 11.1** Subject to these Terms, Brooks Macdonald will carry out transactions in Investments on such terms as it thinks fit and in accordance with market practice. Brooks Macdonald may carry out transactions with or through third parties, including Affiliates, and may:
- (a) be required to give representations and warranties to counterparties and exchanges on behalf of the client
 - (b) enter into such terms and conditions, agreements, arrangements or other documentation as it thinks fit which may be legally binding on the client
 - (c) take such steps as deemed necessary or desirable in order to carry out transactions and facilitate the settlement of transactions in accordance with good market practice
- 11.2** Brooks Macdonald will use reasonable steps to achieve the best possible result when carrying out transactions for clients.
- 11.3** When deciding where to execute transactions, the factors Brooks Macdonald will take into account include:
- (a) price at which the Investment can be bought or sold;
 - (b) timeliness of execution;
 - (c) certainty that execution can be effected;
 - (d) overall cost of execution
- 11.4** Brooks Macdonald carries out client Instructions to deal (and effects decisions to deal made by it when providing discretionary investment management services) through intermediaries including retail service providers, market makers, direct market access and through other counterparties. Brooks Macdonald will use reasonable endeavours to regularly monitor and assess the ability of intermediaries to provide clients with best execution.
- 11.5** As part of its approach to achieving the best possible result for the client, Brooks Macdonald may execute transactions in Investments outside of a regulated market or a multi-lateral trading facility where it thinks fit.
- 11.6** A summary of the Brooks Macdonald Order Execution Policy is part of the Application Pack and clients are required to consent to it when completing the Application Pack. Brooks Macdonald reviews its Order Execution Policy at least annually and clients should review the latest version on the Brooks Macdonald website or ask for a copy.
- 11.7** Clients may give Instructions as to the venue for execution of an order. The client will be solely responsible for the choice of execution venue in such case.

- 11.8 In certain circumstances, where Brooks Macdonald reasonably considers that it is likely to operate in the best interests of clients, orders and decisions to deal in Investments may be aggregated. Brooks Macdonald will only aggregate transactions in accordance with the FCA Rules. It is possible that aggregation may work to the advantage or disadvantage of the client in certain circumstances.
- 11.9 Brooks Macdonald does not offer a foreign exchange dealing service. Where payments are requested in a currency other than the currency in which the client portfolio is held it may be necessary to carry out a foreign exchange transaction. Foreign exchange rates vary and may affect the outcome of transactions to a significant extent (both in favour of and to the detriment of the client).

12 Settlement and custody of client assets

12.1 Dealing with client assets

Brooks Macdonald provides settlement, safekeeping and custody and nominee services in respect of Investments. These services are either provided by Brooks Macdonald or by third parties. This section explains the manner in which transactions are executed, settled and held in custody for clients. Where Brooks Macdonald provides these services it will arrange for the registration and safekeeping of Investments in accordance with the FCA Rules. Brooks Macdonald will notify clients in the event of a change in provider of custody and nominee services where required to do so by Applicable Law.

12.2 Settlement

- (a) Brooks Macdonald will arrange for the settlement of transactions undertaken in relation to client Portfolios provided that it holds or receives all necessary documents or funds on the basis of standard market practice for the type of Investment and markets concerned. Delivery or payment by the other party to any such transaction will be at the client's risk and Brooks Macdonald's obligation to account to clients for any proceeds of sale of any Investment is conditional on receipt of the relevant documents or sales proceeds as applicable.
- (b) Brooks Macdonald may operate a settlement system under which the client portfolio is debited with the purchase cost or credited with the proceeds of sale on the usual settlement days for the relevant market, conditional upon settlement ultimately being effected on that market. If settlement is effected other than at these times the client's portfolio may benefit or may lose out. Brooks Macdonald may cancel any debit or credit attributed to a client Portfolio at any time before actual settlement. By way of confirmation, clients should not rely on debits or credits arriving on an assumed date under the procedure described above until actual settlement has taken place.

- (c) If Brooks Macdonald becomes aware of settlement failure or receives an error notice (for example, where settlement has not occurred because amounts remain unpaid or an operational error has occurred) Brooks Macdonald may reverse entries or correct errors made in any documents or on any systems.

12.3 Registration and recording of investments

- (a) Investments, if held in registerable form, will be registered, either in the name of the client or Brooks Macdonald Nominees Limited, or a third party nominee company as permitted by the FCA Rules.
- (b) Investments in client portfolios will normally be registered or otherwise recorded in the name of a nominee company of a type permitted by the FCA Rules. Brooks Macdonald Nominees Limited is wholly owned by Brooks Macdonald and third party nominees are normally owned by third party custodians. Please see section 12.3(i) which explains Brooks Macdonald's responsibilities in relation to third party custody and nominees.
- (c) In some circumstances it may be appropriate for Investments to be registered or recorded in Brooks Macdonald's own name or in the name of a custodian of a type permitted by the FCA Rules (which may include members of the Brooks Macdonald Group). This may occur where Investments are overseas Investments and Brooks Macdonald has taken reasonable steps to assess whether it is in the client's best interests to hold them in this way or it is not feasible to do otherwise due to Applicable Law or market practice in the relevant jurisdiction.
- (d) In certain jurisdictions Applicable Law may mean that it is not possible for Investments held by a third party custodian to be held in a manner separately identifiable from the assets belonging to that third party custodian or to Brooks Macdonald. Where Investments belonging to clients are held in the same name as Brooks Macdonald's own assets, Brooks Macdonald will ensure that such Investments are separately identified in its records from assets belonging to it. In the event of the insolvency or default of such a third party custodian if there is a shortfall in assets available to settle claims not all of the assets belonging to the client may be recovered.
- (e) Brooks Macdonald will normally only deposit assets with custodians in countries outside the EEA which do not regulate the safekeeping and custody of Investments where the nature of the Investments or Services connected with them requires them to be deposited with a third party in that country.
- (f) The Investments belonging to clients which are held overseas may in any event be subject to settlement, legal and regulatory requirements together with different market practices for the separate identification of those Investments to those applying in the UK and the client's rights in relation to them may therefore differ. Where Investments are held outside of the UK client's rights in the event of a

default or insolvency are likely to be different and in certain circumstances may be less than they would be had the Investments been held in the UK.

- (g) Where Investments belonging to a client are registered in the name of Brooks Macdonald, a third party custodian or nominee they may be held together with those of other clients in an omnibus account or otherwise pooled. This means that clients' individual entitlements to such Investments may not be identifiable by separate certificates, physical documents of title or equivalent records. In the event of a default or insolvency of the custodian, any shortfall may be shared pro rata among all clients whose investments are registered in this way. This may mean that Brooks Macdonald may return certificates or other evidence of title to the client which are not the same certificates or evidence of title which were originally deposited by the client. A further effect of pooling is clients' entitlements to shares under the benefits arising from corporate actions will be distributed on a pro rata basis or otherwise as Brooks Macdonald in its absolute discretion thinks fit.
- (h) Where Brooks Macdonald appoints a custodian or nominee outside of the Brooks Macdonald Group it will undertake an appropriate risk assessment and will exercise all due skill care and diligence in the selection, appointment and periodic review of the custodian or nominee. Brooks Macdonald will not be responsible for the acts, omissions, default or insolvency of a custodian or nominee outside of the Brooks Macdonald Group.
- (i) Brooks Macdonald will seek to ensure that adequate organisational arrangements are made to safeguard Investments. Clients should be aware that Investments may be at risk if the custodian becomes insolvent.
- (j) In the event that a loss is suffered by clients as a result of assets being held with Brooks Macdonald due to custodian failure and where we are not able to make good any loss caused, clients may be eligible to claim under the FSCS. Details of the FSCS protection available are set out in section 14.14.
- (k) In the event that the client instructs Brooks Macdonald to use a particular custodian or nominee for the safekeeping of Investments the client's decision to do so is entirely at the client's own risk.

12.4 Documents of title

Documents of title to Investments held in the client Portfolio will be held by Brooks Macdonald as custodian for clients or otherwise in accordance with Instructions. Brooks Macdonald will ensure that, where Investments are held in uncertificated form or are transferable by book entry, evidence of title will be recorded so that Investments belonging to the client are separately identifiable from Investments held for the Brooks Macdonald Group.

12.5 Collection of income

- (a) Brooks Macdonald will be responsible for collection of income. Brooks Macdonald will be responsible for claiming and receiving dividends, interest payments and other entitlements in respect of Investments within client portfolios where it provides custody services.
- (b) Dividends and interest arising on your investments will be collected by Brooks Macdonald and paid as follows:
 - (i) in respect of dividends and distributions on UK Investments, not later than the date of receipt of cleared funds;
 - (ii) in respect of dividends and distributions on non-UK Investments, on the date when notification of receipt by the custodian is provided to Brooks Macdonald or, if later after receipt of funds following any necessary currency conversion (which will be carried out promptly);
 - (iii) in respect of all other income on the date of receipt of cleared funds

Unless you instruct otherwise, income received in a currency other than Sterling will be converted to Sterling and credited once that conversion is complete. Prevailing conversion rates available to Brooks Macdonald at the time will be used.

- (c) Brooks Macdonald will follow the Instructions of the client as set out in the Application Pack as to how income is to be distributed or re-invested.

12.6 Liens and security interests

- (a) Brooks Macdonald is entitled to an express lien, power of sale and right of set off over client Investments, cash or other property in respect of properly incurred charges and liabilities arising from the provision of the Services (including Custody Services). Brooks Macdonald may exercise such rights in such manner as it thinks fit, including by consolidating Accounts belonging to the client.
- (b) The client hereby charges by way of first fixed charge and with full title guarantee, the grant of a pledge over and a general lien and right of set off over all Investments, Accounts and assets held by Brooks Macdonald on behalf of the client (or by custodians and nominees appointed by Brooks Macdonald pursuant to these Terms) as continuing security for the performance of the client's obligations under these Terms and the charges and liabilities properly arising from the provision of the Services (including Custody Services) under these Terms.
- (c) If Brooks Macdonald is required to exercise its rights under this section it will seek to provide notice but may do so immediately and without notice where it considers appropriate.

- (d) Clients are responsible for meeting the costs associated with exercising any of the rights or powers reserved to Brooks Macdonald under this section (which may include the costs of realising assets and legal costs associated with enforcing the security).
- (e) The proceeds of sale assets will be applied towards the discharge of any liabilities owed to Brooks Macdonald (including the costs associated with such sale) and the client will remain liable for any outstanding amounts owed.
- (f) Where any of the rights in this section are exercised, Brooks Macdonald will not be liable for the decisions as to which Investments or assets it realises in order to meet the client's liabilities, nor is Brooks Macdonald responsible for any legal, tax or other consequences for the client.

12A Client Money

- 12A.1** Brooks Macdonald will deal with Client Money in accordance with the Client Money Rules.
- 12A.2** Brooks Macdonald will ensure that Client Money is separated from our funds held at an Approved Bank. Brooks Macdonald will use reasonable skill, care and diligence in its selection, use and monitoring of the Approved Bank.
- 12A.3** Client Money will be:
- (a) pooled with other client's money in a pooled account so that individual clients do not have a claim against an account in their individual name;
 - (b) subject to repayment on a proportionate basis in the event that the Approved Bank enters into administration, liquidation or a similar procedure. If the Approved Bank is unable to repay all of its creditors, the client Money would be pooled with that of Brooks Macdonald's other clients with that entity and any shortfall would be borne by all the clients of that pool proportionately
- 12A.4** In the event of Brooks Macdonald's administration, liquidation or analogous procedure, Client Money will be subject to the Client Money distribution rules contained in the Client Money Rules.
- 12A.5** Client Money will be held in Approved Banks, including those in other EEA countries. FSCS protection applies to banks in the UK only. Equivalent deposit protection rules apply in EEA countries under the Deposit Guarantee Schemes Directive which provides for a minimum of 100,000 protection per individual per bank.
- Where clients hold cash deposits directly with the same bank(s) with which Brooks Macdonald has deposited client money the money held directly will be aggregated with the amount of your money Brooks Macdonald has deposited with the same bank for the purposes of protection under FSCS or equivalent schemes in the EEA.

Client will not be compensated for the amount that exceeds the threshold of the applicable deposit protection scheme.

- 12A.6** Where we are required in the performance of this Agreement to pass Client Money to another financial institution (such as an exchange, intermediate broker, settlement agent or clearing house) we will have no responsibility for the acts or omissions (or insolvency) of such persons. Different law and regulation as to solvency and protection may apply where such transfers are made especially where such person is located outside of the EEA.
- 12A.7** The client authorises Brooks Macdonald (where permitted by Applicable Law) to place Client Money in a qualifying money market fund. As a result, Client Money will not be held in accordance with the Client Money Rules but held in accordance with applicable law applying to the custody of assets in the money market fund. The client must inform Brooks Macdonald if it does not want its money held this way.
- 12A.8** Brooks Macdonald may transfer Client Money to another firm on a transfer of business provided that the sums transferred will be held in accordance with the Client Money Rules.

13 Individual Savings Account (ISA)

- 13.1** The following Terms apply to clients holding Investments in a Brooks Macdonald ISA.
- 13.2** Brooks Macdonald is approved by HMRC as an ISA Manager and will manage any ISA in accordance with the ISA Regulations. Brooks Macdonald may delegate any of its functions or responsibilities under these Terms to other parties but will only do so after satisfying itself of their competence.
- 13.3** Brooks Macdonald only offers the stocks and shares ISA. To open an ISA, Brooks Macdonald requires actual receipt of a signed and completed ISA application form, together with a personal cheque made payable to BMAM Re: client name, or a request to transfer the funds from an Individual account can be made. Clients must not exceed the subscription limits set by HMRC from time to time.
- ISAs must remain in the beneficial ownership of the client and must not be used as security for a loan. The title to the Investments within the ISA will be held in the name of a nominee in accordance with section 12.3 of these Terms.
- 13.4** The ISA Regulations specify the type of Investments which may be held within an ISA. If a previously qualifying Investment should no longer qualify, Brooks Macdonald will propose selling the Investment and reinvesting proceeds in the ISA, or transferring it out of the ISA. For example, warrants arising other than through an investment trust public offer for sale may not be held in an ISA and they will be sold and the proceeds retained pending reinvestment in an eligible Investment.

- 13.5** Please note that interest earned on uninvested cash in the Brooks Macdonald ISA will not be subject to any tax deductions.
- 13.6** Brooks Macdonald does not currently charge for withdrawals from the Brooks Macdonald ISA. However, Brooks Macdonald reserves the right to do so in the future by amendment to the Fee Schedule.
- 13.7** Brooks Macdonald will arrange, on request, for clients to receive a copy of the annual report and accounts issued by every company or other concern in respect of which shares, securities or units are held directly in the Brooks Macdonald ISA. Brooks Macdonald reserves the right to make a charge for issuing such documents. Brooks Macdonald has an obligation to arrange, if requested, for clients to be able:
- (a) to attend shareholders, securities holders or unit holders' meetings;
 - (b) to vote; and
 - (c) to receive in addition, to the annual report and accounts any other information issued to shareholders, securities holders or unit holders
- Any election made under this section must be made in writing to Brooks Macdonald.
- 13.8** In respect of the Brooks Macdonald ISA only, Brooks Macdonald will make claims, conduct appeals and reach agreement on behalf of clients for tax reliefs. Please note that Brooks Macdonald will not reclaim any overseas tax deducted on non-UK qualifying investments that may be held in the Brooks Macdonald ISA from time to time. Brooks Macdonald will inform the client if the Brooks Macdonald ISA becomes void through any failure to meet ISA regulations. Please note that Brooks Macdonald reserves the right to make a charge for the work involved in voiding an ISA unless the ISA has become void by reason of Brooks Macdonald having failed to perform its obligations under these Terms.
- 13.9** The management of the Brooks Macdonald ISA will be subject to the rules and regulations of HMRC. In the event that any of these Terms are inconsistent with the ISA Regulations the latter shall prevail. If necessary, these Terms may be amended without notice to comply with ISA Regulations.
- 13.10** The client may instruct Brooks Macdonald to transfer an ISA, or part of such an arrangement, to another plan manager. On client Instructions all or part of the Investments held in the ISA and proceeds arising from those Investments will be transferred or paid to the to the new plan manager, subject to any charges levied in accordance with these Terms.
- 13.11** If the client requests to transfer the Brooks Macdonald ISA to another plan manager willing to accept the transfer, Brooks Macdonald will usually complete the transfer within 30 days of receiving written instructions.
- 13.12** Brooks Macdonald makes no extra charge when receiving plans from other plan managers, but reserves the right to do so in future by amending the Fee Schedule in accordance with section 14.18.
- 13.13** On the death of the client, an ISA will automatically terminate and the account will be treated as an ordinary (non-ISA) account. Any tax claimed back from a qualifying dividend or interest payment received after that date must be repaid. ISAs will be valued for probate as at the date of death and dealt with as instructed by the executors. This Account will continue to be managed in accordance with the Terms and subject to section 14.17.
- 13.14** Where a client opens an ISA Account with Brooks Macdonald as a result of a face to face meeting, a right to withdraw may apply for a period of up to seven days from the day on which Brooks Macdonald receives the ISA application. Where a right to withdraw applies, Brooks Macdonald will normally only commence your ISA on the expiry of the withdrawal period. Rights to withdraw cannot be waived by clients. A client wishing to exercise a right to withdraw is required to provide Instructions to Brooks Macdonald before the end of the seven-day period.
- ## 14 General Terms and Conditions
- ### 14.1 Instructions
- (a) Clients may give Instructions by the following methods:
 - (i) orally (face to face) or by telephone to Brooks Macdonald;
 - (ii) Electronic Communications to Brooks Macdonald's email addresses;
 - (iii) in writing to Brooks Macdonald 72 Welbeck Street, London W1G 0AY or to the relevant Brooks Macdonald office at which the Account is normally serviced
 - (b) Where clients have authorised Professional Advisers to provide Instructions on behalf of the client, Brooks Macdonald will accept Instructions from Professional Advisers through the same methods
- ### 14.2 Limitation on instructions
- Instructions provided by the methods set out in section 14.1 above are subject to the following important limitations and conditions. Clients should consider them carefully:
- (a) Instructions to make a payment or transfer of cash or Investments to third parties require Brooks Macdonald's prior confirmation in writing (except that Instructions to transfer between Accounts belonging to spouses may be given by email where explicitly confirmed by the client in the Application Pack)

- (b) Instructions by telephone will not be accepted other than on Brooks Macdonald telephone lines. Clients are not permitted to give Instructions by calling mobile phone lines
- (c) Brooks Macdonald will act on Instructions received between 8.30am and 5.30pm on a Working Day as soon as practicable that Working Day. Where Instructions are received outside of these hours Brooks Macdonald will act on them as soon as practicable during the next Working Day
- (d) the client accepts and acknowledges that Electronic Communications are at risk of interruption and/or delay and that Electronic Communication should not be regarded as a secure method of delivery
- (e) where Instructions given orally or by Electronic Communication are directed at a specific person and that person is not present to receive them there may be a delay in acting on such Instructions until actual receipt by such person
- (f) Brooks Macdonald may make a request for an Instruction provided by one of the methods above to be provided by another method (usually in writing), in which case, such Instruction is only valid when provided in accordance with that request

14.3 Verification of Instructions

Where Brooks Macdonald receives and acts on Instructions it does so in the reasonable belief that such Instructions come from the client or such other person as is authorised to provide Instructions. Brooks Macdonald will not undertake any verification of the provider of Instructions (unless a verification procedure, such as password or security check has been expressly agreed in advance with the client) but will act reasonably and in good faith at all times.

14.4 Acting on Instructions

Brooks Macdonald will normally acknowledge Instructions by acting upon them. Brooks Macdonald is not obliged to act on Instructions in the following circumstances:

- (a) if Brooks Macdonald suspects that an Instruction has not been given by the client or some other person authorised to act on behalf of the client or Brooks Macdonald has some other doubts or concerns as to the veracity of Instructions pursuant to section 14.1(a);
- (b) if it reasonably believes that doing so could constitute a breach of Applicable Law;
- (c) where the Instruction is unclear or incomplete or otherwise incapable of being acted upon;
- (d) where there is a risk that acting upon such Instructions could cause Brooks Macdonald to breach an obligation under the Client Agreement or otherwise cause loss or damage to Brooks Macdonald

14.5 Communicating with Brooks Macdonald

- (a) For normal communications other than Instructions, clients should contact their Professional Adviser or their normal contact at the relevant Brooks Macdonald office

Brooks Macdonald will communicate with clients (or the client's Professional Adviser) using the contact details provided by the client in the Application Pack by Electronic Communication, fax, telephone or face to face unless the client and Brooks Macdonald expressly agree in writing that some other method of communication will apply.

14.6 Conflicts and material interests

- (a) The Brooks Macdonald Group provides a range of financial services and it is possible that Affiliates may at times have interests which conflict with clients. Notwithstanding this, Brooks Macdonald has in place a Conflicts of Interest Policy and conflict identification and management procedures in order to seek to ensure that clients are treated fairly. The Conflicts of Interest Policy is a summary of these policies and procedures and forms part of the Client Agreement.
- (b) The Conflicts of Interest Policy is an important disclosure and is kept under regular review. For this reason it is set out in a separate document which forms part of the Client Agreement. Clients are required to confirm receipt of the Conflicts of Interest Policy in the Application Pack. Clients can ask for a new copy at any time or access the Conflicts of Interest Policy through www.brooksmacdonald.com.

14.7 Reporting to clients

- (a) Where clients use MPS and BPS (including the AIM Service and any client specified discretionary investment management service) Brooks Macdonald will:
 - (i) provide the client with periodic reports on the client portfolio. Such periodic statements will be provided on a quarterly basis for the BPS and on a six monthly basis for the MPS. Periodic reports will detail the value of the client portfolio, any holdings of Investments or cash and the transactions in Investments over the relevant quarterly period;
 - (ii) not be obliged to provide the client with confirmations on the execution of each order in the client portfolio. Brooks Macdonald may agree with a client to provide confirmations meeting the FCA Rule content requirements
- (b) Where clients use the Execution-Only Dealing Service, Brooks Macdonald will provide a confirmation in accordance with the FCA Rules in respect of every transaction in Investments.

- (c) Clients should check periodic reports and confirmations carefully and notify Brooks Macdonald promptly if there is any inaccuracy.
- (d) Certain valuations may be provided by third party providers and not product providers and/or may be subject to revaluation at relevant valuation points. Not all securities are valued on a daily basis. Prices shown in valuation statements and when accessed online are indications only. Consequently, valuations may be subject to change.

14.8 Rights to cancel

- (a) This Client Agreement is subject to a right to cancel within 14 days of the date on which it becomes effective. Cancellation rights can be exercised without penalty by the client by providing written notice to Brooks Macdonald prior to the end of the right to cancel.
- (b) The exercise of cancellation rights will not affect transactions or Instructions which have been provided prior to an effective notice of cancellation being received by Brooks Macdonald. Brooks Macdonald will be entitled to all the benefits of the Terms including accrued rights to fees, charges, costs and expenses.
- (c) In the event that the client has given Instructions or the client portfolio has been subject to market movements for any period prior to the effective notice of cancellation, the client may be subject to losses arising between the effective date of commencement of the Client Agreement and the effective date of cancellation. The client will be responsible for these losses.
- (d) If Retail Investment Products are purchased by Execution-Only Dealing, such Investments may attract their own specific cancellation rights or rights to withdraw. clients using the Execution-Only Dealing Service should seek confirmation from the relevant product provider and Brooks Macdonald will seek to assist on request.
- (e) ISA Accounts opened on a face to face basis may benefit from a right to withdraw and this is explained in section 13.14.

14.9 Fees, charges and interest

- (a) Brooks Macdonald's standard fees, charges and expenses are set out in the Fee Schedule, a copy of which is provided with the Client Agreement. If no copy is received clients should request a further copy.
- (b) Brooks Macdonald may amend the Fee Schedule from time to time in accordance with the notice provisions set out in section 14.18.
- (c) Fees, charges and expenses differ depending on the Service selected.
- (d) Brooks Macdonald will facilitate the payment of Professional Adviser's fees, costs and expenses where expressly agreed to by the client in the Application Pack. The client authorises the deduction

of Professional Adviser fees, costs and charges on the basis set out in the Application Pack. Brooks Macdonald does not set Professional Adviser fees, costs and charges.

- (e) From time to time, Brooks Macdonald may receive research services and other non-monetary benefits from brokers and suppliers which may enhance the service provided to clients. Dealing commissions may be used to pay for such services or other non-monetary benefits. Brooks Macdonald reserves the right to receive such services and non-monetary benefits and to pay for such services or non-monetary benefits using dealing commissions where it reasonably believes that doing so will comply with these Terms and FCA rules.
- (f) Other services may be chargeable in accordance with the Fee Schedule. Clients are requested to seek clarification in the event of any doubt as to applicable fees, charges and expenses.
- (g) Brooks Macdonald charges fees on the basis described below:
 - (i) for MPS, fees are charged quarterly. Brooks Macdonald will calculate the amount due by taking the total assets under management at the end of the relevant quarter multiplied by the annual percentage charge. That figure will then be divided by the number of days in the relevant quarter as a percentage of the number of days in the calendar year, to represent the quarterly fee charging structure. This calculation will be carried out for each quarter
 - (ii) for BPS, fees are charged quarterly. Brooks Macdonald will calculate the amount due by taking the total assets under management at the end of the relevant quarter multiplied by the annual percentage charge. That figure will then be divided by the number of days in the relevant quarter as a percentage of the number of days in the calendar year, to represent the quarterly fee charging structure. This calculation will be carried out for each quarter. In addition, transaction based charges apply to dealing in Investments within the BPS Portfolio as described in the Fee Schedule
 - (iii) for Execution-Only Dealing, transactions on the basis set out in the Fee Schedule, being either fee based or transaction based charges
- (h) Fees will become due and payable as follows:
 - (i) late payment of fees, charges or expenses due to Brooks Macdonald will attract interest charges at a daily rate of 2% above the base lending rate of The Bank of England
 - (ii) the client acknowledges that Brooks Macdonald will be entitled to deduct cash from the client's Account in consideration of fees which are due to Brooks Macdonald and the Professional Adviser (if applicable). Where the client's Account does not hold sufficient cash to pay

fees, Brooks Macdonald will be entitled to sell Investments to the extent necessary to cover outstanding amounts due

- (iii) where Client Money is held in a Client Money Bank Account and interest is received on such money, Brooks Macdonald will pay interest on the balance to the client's Account. Any interest exceeding £10 will be credited to your Account within 10 business days of each quarter end date. Quarter end dates are the last working day of each of March, June, September and December. Rates of interest paid will be published on the client section of our website and can be confirmed on request. Uninvested money (which may include cash pending investment and other money not immediately required for settlement) may attract interest at different rates depending on the Service. Interest rates payable on Accounts may be below interest rates which clients may be able to achieve in deposit accounts and below the Bank of England base rate then in force. Brooks Macdonald may be able to obtain better interest rates but the interest rate payable to clients may be lower than such rates. Brooks Macdonald is entitled to retain any resulting benefit. Equally, in certain circumstances, it is possible that Brooks Macdonald may need to apply negative credit interest resulting in a debit being applied to money held on behalf of clients. In some cases, the debit applied may be higher than the debit charged to Brooks Macdonald

14.10 Unclaimed Investments

- (a) In certain limited circumstances unclaimed Investments may be realized and transferred to charity.
- (b) Subject to Applicable Law, Brooks Macdonald may cease to treat unclaimed Investments held on the client's behalf as client Investments, and (i) liquidate the Investments at market value and pay away the proceeds; or (ii) directly transfer away the Investments, in either case to a registered charity of Brooks Macdonald's choice. Brooks Macdonald may only do this if:
- (i) Brooks Macdonald has held the client's Investments (other than Client Money) for at least 12 years (for Client Money the period is 6 years) and there have been no instructions received by Brooks Macdonald in relation to the Investments for at least 12 years (for Client Money the period is 6 years) immediately before being paid away to the registered charity; and
- (ii) Brooks Macdonald has taken reasonable steps to trace the client and return Investments to the client; or

(iii) in relation to Client Money where the client's balance is £25 or less, Brooks Macdonald has made one attempt to return the Client Money using the most up to date contact details Brooks Macdonald holds for the client and have not received a response from the client with 28 days

- (c) Brooks Macdonald will maintain records of dealings with unclaimed Investments and Client Money which are paid away.
- (d) If the client contacts Brooks Macdonald after Brooks Macdonald has paid away Investments, Brooks Macdonald will return an amount equal to the value of the client's Investments at the time they are liquidated or paid away.

14.11 Client obligations and responsibilities

- (a) As the client will be legally bound by the terms in this Client Agreement, it is important on entering into the Client Agreement and on a continuing basis that clients undertake that:
- (i) they have the required power, authority and ability to enter into the Client Agreement and perform the obligations contained in it;
- (ii) the Services are services which the client is willing and able to retain;
- (iii) all information provided in the Client Agreement and as part of the application process is true and accurate
- (b) Any Investments transferred to the Account(s) will be free and clear of charges and encumbrances.
- (c) Any changes to information provided or the circumstances (including financial circumstances, investment objectives or attitude to risk) will be promptly notified to Brooks Macdonald
- (d) Where the clients provide Instructions pursuant to these Terms and otherwise in respect of the ongoing performance of the Client Agreement, the client undertakes that:
- (i) (save in respect of Trustees or Attorneys) Instructions are provided as principal and not as trustee or agent;
- (ii) no charge or other encumbrance over Investments or Accounts exists or will be created (unless expressly agreed in writing to the contrary);
- (iii) the giving of Instructions will comply with Applicable Law and these Terms

- (e) Where the client is a Trustee or Attorney, the client further undertakes that:
 - (i) the relevant trust or other document under which the client enters into the Client Agreement expressly permits the appointment of a provider of the Services;
 - (ii) there is no restriction on the scope of the Services, investment objectives, risk profile, jurisdiction of Investments, nature of issuer of securities or any other restriction which would prevent the exercise of full discretionary authority or otherwise restrict the scope of the Services provided by Brooks Macdonald;
 - (iii) the investment objectives and restrictions contained in the Client Agreement are within the authority of the Trustee or Attorney under the relevant trust or authority;
 - (iv) the client has full power and authority to deal with the Investments as if the client was the beneficial owner of the Investments and Brooks Macdonald is entitled to treat Instructions from the client as if that were the case

14.12 Confidentiality and data protection

- (a) Brooks Macdonald will maintain client related confidential information in a confidential manner. In the performance of its Services under the Client Agreement, Brooks Macdonald may be required or deem it necessary to disclose information relating to the client where:
 - (i) required to do so by the FCA or any relevant regulatory authority where they are entitled to require disclosure;
 - (ii) required to do so in order to meet Applicable Law, the order of a Court or market rules and codes of practice applicable to the circumstances at the time;
 - (iii) deemed necessary in order to inform employees (or the employees of agents of delegates appointed under these Terms) so that they can perform their duties properly;
 - (iv) where Brooks Macdonald deems it necessary in order to investigate or prevent fraud or activities believed to be illegal or otherwise in breach of Applicable Law;
 - (v) necessary in order to instruct or retain third parties for the performance of its obligations under these Terms
 - (vi) tax regulations require Brooks Macdonald to collect information about each investor's tax residency. In certain circumstances (including if we do not receive a valid self-certification from you), we may be obliged to share information about your account with HMRC, who may pass this on to tax authorities in other jurisdictions.
- (b) Brooks Macdonald will use Personal Data in accordance with and subject to the DPA. Brooks Macdonald is registered under the DPA and may retain Personal Data gathered from the client in computer, paper or other filing systems.
- (c) The client acknowledges and agrees to Brooks Macdonald undertaking credit checks with credit reference agencies and fraud protection services using the client's Personal Data. The purpose of such use of Personal Data is to protect Brooks Macdonald and clients should be aware of data being transferred between one or more credit reference agencies. Brooks Macdonald will supply details of such agencies on request.
- (d) In order for Brooks Macdonald to provide the Services, the client is required to agree that it may hold Personal Data (including Sensitive Personal Data as defined by the DPA) and process it in the manner set out in section 14.12(e) below.
- (e) Information (including Personal Data) may only be disclosed by Brooks Macdonald to third parties where it is necessary to do so in whatever format is considered appropriate by Brooks Macdonald, including, but not limited to:
 - (i) brokers, dealers, IT providers, services providers and agents providing or maintaining services to Brooks Macdonald;
 - (ii) contacting the client from time to time by post, fax, email or telephone to bring to the client's attention other products or services provided by Brooks Macdonald which may be of use to the client
- (f) Brooks Macdonald will not lend or sell Personal Data
- (g) Clients may contact Brooks Macdonald at any time to withdraw the consents set out above. Please note that the withdrawal of consent to share information with third party services providers may hamper Brooks Macdonald's ability to perform the Services.
- (h) Clients should be aware that, by entering into these Terms, signing or otherwise consenting to the Client Agreement, the client is agreeing that Brooks Macdonald may send your information internationally including to countries outside the EEA such as the United States of America. Some of these jurisdictions offer differing levels of protection of personal information, not all of which may be as high as the UK. Brooks Macdonald will seek to ensure that Personal Data and confidential information belonging to or relating to the client is only used by third parties in accordance with appropriate data protection rules and procedures.
 - (i) In accordance with DPA the client as a data subject is entitled to a copy of the client Personal Data held by Brooks Macdonald. Brooks Macdonald is entitled to charge a fee of £10 to meet any costs incurred in providing such client Personal Data.

- (j) If, for any reasons, the client considers that Personal Data held in relation to the client is out of date, misleading or inaccurate the client may request that it be amended or removed.

14.13 Delegation

- (a) Brooks Macdonald may delegate the performance of certain parts of the Services to third parties, including Affiliates.
- (b) Brooks Macdonald will not delegate investment management provided under any of its Services to any third party. If Brooks Macdonald were to propose to delegate investment management (for example, to access overseas investment management expertise for the client), 30 days' notice would be provided.
- (c) Where delegates are appointed, Brooks Macdonald will use reasonable skill, care and diligence in its selection, use and monitoring of such third parties but such obligation will not give rise to any liability to Brooks Macdonald unless such liability has arisen directly as a result of fraud, negligence or wilful default on the part of Brooks Macdonald. This section does not affect Brooks Macdonald's liability for the acts or omissions of its nominee.

14.14 Complaints and compensation

- (a) Any complaint relating to the Services or the Client Agreement should be directed to the Compliance Officer, 72 Welbeck Street, London W1G 0AY (020 7499 6424 or via www.brooksmacdonald.com). A written copy of the Brooks Macdonald complaints handling procedures is available on request. If, after Brooks Macdonald has had a reasonable opportunity to deal with a complaint, the client considers that it has not been dealt with satisfactorily the client may be entitled to complain directly to FOS. Contact details for FOS are available on request or at www.financial-ombudsman.org.uk.
- (b) The Financial Services Compensation Scheme is applicable to the Services provided by Brooks Macdonald. In the event that Brooks Macdonald is unable to meet its obligations to clients and is declared to be in default by FSCS, clients may be able to claim compensation through FSCS up to certain prescribed levels. The FSCS limits are £50,000 per person per firm for investment related claims.
- (c) FSCS also applies to banks in the UK at which Client Money may be held in the event such bank defaults, covering claims by eligible depositors up to £75,000 per person per bank. Where an EEA bank defaults the Deposit Guarantee Schemes Directive may protect eligible depositors to at least €100,000 per person per bank.

Where clients hold cash deposits directly with the same bank(s) with which Brooks Macdonald has

deposited Client Money the money held directly will be aggregated with the amount of your money Brooks Macdonald deposited with the same bank for the purposes of FSCS or equivalent schemes in the EEA. Clients will not be compensated for the amount that exceeds the threshold of the applicable deposit protection scheme.

- (d) Further information about FSCS is available on request from Brooks Macdonald or by contacting FSCS (www.fscs.org.uk or 0800 678 1100).
- (e) Brooks Macdonald maintains professional indemnity insurance to reflect the nature and scale of its business in accordance with the FCA Rules.

14.15 Telephone call recording

- (a) In accordance with Applicable Law, Brooks Macdonald records telephone conversations with clients and Professional Advisers without the use of a warning or warning tone.
- (b) Brooks Macdonald and the client agree that such recordings and transcripts of recordings may be used for training and quality assessment purposes as well as for evidential purposes in the event of a dispute relating to the Client Agreement or the performance of obligations arising under or in relation to it

14.16 Joint Accounts, Trust Accounts and Connected Accounts

- (a) Brooks Macdonald offers joint accounts and accounts for trusts. Where there is more than one party to the Client Agreement, the Account is operated on the following basis:
 - (i) each Account holder is jointly and severally liable, meaning that the actions of one Account holder will impact all Account holders as all Account holders are deemed equally entitled to assets and responsible for liabilities. If one Account holder were to default on its obligations in any respect Brooks Macdonald is entitled to look to any other Account holder(s) for the same liability in full;
 - (ii) any Account holder can give Brooks Macdonald instructions (without Brooks Macdonald needing to verify the instructions with the other Account holder(s)). Such instructions may include instructions to deal, transfer money or Investments, give notices, make requests or acknowledge receipts or do any other thing in relation to the Account or the performance of the Client Agreement;
 - (iii) if Brooks Macdonald is aware of an actual or potential dispute between Account holders it may request the instructions of all Account holders;
 - (iv) if an Account holder dies the Client Agreement remains in force and Brooks Macdonald will

continue to treat the surviving Account holder(s) as the person(s) entitled to the Account

- (b) A client (whether a Joint Account holder, Trustee or Combined Account holder) may give an instruction to open a new Account in respect of an identical service. Brooks Macdonald will be entitled to assume that the KYC, Investment Objectives and Risk Profile are the same as the existing Account and carry out its services in accordance with these Terms without requiring a new Application Pack from the client(s)

14.17 Circumstances on death

- (a) Following the death of a client, Brooks Macdonald will need to receive notification as soon as possible. Brooks Macdonald requires official evidence of registration of death such as a registrar's certified copy of the death certificate.
- (b) On the death of a client who is the holder of a Joint Account, the Client Agreement will remain in force and the surviving client(s) of the Joint Account will continue as the only person(s) with entitlement to the Account.
- (c) On the death of a single client Account holder, Brooks Macdonald will follow the explicit Instructions of the client as set out in the Application Pack until such time as Brooks Macdonald is satisfied that personal representatives have been properly appointed and appropriate indemnities are provided for any action undertaken on the instructions of any such person.
- (d) If, within one year after the date of death, no instructions have been provided in relation to the future of the Account Brooks Macdonald may consider that the Account should be closed and notify the personal representatives (or equivalent) of proposals to liquidate Investments and return the money held in cash. Brooks Macdonald will consider requests for transfer of assets and in all cases the client's estate will be responsible for the costs incurred in such closure, transfer or otherwise following the instructions of the relevant persons.
- (e) Please note section 13.13 which describes the effect of the death of a client on investments held through an ISA.

14.18 Amendments

- (a) Brooks Macdonald may amend these Terms where it has a valid reason for doing so.
- (b) Notification of amendments will be provided in writing and changes will take effect 30 calendar days after the notice has been sent (unless a different date is provided for in the notice). Clients will not normally be required to sign new agreements or consent to proposed amendments which will take effect as described above but Brooks Macdonald

may require consent in certain circumstances. Where such amendments are made which relate only to the provision of information, administrative correction, and typographical error correction or for any other reason which has no prejudicial impact on the client, Brooks Macdonald may provide notice of such amendment at www.brooksmacdonald.com provided that the client has consented to the website conditions section of the Application Pack.

- (c) Brooks Macdonald will only propose amendments to the Terms where there are valid reasons. In the context of the provision of the Services, valid reasons are likely to include:
 - (i) changes in Applicable Laws;
 - (ii) changes in market practice relating to the dealing, safekeeping and custody of assets;
 - (iii) changes in the way that Brooks Macdonald provides its Services through its Affiliates or through third parties;
 - (iv) changes in technology and the way in which instructions, including Electronic Communications are given and received
- (d) Clients may request amendments to the Client Agreement at any time. Such amendments will only take effect when Brooks Macdonald confirms its agreement in writing.
- (e) This section 14.18 describes amendments to the Terms. Clients should note that changes may occur to Services or Brooks Macdonald may exercise rights which it has reserved to itself under the Client Agreement in accordance with those rights. Exercise of such rights is not an amendment to the Terms.

14.19 Brooks Macdonald liability and responsibility

- (a) Brooks Macdonald will perform the Services and comply with its obligations under the Client Agreement and Applicable Law to the level of skill and care as would reasonably be expected of a professional provider of the Services.
- (b) Brooks Macdonald will not accept responsibility for acts, omissions or any liabilities arising to the client other than in circumstances of its negligence, fraud or wilful default.
- (c) Brooks Macdonald will not be responsible for any liabilities arising because of any circumstance outside of its reasonable control. Such circumstances may include, but are not limited to, changes in Applicable Law, governmental, regulatory or judicial changes, currency restrictions, acts of God, civil unrest, war, terrorism, strikes, lock-outs, industrial disputes, breakdown in market systems or infrastructure (including of trading, clearing house, market participant or counterparty), failure, breakdown or

disruption of Electronic Communications or other communications or computer service.

- (d) Brooks Macdonald accepts responsibility for the acts or omissions of its nominee company. Brooks Macdonald cannot accept responsibility for the acts, omissions or default of third party service providers such as nominees, custodians, brokers, agents, market systems or central counterparties. Brooks Macdonald will use reasonable skill, care and diligence in its selection, use and monitoring of such third parties but such obligation will not give rise to any liability to Brooks Macdonald unless such liability has arisen directly as a result of fraud, negligence or wilful default on the part of Brooks Macdonald.
- (e) Brooks Macdonald does not accept responsibility for and will not be liable for:
 - (i) liability arising because of actions taken by Brooks Macdonald which, in its opinion, were necessary to comply with Applicable Law;
 - (ii) loss of business, loss of profit, or loss of opportunity to gain from some other investment;
 - (iii) liabilities incurred in relation to matters of which Brooks Macdonald was not fully aware or could not reasonably have expected when undertaking Services for the client; or
 - (iv) indirect losses or consequential losses whether or not attention was drawn to the possibility of such liabilities being incurred
- (f) The rights, duties and obligations of Brooks Macdonald set out in the Client Agreement are not intended to create or expand any fiduciary duties owed between client and investment manager and neither Brooks Macdonald nor its Affiliates accept responsibility for duties other than those expressly set out in the Client Agreement.
- (g) Nothing in section 14.19 is intended to exclude or limit the duties, responsibilities or liabilities owed to clients by Brooks Macdonald under Applicable Law and Brooks Macdonald will not seek to exclude or restrict or rely on any exclusion or restriction here to do so would contravene its obligations under FSMA and the FCA Rules.

14.20 Termination

- (a) The Client Agreement may be terminated immediately by the client on giving written notice.
- (b) Brooks Macdonald may terminate the Client Agreement immediately with 30 days' written notice:
 - (i) in the event of a breach of the Client Agreement by the client;
 - (ii) where any circumstance arises which, in Brooks Macdonald's reasonable opinion, could cause a breach of Applicable Law (by the client or by Brooks Macdonald); or

(iii) where Brooks Macdonald believes it is necessary to limit or protect any exposure of the client to Brooks Macdonald

- (c) Termination will not affect existing transactions which will proceed as per the Instructions provided or the decision to deal by Brooks Macdonald.
- (d) Termination shall not affect any outstanding or accrued fees, charges, costs and expenses owing to Brooks Macdonald up to the date of termination.
- (e) Brooks Macdonald will provide reasonable assistance to clients in the event that they wish to transfer Investments or cash to third parties.

14.21 Bribery legislation

- (a) Brooks Macdonald has in place procedures to comply with the Bribery Act 2010.
- (b) Brooks Macdonald treats accusations of bribery and corruption with the utmost seriousness and will deal accordingly.

14.22 Assignment

- (a) These Terms are personal to the client and clients may not transfer or assign rights and obligations to any third party without the prior written consent of Brooks Macdonald.
- (b) Brooks Macdonald may assign its rights and obligations to any Affiliate or to any successor business providing services similar to the Services, provided that such assignee has in place all such licences required by Applicable Law for the performance of those services.
- (c) On a transfer of business, Brooks Macdonald may transfer client money to another firm provided that the sums transferred will be held in accordance with the FCA's client money rules.

14.23 Rights of third parties

- (a) A person who is not a party to the Client Agreement will not have any rights under the Contracts (Rights of Third Parties) Act 1999 and will not have any rights to enforce its terms.
- (b) Notwithstanding section 14.23(a) above, a member of the Brooks Macdonald Group may enforce rights under these Terms where involved in the performance of the Services.

14.24 No waiver

- (a) From time to time Brooks Macdonald may offer clients flexibility in the performance of client obligations under the Client Agreement. The provision of such flexibility including any failure or delay by Brooks Macdonald to enforce its rights or exercise the legal remedies available to it under the Client Agreement or the law generally will not mean that it is waiving its rights to do so at any time or in the future.

- (b) If Brooks Macdonald exercises its rights or remedies in part such limited exercise will not restrict it from the full exercise of such rights or remedies under the Client Agreement or under the general law.

14.25 Severability

In the event that a court deems a provision or any part of a provision of the Client Agreement to be invalid, illegal or otherwise unenforceable, such provision or part of a provision will have no effect and to the extent required, be deemed not to have been included in the Client Agreement. The validity of the remaining provisions or parts of provisions of the Client Agreement will be unaffected.

14.26 Governing law and jurisdiction

- (a) The Client Agreement, the obligations arising under it and the circumstances in which it was established will be governed by and construed in accordance with English law.
- (b) The client agrees that the English courts will have exclusive jurisdiction to settle any disputes arising out of or in connection with the Client Agreement and the client further irrevocably agrees to submit to the exclusive jurisdiction of the English courts and not to bring proceedings in any other jurisdiction.

Schedule 1 Risk warnings

1 Purpose of this risk warning notice

This notice provides a summary of the nature of risks that may arise in investing through Brooks Macdonald Asset Management ("Brooks Macdonald") but it may not disclose all the risks and other significant features of individual investment products and services.

This notice describes the type of investments that may be purchased for your portfolio and summarises typical risks associated with those investments and services. The notice is designed to give you information about and a warning of the risks to enable you to understand them in order to take investment decisions on an informed basis. Our services are subject to the Client Agreement entered into with you and consequently, you should not rely on this Notice as investment advice based on your personal circumstances, nor as an investment recommendation. You should also be satisfied that the product and/or service is suitable for you.

Depending on whether you access the Managed Portfolio Service (MPS) or the Bespoke Portfolio Service (BPS) and the terms of the Client Agreement entered into with you, either your Professional Adviser or Brooks Macdonald will be responsible for assessing the suitability of your Portfolio to your individual circumstances.

All financial products carry a certain degree of risk and the value of investments and the income from them can fall as well as rise and you might not get back the original amount invested. This can result from market movements and also from variations in exchange rates

between sterling and the currency in which a particular investment is denominated. More than one risk factor may impact an investment at any given time which means that risks can have quite unpredictable effects on the value of investments.

Past performance is not a reliable indicator of future results.

If you have any questions regarding the types of investments or risks disclosed in this Notice you should ask either your Professional Adviser or Brooks Macdonald (depending on the nature of the service selected by you in the Client Agreement).

2 General risks

2.1 Volatility

The value of investments and the amount of income derived from them may go down as well as up. All investments can be affected by a variety of factors, including macro-economic market conditions such as the interest or exchange rate environment, or other general political factors in addition to more investment or investment specific factors.

2.2 Liquidity and non-readily realisable investments

Certain investments may be very illiquid, meaning that they are infrequently traded and that it may be difficult to sell them on within a reasonable timeframe or at a price which reflects a "fair" valuation. In extreme cases an investment may be non-readily realisable meaning that there may be no secondary market available at all. In such a case it may be difficult or impossible to obtain any reliable valuation or understanding of the risks associated with continuing to hold an investment.

2.3 Contingent liability Investment transactions

Contingent liability Investment transactions are Investments which may require investors to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. Such payments may be by way of "margin" payment.

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

Margined or contingent liability transactions that are not traded on a recognised or designated Investment exchange may be exposed to substantially greater risks.

Brooks Macdonald does not purchase contingent liability Investments for clients.

2.4 Borrowing, leverage and gearing

The use of borrowing techniques (often referred to as leverage or gearing) in order to invest will increase the volatility and the risk of an Investment. Borrowings may occur within a company or within an investment vehicle. Borrowing is not necessarily a bad thing – companies can use borrowing to increase Investment in their business and investors (and Investment vehicles) can use borrowing to gain a greater exposure to the Investment than the original purchase price. Of course, such borrowings come with risks in all cases, including:

- (a) movements in the price of an Investment leads to much greater volatility in the value of the leveraged position and this could lead to sudden and large falls in value;
- (b) the impact of interest costs could lead to an increase in any rate of return required to breakeven; or
- (c) a client may receive back nothing at all if there are significantly large falls in the value of the Investment

Whilst portfolios managed by Brooks Macdonald do not include borrowing, individual investments we purchase for clients may incorporate a degree of borrowing.

2.5 Foreign exchange

Fluctuations in exchange rates may mean that Investments denominated in a currency other than the currency in which your portfolio is denominated cause the value of an investment to fluctuate either in a favourable or unfavourable manner.

2.6 Taxation

The tax treatment of an Investment for clients is relevant only to the specific circumstances of each client. There can be no guarantee that the nature, basis or incidence of taxation may not change during the lifetime of an Investment. This may cause potential current or future tax liabilities, and you should be aware of the tax treatment of any Investment product before you decide to invest.

If your circumstances are changing, or if you are uncertain about any aspect of how an investment might relate to your own tax position, please seek professional tax advice.

2.7 Regulatory and legal risk

All Investments could be exposed to regulatory or legal risk. Returns on all, and particularly new, Investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an Investment. Legal changes could even have the effect that a previously acceptable Investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on Investment performance. All such risks are unpredictable and can depend on

numerous political, economic and other factors. For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. Investors may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.

2.8 Operational risk

Operational risk, such as a breakdown or malfunction of systems and controls, including IT systems, can impact on all financial products. Changes in leadership and organisational change can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation. Business risks, eg poor management or leadership could also negatively impact on the value of Investments.

3 Investment specific risks

3.1 Equity securities and shares

Ownership of an equity security represents a direct stake in the company concerned. Such an Investment will participate fully in the economic risk of the company and its value can therefore fall as well as rise. The volatility of equity markets can change quickly, and cannot be assumed to follow trends. In adverse market conditions irrecoverable capital losses could be incurred. In the worst case, a company could fail which means their equity securities become worthless. Investment in equity securities may be impacted by:

- (a) the size of the company – low market capitalisation;
- (b) an undiversified product set or reliance on single markets as a major source of income;
- (c) heavy reliance on borrowing to finance the business;
- (d) high levels of fixed costs to pay irrespective of production or turnover;
- (e) major income sources which are seasonal or “cyclical” in nature;
- (f) where the company trades in emerging markets legal property rights may be difficult to enforce; and
- (g) unlisted companies will not be subject to the rules of a listing authority and such smaller companies may be more exposed through high risk ventures and may have an unproven trading history or management meaning that their securities may be difficult to value and lack a secondary trading market

It is possible to mitigate the risks of investing in just one company's equity securities by gaining exposure to that company through a diversified investment vehicle.

Different types of shares

(a) Ordinary shares

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. There is no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up. In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders either in the form of cash or additional shares.

There is no guaranteed return on an investment in ordinary shares for the reasons set out above and on a liquidation or winding up of the issuer ordinary shareholders are amongst the last of the creditors with a right to repayment of their capital (and any surplus funds). This could lead to a loss of a substantial proportion, or all, of the original investment.

Ordinary shares usually carry a right to vote at general meetings of the issuer.

(b) Preference shares

Preference shares give shareholders the right to a fixed dividend, the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares.

Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders. Should the issuer go into liquidation though preference shareholders' rights are below those of other general creditors.

(c) Depositary receipts

Depositary receipts (ADRs, BDRs, etc.) are negotiable certificates typically issued by a bank that represent a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share and to the bank issuing the receipt.

(d) Penny shares

There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back

much less than you paid for them. The price may change quickly and it may go down as well as up.

3.2 Money market instruments

A money market instrument is a borrowing of cash for a certain period, usually no longer than six months, but can be up to one year. The lender takes a deposit from the money markets in order to lend (or advance) it to the borrower.

The borrower must specify the exact amount and the time period for which he wishes to borrow. Money market instruments may be exposed to the major risks outlined in this notice, in particular credit and interest rate risk.

3.3 Debt securities and fixed income funds

The value of debt investments (or "bonds") is usually more stable than equity investments. However in some circumstances, particularly when interest rates are changing, the value of bonds can be uncertain. The most common use of a bond is to provide a reliable yield, or source of income until maturity. For example the value of a bond can be adversely affected by a number of factors such as:

- (a) credit rating of the issuer, which reflects their ability to repay the amounts payable when they fall due;
- (b) market expectations on interest and inflation rates;
- (c) amount of interest payable (the coupon);
- (d) the length of time until the debt falls due for repayment; or
- (e) the seniority of a bond within the capital structure of a company, and the quality of any security available.

The factors which are likely to have a major impact on the value of a bond are the perceived financial position of the issuer along with changes to market interest rate expectations. When interest rates rise, the value of corporate debt securities can be expected to decline. Fixed-rate transferable debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

Bonds issued by major governments or supranational bodies tend to be lower risk investments, while the risks of other debt securities (such as those with emerging market or corporate issuers) can vary greatly. Where an issuer is in financial difficulties, the risk of default on repayment obligations increases and little or no capital may be recovered. Any amounts repaid may take a significant amount of time to obtain.

3.4 Life assurance bonds/products

Life Assurance bonds are issued by insurance companies. Therefore this type of investment will be subject to the ability of the insurance company to repay the sums owing to an investor when they fall due. The creditworthiness

of the insurance company is important in assessing its ability to repay. Life assurance bonds are a form of insurance contract. They provide an element of insurance in the case of the death of the covered person(s) with an additional benefit of having an on-going value as an Investment.

In some cases the returns available from a life bond are linked directly to a specific pool of assets held by the insurance company (known as “unit-linked” policies). In other cases the returns could be linked more generally to the profits of the company in general, which reduces the overall transparency of returns.

Brooks Macdonald will not invest in life assurance bonds within a portfolio.

If you wish to invest in a life bond, you will be presented with specific information about the type of contract, its terms and more general information about the insurer and its financial strength. Please refer to this documentation for specific details about the policy and a more detailed description of the investment risks. You should speak to your Professional Adviser about investing in life bonds.

3.5 Exchange traded funds (ETFs)

ETFs are Investment funds, traded like shares, which hold assets such as shares, commodities or bonds. They normally closely track the performance of a financial index, and as such, their value can go down as well as up and you may get back less than you invested. Some ETFs rely on complex techniques, or hold riskier underlying assets, to achieve their objectives and therefore you should always ensure you read the documentation provided to ensure you fully understand the risks you are taking on before you invest.

3.6 Structured products

‘Structured products’ is the generic phrase for securities which provide economic exposure to a wide range of asset classes using a structured approach. This may include providing capital protection such that an investor will not have economic exposure to performance of the underlying assets below a certain level. This includes products where the potential return from your investment may be different to that normally expected from the underlying assets. These are sometimes known as Structured Capital At Risk Products or SCARPS.

Most structured products strategies are exposed to the credit rating of the product issuer, meaning that repayment could be at risk if the issuer is not able to repay the sums due under the terms of the product. However some products may include a guarantee to mitigate these potential credit risks. Investors should be aware that the return of capital invested at the end of the Investment period is not guaranteed and therefore investors may get back less than was originally invested.

The issuer will not typically have a trading history and may have been specially established to create the product. Some issuers may have a credit rating.

Investors should understand both the nature of the underlying assets and extent of their economic exposure to those assets. Some structured products may offer high income or a high level of participation to the capital growth experienced by the underlying assets. These products generally do not incorporate capital protection, and any that is provided is dependent on a financial index or basket of indices meeting certain conditions during the product life (such as a minimum value). Such products generally include leverage, and their value can be subject to sudden and large falls if the conditions which disapply protection arise. Investors should review product documentation carefully for details of any factors which might impact on how the payoff from a product may change with different economic or market conditions. Where the payoff from a product incorporates conditional protection, if the protection barrier is breached the capital value of an investment will be exposed to the full risk of the underlying. Investors should be aware that the product terms described only apply to investors who invest at launch and who hold the product until final maturity. It is important to note that early redemption or secondary market purchase could result in a capital loss, even where the product terms protect or guarantee return of the nominal amount purchased. Lastly, these products may also not be readily realisable which means that it may be difficult to liquidate or sell a product of this type.

3.7 Alternative Investments and unregulated funds

Alternative Investments may be used to diversify the Investment risks within a portfolio. Such Investments may involve unique or unusual risks as a result of providing alternative sources of return for a portfolio. It is important that you understand the properties of the type of assets before making such an Investment. Many alternative Investments are structured as unregulated funds. This means that standards of operation, administration and management are determined privately by the operator of the fund rather than by force of regulation. Some (but not all) fund operators may be regulated by the FCA (or an equivalent regulator in another jurisdiction). It is important to understand that it may be difficult to liquidate or sell an Investment of this type, or to identify an independently determined fair valuation for an interest in this kind of vehicle. In addition you may not be protected by certain regulatory protections or compensation schemes in the event that a scheme operator acts unlawfully and causes a loss to you when managing fund assets. Such risks can be mitigated through the performance of extensive due diligence prior to Investment, or through investment via a professionally managed fund of funds.

Investors should only invest in these products if they are prepared to sustain a total or substantial loss of the money they have invested, plus any commission or other transaction charges.

“Alternative Investments” can cover a very wide range of Investment products. A summary is set out below from (a)-(d):

(a) Hedge funds

Hedge Funds are investments which, in contrast to conventional “long-only” funds whose strategy is to buy (go long) assets, may employ a variety of different strategies to produce returns. The type of strategies and Investments envisaged by a hedge fund will be a key determinant of how risky the investment will be. Strategies may range from low risk absolute return funds up to high risk or speculative funds which make use of extensive borrowing in an attempt to make maximum gain from their Investment strategy.

Investments undertaken by hedge funds may be narrowly based around a specific type of asset or trading strategy, and the returns may be adversely affected by very specific market or industry circumstances. It is therefore important to understand the type of strategy and Investment to be used in any hedge fund.

(b) Private equity

Private equity funds commonly invest in any form of equity or company that is not openly traded via a public Investment exchange. The companies concerned will therefore raise finance privately and will not be subject to stringent listing rules or filing requirements as a result. This factor means that private equity funds may invest in a wide range of unlisted companies. This may include start-up companies with little or no proven track record right up to significant companies with long and established trading histories. Examples of private equity strategies and associated risks include:

- (i) non-transferable Investments, or a long “lock-up” period during which the investment cannot be sold. Even if a buyer is found, it may not be possible to sell and any sale which is permitted may not occur at a price which reflects the value of the underlying assets;
- (ii) using committed capital that may be drawn down during a capital commitment period. Investors may need to make further payments to satisfy the capital calls made throughout the commitment period;
- (iii) investing in a focussed portfolio of Investments, which could lead to an undiversified economic exposure to the underlying assets;

- (iv) using significant leverage or borrowing, which amplifies possible risks;
- (v) a possible lack of scrutiny or accountability of management to shareholders for decisions they make; and
- (vi) distributions are generally made in cash, however if a fund is unable to sell its interest in a private company, it may distribute minority interests in these companies to fund investors (such interests may be difficult to sell at any value)

(c) Property and property development funds

Investment in real property or property funds involves a number of risks particular to this class of asset. Notably fixed property is immovable and might not be easy to sell or to value independently. As a result of the illiquid nature of property realisation may take some time.

There is no guarantee that the underlying properties will remain occupied, or that they might not incur significant maintenance or restoration costs which may impact on the returns available. All property is subject to local risks which may be unique in nature, which may be caused by factors such as the prevailing legal, economic, environmental or political circumstances.

Investors in property development funds face additional risks related to the successful completion of the development project both on time and according to budget. Even if a project is successfully completed, there is no guarantee that properties will either be sold or tenanted at the intended cost or timeframe.

Returns available from property funds may also be affected by leverage where borrowing is used to finance either construction or purchase.

(d) Commodities-linked products

Investment into commodities is often achieved either via a structured product over a commodities index or basket of different commodities, or by using a commodity derivative.

These Investments are affected by a variety of political, economic, environmental and seasonal factors. Their value can fall as well as rise, and in some cases may be mean reverting in nature.

3.8 Units in collective investment schemes

Generally, a collective investment scheme will involve an arrangement that enables a number of investors to ‘pool’ their assets and have these professionally managed by an independent manager. Investments may typically include gilts, bonds and quoted equities, but depending on the type of scheme may go wider into derivatives, real estate or any other asset. Companies affiliated

with Brooks Macdonald manage a range of collective Investment schemes and your Brooks Macdonald Investment portfolio may contain such schemes. For more information about how we manage conflicts, please see our Conflicts of Interest Policy.

There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets. Investment in such schemes may reduce risk by spreading the investor's assets more widely than a direct Investment in the assets.

The reduction in risk may be achieved because the wide range of Investments held in a collective Investment scheme can reduce the effect that a change in the value of any one Investment may have on the overall performance of the portfolio. However, even though the risk is spread the price or value of the portfolio as a whole can fall as well as rise.

3.9 Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A small movement in the price of the underlying security could result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. Therefore the price of warrants can be volatile. If the investor fails to exercise this right within the pre-determined time-scale then the Investment becomes worthless.

If subscription rights are exercised, the warrant holder may be required to pay to the issuer additional sums. Exercise of the warrant will give the warrant holder all the rights and risks of ownership of the underlying Investment product.

A warrant is potentially subject to all of the major risk types referred to in this notice.

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

4 Risk warning in respect of securities that may be subject to stabilisation

Unless we explicitly agree to the contrary, we may, from time to time, effect transactions in securities on your behalf, where the price may have been influenced by measures taken to stabilise it. You should read the following explanation carefully.

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.

Stabilisation is permitted by applicable regulations because it can help deal with 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 stabilisation manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions that have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise have been 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 stabilisation may occur (in the case of shares and warrants but not bonds); and
- (c) require the stabilisation 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.

* Part of Brooks Macdonald Group plc

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Conflicts of Interest Policy

1 Introduction

Under FCA rules Brooks Macdonald (“the firm”) is required to establish, implement and maintain an effective Conflict of Interest Policy.

The rules require the firm to take all reasonable steps to identify conflicts of interest that might lead to a material risk of damage to the interest of our clients.

2 Our Conflict Policies and Procedures

The firm’s policies and procedures require notification of potential or actual conflicts of interests to line managers and senior management. The firm’s Compliance department maintains a register of potential and actual conflicts that sets out how the firm avoided or managed the conflict. Further details of such conflicts are available upon request.

A conflict of interest may arise between:

- The firm and a client of the firm
- An employee of the firm and a client of the firm
- A client of the firm and another client
- A supplier of services to the firm
- The firm and other companies within the Brooks Macdonald Group

In identifying and assessing an actual or potential conflict of interest, the firm will take into account all the relevant circumstances, which may include whether the firm, its employee, a supplier, or another Group company:

- may make a make a financial gain or avoid a financial loss at the expense of a client
- has an interest in the outcome of a service provided to a client which is distinct from the client’s interest
- has a financial interest or other incentive to favour the interests of one client over the interest of another client
- receives an inducement in relation to a service provided to a client in the form of money, goods or services (other than the fee(s) the firm charges for the service)

3 Activities that may be exposed to conflicts of interest:

Areas of the firm’s business that could be exposed to conflicts of interest include:

- Portfolio Management
- Research
- Personal Account Dealing
- Gifts and Hospitality
- The activities of other companies within the Brooks Macdonald Group

4 Typical conflicts of interest that may arise and how they are managed:

- The firm may purchase funds managed by the firm or funds offered by an affiliated company. The firm applies limits to the amount of “in house” funds that can be purchased for client portfolios, and such investments must be approved by the Investment Committee and be supported by adequate research
- The firm’s employees are allowed to invest for themselves and could potentially try to get a better price by trading before clients. All employees are required to obtain approval from the compliance department before executing a personal account trade
- The firm manages portfolios for many clients and when executing a deal for multiple clients could allocate the purchase or sale to select clients. However the firm’s policy requires fair and equitable treatment to all clients in the allocation of such orders
- The firm, or an employee of the firm, could receive (or give) an inducement from (to) a third party. This could influence an employee of the firm in taking a decision that is not in the client’s best interest (such as buying a particular fund). The firm has a detailed policy regarding giving and receiving inducements, which ensures that any inducements are designed to enhance the quality of the service to the client. Compliance regularly monitors inducements given and received to ensure the policy is being complied with

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5 General Management of Conflicts of Interest:

Different businesses within the firm operate independently of each other. Although some individuals have responsibility for Group businesses, information is only exchanged where necessary.

Controls are in place to ensure that employees' outside business interests are declared, and properly supervised.

There is an escalation policy ensuring that conflicts of interest are reviewed by sufficiently senior employees of the firm.

The Compliance department operates a comprehensive compliance monitoring plan, many aspects of which cover matters that could result in a conflict of interest.

The firm regularly reviews its policies and procedures to ensure they are adequate.

6 Disclosure of Conflicts of Interest:

If we believe that the arrangements we have put in place are not sufficient to be reasonably confident that the risks of damage to the interests of our clients will be prevented, we will disclose the source of conflicts of interest to our clients.

In order to avoid a conflict of interest in certain circumstances we may decide not to act.

Further details of our Conflicts of Interest Policy and details of actual or potential conflicts are available upon request.

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Order Execution Policy

1 Background

Under the Markets in Financial Instruments Directive (MiFID) we are obliged to put in place a policy and to take all reasonable steps to obtain the best possible result for our clients when executing orders or receiving and transmitting orders for execution.

This Order Execution Policy, which applies to Retail clients and Professional clients, has been drawn up in order to provide you with an understanding of how we execute orders on your behalf.

2 Your consent to our Order Execution Policy

We are required by the rules of the Financial Conduct Authority (FCA) to obtain your prior consent to our Order Execution Policy. Whenever you place an order with us you will be deemed to have provided your consent to the order being executed on the basis described in the Order Execution Policy.

MiFID established different types of execution venue where orders can be executed. These include Regulated Markets and "Multilateral Trading Facilities" (MTFs). In order to try and achieve the best possible result for you, we may seek to execute orders through an execution venue other than a Regulated Market or MTF, even if the investment is traded on a Regulated Market or an MTF. Where we do so we are required to seek prior express consent from you. We have sought and received this from you in our agreement with you.

Examples of this include:

- i) on an OTC (over the counter) basis with a market participant
- ii) by an 'Agency Cross' (crossing your order with that of another opposing client)
- iii) by executing your order with a 'Systematic Internaliser' (a firm which trades on its own book) or other liquidity provider

3 Our approach to best execution

We will determine our approach to execution of orders based on a number of factors (which we have listed below), but for a Retail client we will typically give the highest priority to the "total consideration". This means that we will aim to achieve the best price – taking into account all relevant costs relating to executing the trade.

The following factors may affect execution:

- price
- cost
- execution speed
- likelihood of execution
- liquidity (the venue that has the best chance of selling the security without affecting its price)

- any other consideration relevant to the execution of the order
- settlement speed
- likelihood of settlement
- size of the order
- nature of the order

4 Execution venues

Brooks Macdonald Asset Management Limited's (BMAM) list of execution venues includes:

UK bonds & shares

- Member firms of the London Stock Exchange (LSE)
- Direct Market Access (DMA) provider(s) - providing BMAM access to the LSE order books and a range of MTF's order books. BMAM's chosen DMA provider is:
 - o Winterflood Securities Limited
- Retail Service Provider (RSP) network

Overseas bonds & shares

- AJ Bell Securities Limited

A copy of our DMA or overseas counterparties Execution Policies are available upon request.

5 Nature of your order

We may accept the following client orders:

- at best – deal immediately at the best available price
- at limit – deal at, or better than, a specified minimum price for sales or a maximum price for purchases

For limit orders we will confirm limit conditions with you and seek to execute in accordance with those conditions through our execution venues.

6 Limit orders

If you give us an investment instruction at a specified price limit or better and for a specified size (a limit order), then it may not always be possible to execute that order under the prevailing market conditions. We would be required to make your order public (ie show the order to the market) in such a case unless you agree that we need not do so. We ask you to agree to allow us to exercise discretion as to whether or not we make your order public as we believe this is in your best interests.

7 Review of our Execution Policy

We review from time to time (and at least annually) our approach to order execution and consequently this Order Execution Policy should be viewed as a guide to our approach rather than a prescribed approach.

Updates to the Order Execution Policy and the execution venues that we use will be made annually.