



QUILTER CHEVIOT
INVESTMENT MANAGEMENT

TERMS AND CONDITIONS

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CLIENT TERMS AND CONDITIONS (JERSEY)

By signing the Application Form, you are appointing us to provide the agreed services in line with the Agreement (as defined below). These Terms and Conditions form part of the Agreement, which is our standard client agreement which we will rely on. For your own protection, you should read the Terms and Conditions carefully before signing the Application Form. If you do not understand anything, please do not sign, and ask us for more information.

DEFINED TERMS

Account means the account that we open for you when we receive your completed Application Form and we finish our Account-opening procedures. (If we agree, you can open more than one Account with us for different purposes.)

Agreement means the agreement between you and us which is made up of:

- the Terms and Conditions;
- the Risk Disclosures;
- the Application Form;
- the Schedule of Charges;
- the Costs and Charges Information; and
- (if you have a Quilter Cheviot Limited ISA) the ISA Terms and Conditions.

Applicable Regulations means:

- (a) the JFSC Rules, FCA Rules, or any other rules of a relevant regulatory authority;
- (b) the rules of a relevant stock or investment exchange; and
- (c) all other laws, rules and regulations in force which apply.

Application Form means the application form supplied with these Terms and Conditions or by your investment manager.

CASS Rules means the rules and guidance contained in the Client Assets Sourcebook contained within the FCA's Handbook of Rules and Guidance.

Client Assets Order means the Financial Services (Investment Business (Client Assets)) (Jersey) Order 2001.

Costs and Charges Information means the costs and charges information published on our website www.quiltercheviot.com/our-services/costs-and-charges, which we may update from time to time. By agreeing to these Terms and Conditions you agree to us providing the Costs and Charges Information on our website. However, we can send a copy of the Costs and Charges Information to you if you ask.

Discretionary Basis means we make all the decisions about what you should invest in and when (unless we have agreed to follow any restrictions) without seeking your permission for each individual transaction.

Execution-only Basis means we will carry out your instructions to buy and sell investments, but will not give you advice about those investments.

FCA means the United Kingdom's Financial Conduct Authority.

FCA Rules means the rules, guidance, principles and codes which make up the Handbook of Rules and Guidance issued by the FCA.

FSCS means the United Kingdom's Financial Services Compensation Scheme.

Interest Information means the interest information published on our website www.quiltercheviot.com/important-information/qcl-schedule-of-interest-rates which we may update from time to time. By agreeing to these Terms and Conditions you agree to us providing the Interest Information on our website. However, we can send a copy of the Interest Information to you if you ask.

ISA Terms and Conditions means the ISA terms and conditions supplied with these Terms and Conditions (which apply if you have a Quilter Cheviot Limited ISA).

Jersey Branch means our Jersey branch which is authorised and regulated by the JFSC with reference number IB0020 and whose registered office in Jersey is 3rd floor, Windward House, La Route de la Liberation, St Helier, Jersey JE1 1QJ.

JFSC means the Jersey Financial Services Commission and any successor organisations that regulate us.

JFSC Rules means the statutory rules, codes of practice and published policy statements and guidance issued by the JFSC.

New Account Participants Form means the form supplied by your investment manager if you want to give a third party authority to operate your Account.

Order Execution Policy and List of Execution Venues means the order execution policy and list of execution venues published on our website www.quiltercheviot.com/important-information/order-execution-policy which we may update from time to time. By agreeing to these Terms and Conditions you agree to us providing the Order Execution Policy and List of Execution Venues on our website. However, we can send a copy of the Order Execution Policy and List of Execution Venues to you if you ask.

Risk Disclosures means the Risk Disclosures supplied with these Terms and Conditions.

Schedule of Charges means the schedule of charges supplied to you with these Terms and Conditions or by your investment manager, which we may change in the future.

Terms and Conditions means these terms and conditions, which we may change in the future.

UK Head Office means our UK head office which is authorised and regulated by the FCA with registration number 124259 and whose registered office in the UK is Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

we, us and our means Quilter Cheviot Limited, operating through our Jersey Branch whose registered office in Jersey is 3rd floor, Windward House, La Route de la Liberation, St Helier, Jersey JE1 1QJ (and it may include our nominee companies).

you and your refers to the person (or people) who signs the Application Form, or if the person signing is acting on behalf of someone else, the person or people on whose behalf they are acting.

We publish a glossary of certain terms used in the financial markets. This is available at www.quiltercheviot.com or you can ask us for a hard copy. The glossary does not form part of the Agreement and is for information only.

1. INTRODUCTION

1.1 Our Jersey Branch is regulated by the JFSC under the Financial Services (Jersey) Law 1998 (as amended) for the conduct of investment business. The address of the JFSC is PO Box 267, 14-18 Castle Street, St Helier, Jersey, JE4 8TP.

We may also provide you with services using our UK Head Office, which is authorised and regulated by the FCA. The address of the FCA is 12 Endeavour Square, London, E20 1JN. We will tell you which services are provided from our Jersey Branch and which are provided from our UK Head Office before we start providing you with the relevant service. Custody services are provided by our UK Head Office.

1.2 We must comply with all Applicable Regulations and if there is any difference between the Agreement and any Applicable Regulations, the regulations will overrule the Agreement. Nothing in these Terms and Conditions can exclude or restrict any responsibility we may have to you under any Applicable Regulations. We may take (or decide not to take) any action we consider necessary to make sure we keep to any Applicable Regulations. And, the actions that we take or decide not to take for the purposes of keeping to any Applicable Regulations will not make us or any of our directors, officers, employees or agents legally responsible to you.

1.3 We have to co-operate with regulatory, legal and governmental authorities in their dealings and if they make any enquiries. This may involve reporting or releasing relevant information about you, your Account and the investments in it to such authorities.

1.4 We do not take part in the Jersey Banking Depositor Compensation Scheme (DCS), as this only applies to certain customers of banks in Jersey. For the avoidance of doubt you will not therefore be entitled to compensation from the DCS if we cannot meet our obligations to you.

1.5 We take part in the FSCS. Under the FSCS, individuals and small businesses who have lost money as a result of an investment firm (such as us) not being able to meet its obligations, may qualify for compensation. The compensation limit is £85,000 for each claim (but this is subject to change by the FSCS). To the extent that we provide services to you from our UK Head Office, FSCS cover may be available if you need to claim against us. You can get more information from the Financial Services Compensation Scheme, PO Box 300, Mitcheldean, GL17 1DY or at www.fscs.org.uk.

2. YOUR STATUS

2.1 We will provide services to you on the basis that you are a retail client under the FCA and JFSC Rules. This is based on our client categorisation process. Different rules and different levels of protection apply to you depending on your categorisation, and retail clients generally have the highest degree of protection (although you should be aware that classification as a retail client does

not necessarily mean that you will have rights under the UK Financial Ombudsman Service or the FSCS).

2.2 You may ask us to change your categorisation to professional client or eligible counterparty (under the FCA Rules) or a professional client (under the JFSC Rules) but we will not be obliged to agree to any such request and, if we agree to such a request under the JFSC Rules, we reserve the right to return your classification to that of retail client at any time in accordance with the Applicable Regulations. If we do agree to such request, this will limit the protections to which you are entitled as a retail client. As a professional client under the JFSC Rules, certain rules relating to adviser qualification requirements and the receipt of product commissions by us will cease to apply. As a professional client or eligible counterparty, you will not benefit from certain protections under FCA Rules including in relation to Disclosures about Services, Appropriateness, Financial Promotions, Client Money, Best Execution, Investor Compensation Scheme and you may not be able to complain to the Financial Ombudsman Service.

2.3 You confirm that:

- (i) you own all money and investments transferred to us or which we hold for you and they are free from any restriction, (such as a legal charge) other than the restrictions granted under the Agreement;
- (ii) you comply, and will continue to comply during the term of the Agreement, with your obligations under all applicable tax laws and have made, and will continue to make, all necessary disclosures and reports to all relevant tax authorities and you will inform us immediately of any changes to your tax residency or tax status or of any dispute with any tax authority in relation to your tax status or the taxation of any of the investments we hold for you (or the taxation of any amounts arising from those assets, such as interest or dividend payments); and
- (iii) the information given to us on your Application Form is correct and not misleading and, if we require any additional information before providing our services to you or during the course of our relationship, you will provide such information promptly.

We will assume that any information you have given us (or which is given to us on your behalf) is accurate and will have no responsibility if that information changes or becomes inaccurate.

You must let us know about any changes to information supplied to us by or about you as soon as possible.

2.4 The information we have given you, and our offer to provide services to you, is valid for 30 days from the date we give it to you. Please contact us to confirm that the information is still valid if you want to accept our offer after this period. We will use the laws of Jersey as the basis for our relationship with you in the time before we enter into any contract with you. As described in clause 37.1, the Agreement is also governed by Jersey law.

You will find full details of the charges for providing services (including, if it is not possible to give the exact price, the basis for working out the price), and any extra costs which will apply to you for using distance communication in the Schedule of

Charges and Costs and Charges Information. The details of the services we will provide are set out at clause 4 below and in the Application Form.

If you live in a European Economic Area (EEA) state where we have a representative, we will give you their name and address in plenty of time before you enter into the Agreement. If you will deal with professionals other than us, we will give you their names, addresses and details of the capacity in which they act for you in plenty of time before you enter into the Agreement.

3. OUR ROLE

3.1 If we carry out any transaction on your behalf we will, subject to Applicable Regulations, be acting as your agent.

4. OUR SERVICE

4.1 Overview of our services

This clause sets out the services we may agree to carry out for you. The services which you have asked us to provide and which we have agreed to provide will be set out in the Application Form. These will be one or more of the following.

- Discretionary portfolio services
- Advisory portfolio services
- Advice and dealing (advice part only) services
- Execution-only services

In addition to these services, we may also provide you with custody of your cash and assets and dealing (the dealing part of 'advice and dealing' and 'execution-only' services) services. These services are provided from our UK Head Office.

You can find details about each of these services at www.quiltercheviot.com and by contacting your investment manager.

4.2 Under Applicable Regulations relating to financial crime (including money laundering), we must gather and check certain information before providing services to you and on an ongoing basis during the course of our relationship. This includes your identity, the source of your wealth and source of your funds for investment and, in some cases, the identity of certain associated people (including beneficial owners where appropriate). We do not have to provide our services to you until we have carried out these checks although we will use reasonable efforts to carry them out promptly. If we are unable to gather and check the required information to our satisfaction and in line with Applicable Regulations at any time during the course of our relationship, we reserve the right to delay, suspend or cease the provision of our services to you. We shall not be responsible for any losses suffered by you as a result of our compliance with these legal requirements, including, but not limited to, circumstances where we are required to make reports if we know, suspect or have grounds to suspect money laundering, terrorist or related activities or where we have to cease to act without explanation.

4.3 Discretionary portfolio services

If you receive discretionary portfolio services from us, we will provide investment management services to you on a Discretionary Basis in relation to:

- (i) shares in UK or foreign companies;
- (ii) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate shares;
- (iii) hedge funds;
- (iv) warrants to subscribe for investments falling within (i) and (ii) above;
- (v) depository receipts or other types of financial product relating to investments falling within (i), (ii) or (iv) above;
- (vi) unit trusts, open-ended investment companies, mutual funds and similar schemes in the UK or elsewhere; and
- (vii) related or similar investments.

(For a definition of these terms, please see the glossary at www.quiltercheviot.com)

Depending on any restrictions set out in the Application Form, you give us full authority to enter into any kind of transaction or arrangement for you in relation to any of the investments referred to above. We may also provide related valuation and safe-custody services if these are needed, and other services as are agreed between you and us.

4.4 Advice and dealing services

If you receive advice and dealing services from us, we will carry out investment transactions on your instructions in relation to:

- (i) shares in UK or foreign companies;
- (ii) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate shares;
- (iii) hedge funds;
- (iv) warrants to subscribe for investments falling within (i) and (ii) above;
- (v) depository receipts or other types of instrument relating to investments falling within (i), (ii) or (iv) above;
- (vi) unit trusts, open-ended investment companies, mutual funds and similar schemes in the UK or elsewhere; and
- (vii) related or similar investments.

We will also give you advice relating to your investments if you ask us for it but only in relation to those investments which are currently monitored by our research team. We will not provide advice to you on an ongoing basis but only when you ask us. We may also provide valuations and safe-custody services, and any other services agreed between you and us.

4.5 Execution-only services

4.5.1 If you receive execution-only services from us, we will, when we receive specific instructions from you, carry out investment transactions in relation to:

- (i) shares in UK or foreign companies;

<ul style="list-style-type: none"> (ii) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate shares; (iii) hedge funds; (iv) warrants to subscribe for investments falling within (i) and (ii) above; (v) depository receipts or other types of instrument relating to investments falling within (i), (ii) or (iv) above; (vi) unit trusts, open-ended investment companies, mutual funds and similar schemes in the UK or elsewhere; and (vii) related or similar investments. 	<p>We will not advise you about the merits of any transactions. You will be dealing on an Execution-only Basis. We do not have to make sure that the transaction, on its own or in terms of your Account, is suitable for you.</p>	<p>to you. We also have to gather information about your financial situation, investment objectives, attitude to risk and willingness to bear losses. This is so we can assess the suitability of our advice and of the transactions we will enter into on your behalf. In particular, we need information so we can understand the essential facts about you and have good reason to believe, after considering the nature of the service provided, that the specific transaction we are recommending, or we are entering into on a Discretionary Basis:</p> <ul style="list-style-type: none"> (a) meets your investment objectives; (b) is affordable to you, taking account of any related investment risks consistent with your investment objectives; and (c) is such that you have the experience and knowledge needed so you can understand the risks involved in the transaction. 	
4.5.2	You may have to open a separate Account with us so you can receive execution-only services from us.	4.7.2	For the purposes of the assessment described above, we may rely on any information you give us (or given to us by anyone with your permission), unless it is obviously out of date, inaccurate or incomplete. If you fail to provide any information we ask for, whether because you are not willing or able to do so, we will not be able to provide you with services or enter into any transactions on your behalf except for execution-only services.
4.5.3	You will not receive valuations or reporting on capital gains tax.	4.7.3	If, having carried out the assessment described above, we advise you that the action you want to take is not suitable for you, but you still want to go ahead, we will only accept your order on an Execution-only Basis. In these circumstances, we will tell you at the time that we will carry out your order on that basis. Subject to Applicable Regulations, we may proceed with the transaction even when you are acting against our advice.
4.6	<p>Advisory portfolio services</p> <p>If you receive advisory portfolio services from us, we will provide investment management services to you in accordance with the mandate set by you, but you make the investment decisions with the benefit of our advice in relation to:</p> <ul style="list-style-type: none"> (i) shares in UK or foreign companies; (ii) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate shares; (iii) hedge funds; (iv) warrants to subscribe for investments falling within (i) and (ii) above; (v) depository receipts or other types of instrument relating to investments falling within (i), (ii) or (iv) above; (vi) unit trusts, open-ended investment companies, mutual funds and similar schemes in the UK or elsewhere; and (vii) related or similar investments. <p>Depending on any restrictions set out in the Application Form, we will monitor your Account and, when we think it appropriate, contact you with our recommendations. We will not enter into any kind of transaction or arrangement for your Account without first getting your permission. We may also provide related valuation and safe-custody services, and any other services we may agree with you.</p>	4.8	Appropriateness.
4.7	Suitability	4.8.1	In providing services other than investment advice or discretionary portfolio services, under the Applicable Regulations, we may have to assess whether the product or service you are considering is appropriate for you by deciding if you have the experience and knowledge needed to understand the risks involved in relation to that product or service. In order to make that assessment, we will have to gather information from you about your knowledge and experience of the investment field which applies to the specific type of investment or service you are considering and will be able to rely on that information unless it is obviously out of date, inaccurate or incomplete. In these circumstances, if we consider that the product or service is not appropriate for you, we will give you a warning to that effect.
4.7.1	In providing discretionary portfolio services or giving investment advice to you (whether as part of our advice and dealing or advisory portfolio services), under the JFSC Rules and in order to allow us to act in your best interest, we have to gather information from you about your knowledge and experience of the investment field which applies to the specific type of investment or service we are providing	4.8.2	If you choose not to provide information so we can assess whether a product or service is appropriate, or if you do not give us enough information about your knowledge and experience, we will give you a warning to say that we do not have enough information to decide if the service or product is appropriate for you.
		4.8.3	If we have given you the warning described above and you ask us to go ahead with the transaction, we may do so but, having regard to the circumstances and the Applicable Regulations, we may refuse to

- carry it out for you.
- 4.9 We cannot advise you about the merits of a particular transaction if we reasonably believe that, when you give us the order for that transaction, you are not expecting our advice and are dealing on an Execution-only Basis. If the transaction relates to non-complex financial instruments such as certain categories of shares, bonds and Undertakings for Collective Investment in Transferable Securities (UCITS) (for a definition of 'UCITS', please see the glossary at www.quiltercheviot.com), we will tell you at the time that we will carry out your order on that basis and we will not have to make sure that the transaction is suitable or appropriate for you. Because of this, you will not benefit from the protections of the relevant JFSC Rules which require us to assess the suitability or appropriateness of the transaction for you. If we do provide execution-only services for complex financial instruments, we have to make sure that the transaction is appropriate for you. If you alone decide to instruct us to buy or sell or otherwise deal in a particular instrument or investment, we can accept no legal responsibility for the suitability of any action or for any instruments or investments held. Other than the responsibility we may have to you under the Applicable Regulations to make sure that the transaction is appropriate for you, we will have no other responsibility in carrying out, monitoring, advising on or dealing with, these investments in your Account. In particular, we will not have broken any investment limits which apply to your Account caused by this holding and will not be legally responsible for any future decision either to sell, keep, or otherwise deal in that instrument or investment.
- 4.10 We do not provide any general financial or financial planning advice nor any legal or tax advice. This means that we will not be responsible for any tax consequences of our actions. Where we have advised you that you are receiving services from our UK Head Office, CASS Rules apply (in addition to JFSC Rules) even though your assets may be being held with our nominee company in Jersey. We therefore strongly recommend that you obtain tax advice from an independent tax advisor tailored to your individual circumstances.
- 4.11 We do not provide banking or payment services so will not generally accept money into your Account from third parties nor agree to a request to pay money or transfer your assets to a third party. If we do agree to facilitate such a third party payment or transaction, we will only do so once we have satisfactorily completed all of our due diligence checks. You agree to provide us with all information we may reasonably request for the purposes of these checks but, if we are unable to complete them to our satisfaction, we may decline your request and will not be liable to you or any third party if we do so.
5. INVESTMENT OBJECTIVES AND RESTRICTIONS
- 5.1 If we provide advice and dealing services, advisory portfolio services or discretionary portfolio services to you, we need to know your investment objectives, your attitude to risk and any investment restrictions you want to impose.
- 5.2 If you receive discretionary portfolio services, advice and dealing services or advisory portfolio services from us and you impose investment restrictions, this may mean that we cannot follow our standard recommendations.
- 5.3 If you want to amend your investment objectives, attitude to risk or restrictions at any time, you should contact us immediately in writing, and we will confirm in writing that we agree to these amendments. The amendment to your investment objectives, attitude to risk or restrictions will not apply until we confirm that we agree in writing. We will do all we reasonably can to respond promptly to your requests. If your financial circumstances or tax status change, it is important that you let us know immediately.
- 5.4 The effect of future events
- We will not have breached the Agreement if your portfolio deviates from your investment objectives, attitude to risk or restrictions due to market movements, corporate actions or other events beyond our control unless (in the case of discretionary portfolio services) we fail to rebalance your portfolio or (in the case of advisory portfolio services) we fail to advise you to do so within a reasonable time. In the case of advice and dealing services, we do not have to monitor whether your portfolio continues to meet your investment objectives, attitude to risk and restrictions but we will continue to liaise regularly with you so that you may update us on these matters.
- 5.5 Risk Disclosures
- You must read the Risk Disclosures. If you are unsure Risk Disclosures are relevant to you or what they mean, please contact your investment manager.
6. UNBIASED BUT RESTRICTED ADVICE
- 6.1 If we give you advice, it will be unbiased, but restricted. This is because, in providing our services, we do not review all of the retail investment products available in the market (for example life policies and pension schemes). For those investment types that we do provide advice on, such advice will be on investments from a restricted number of products and product providers that we have assessed as suitable. You should consider these restrictions carefully before deciding whether to use our advisory portfolio services or advice and dealing service.
- You should also be aware that, although we are not tied to any particular product provider, we may advise you on products that are provided by one of

our affiliated companies. To the extent that we do advise on products provided by entities with close links or any other legal or economic relationships with us, we will identify any relevant conflict of interest and prevent or manage it in accordance with our conflicts of interest policy.

7. OUR RIGHTS OVER YOUR ASSETS

- 7.1 As security to make sure you carry out all of your responsibilities to us or any of our affiliated companies, by signing the Application Form you give us a legal right over (charge) or grant a first priority security interest in and to all of your rights and interests in any of your property or assets which we hold or control. This includes a right over the proceeds from selling any of your property or assets.
- 7.2 Your responsibilities include all existing or future actual, conditional or potential payment, delivery or other responsibilities that you may owe us or any of our affiliated companies.
- 7.3 As far as we are allowed under Applicable Regulations, we will have all of the rights of someone with security over the property in relation to which we have a charge. As a result, we may sell, dispose of, liquidate, set off, or apply all or any part of the property (or the cash value of it) in or towards meeting any debts owed to us or our affiliated companies by you. You will give us any documents we need and permission to take any further steps we may reasonably need to take to establish a security interest in the property. You also acknowledge that the property we have a charge over will not be registered in your name.
- 7.4 You confirm that you are the beneficial owner of the property which we hold on control on your behalf (or are otherwise fully authorised to deal with the property in line with the terms of the Agreement).
- 7.5 In the event that we use any of our rights under this clause 7 to sell any of your property, any part of the proceeds from doing so which is more than the amount you owe us, will be pooled in line with the JFSC Rules and CASS Rules and clause 16.
- 7.6 You confirm to us that, unless we have agreed otherwise, nobody else will have an interest in, or right to, the property which we hold on control on your behalf.
- 7.7 You irrevocably authorise each of our nominees, agents or clearing agents with whom you have deposited property, or in whose name it is registered or held, to act in line with any instructions in relation to the property that we may give them under the Agreement. We are authorised on your behalf to tell that nominee, agent or clearing agent about this authority and the terms of this clause 7.7. You will pay each of them for any loss, damage or expense that they may suffer in carrying out any valid instructions that we properly give them on your behalf in accordance with this Agreement and the Applicable Regulations.

8. RIGHT OF SET-OFF

- 8.1 We do not have to carry out our responsibilities to pay money or deliver assets to you if you have

not met your responsibilities under this Agreement or any other agreement you have with us to pay money or deliver assets to us (whether under the same or other transactions). Instead we may use any money you owe us to repay or reduce any amount we owe you and then pay you any excess. This is called a right of "set-off". If we do this, we will have no further responsibility to you under this clause. For this purpose we may value our responsibilities in any way we decide is reasonable.

9. ACCOUNT STATEMENTS, CONFIRMATION AND REPORTS

- 9.1 Subject to the rest of this clause we will send you a trade confirmation together with any additional information which may be required under the Applicable Regulations. This will be no later than the first business day after buying or selling any investment (unless the trade confirmation will be promptly sent to you by someone else involved in carrying out your transaction). If we receive the trade confirmation from someone else, we will send it to you no later than the first business day after we receive it. You do not need to acknowledge that you have received the trade confirmation unless you disagree with the transaction described in it. We will tell you the status of your order if you ask. If you receive discretionary portfolio services, we will not send you trade confirmations on a transaction-by-transaction basis unless you ask us to.
- 9.2 If you receive discretionary portfolio services or advisory portfolio services from us, we will send you statements showing the content and value of your Account (which will include a measure of performance and other relevant information) every three months. You may also choose to receive information about transactions we have carried out on your behalf on a transaction-by-transaction basis. If your portfolio includes leverage (for a definition of "leverage", please see the glossary at www.quiltercheviot.com), we will send you a statement every month.
- 9.3 You should review your statements carefully on receipt and contact us as soon as possible if you think they contain any errors or inaccuracies.
- 9.4 When we only receive the net asset value (NAV) of an investment, we carry out valuations on that basis. When we receive a bid and offer price from our data provider, we carry out valuations using the mid-market closing prices appropriate to the investment and the exchange rates at the close of business, either for the day of valuation or for the last dealing day. In working out the market value of your Account, each investment listed, quoted or regularly dealt in, or on an exchange, will be valued on the basis of reported transactions on that exchange or other pricing sources available to us. We will value unlisted positions and any positions for which an exchange valuation would not provide a fair and accurate valuation in our opinion in the way we feel is best to reflect their fair market value but values quoted are not guaranteed. We will use the most current exchange rates when valuing holdings in foreign currency.
- 9.5 If we are holding an offshore fund on your behalf which has UK reporting status, we will use

- reasonable endeavours to identify any excess reportable income announcements in relation to such funds and reflect these in your annual tax reports. However, because we do not monitor all offshore funds on an ongoing basis, we cannot guarantee that we'll be able to do this. Excess reportable income distributions represent income collected by an offshore fund but not distributed to investors. Such notional distributions are still subject to income tax when applied to UK taxpayer investors. We will not apply any equalisation treatment to foreign income or excess reportable income distributions. If you require further information on this, you should speak to your tax adviser.
- 9.6 We will provide you with any additional reports, statements or valuations in accordance with our obligations under the Applicable Regulations.
- 10. CARRYING OUT ORDERS**
- 10.1 Best execution
- Under the Applicable Regulations, we (or our affiliated companies as the case may be) are required to take all sufficient steps to achieve the best possible result when carrying out a transaction on your behalf and will therefore keep to our Order Execution Policy and List of Execution Venues when we are:
- (a) carrying out orders on your behalf;
 - (b) placing orders with other people or organisations for them to carry out, where those orders result from our decisions to trade;
 - (c) providing discretionary portfolio services; or
 - (d) receiving and sending orders to other people or organisations for them to carry out.
- You can see the latest version of the Order Execution Policy and List of Execution Venues at www.quiltercheviot.com. By signing the Application Form, you agree to our Order Execution Policy and agree to us, or our affiliated companies, as the case may be, carrying out transactions on your behalf outside a regulated market, multilateral trading facility or organised trading facility.
- 10.2 Client limit orders
- When you place a limit order (for a definition of 'limit order', please see the glossary at www.quiltercheviot.com) for shares traded on a regulated market, multilateral trading facility or organised trading facility if the order is not immediately carried out, you agree we do not have to make the order public so others in the market have access to it. All orders placed or carried out on your behalf will be market orders unless you tell us otherwise and as noted on trade confirmations.
- 10.3 Handling orders
- We will carry out your orders, and other similar client orders, promptly and in order of sequence unless we consider that your order or current market conditions make this impractical or protecting your interests mean we should do something else.
- 10.4 Transaction reporting
- You agree to provide us with all information required in order for us to carry out any service under the Agreement that is subject to transaction reporting obligations under Applicable Regulations. Such information may include a national identifier if you are a natural person or a valid legal entity identifier ("LEI"), if you are a legal entity or structure.
- 11. ONLINE ACCESS**
- 11.1 You agree that:
- (a) we may communicate with you by making relevant information available on our website at www.quiltercheviot.com;
 - (b) we may give you online access to your Account or Accounts and, where appropriate, communicate with you by email; and
 - (c) where we refer to 'in writing' in the Agreement this includes email and notices on our website (where appropriate) and where we refer to your 'address' this includes your email address (where appropriate).
- 11.2 If we give you online access, you and any adviser you may have will keep your user IDs and passwords confidential, and you agree that you are responsible for protecting them from unauthorised use or access to this service.
- We will not be legally responsible for any unauthorised use of a password resulting from negligence or fraud on your part.
- 11.3 In relation to our website and email communications, you acknowledge that:
- 11.3.1 the internet may be interrupted or fail through no fault of our own and there may be periods of time when our website and email communications are unavailable due to planned or unplanned maintenance;
 - 11.3.2 you are responsible for providing and maintaining the communications equipment (including personal computers and modems) to access our website and to receive email;
 - 11.3.3 we do not guarantee that our website will support all types of browser or be fully compatible with your communications equipment; and
 - 11.3.4 you must keep an active email address to receive ongoing communications.
- 11.4 We may change the content, presentation, performance, user facilities and availability of any part of our online service and website at any time.
- 11.5 We do not give any assurance of, and accept no legal or other responsibility for, the accuracy, adequacy, quality or fitness for any particular purpose or use of our online service and website.
- 11.6 You and your adviser (if any) cannot transfer or license any rights of access to services provided to you and any adviser to any other person without our written permission.
- 11.7 We will take all reasonable steps to protect your personal information but cannot guarantee the

security of any information you provide online or which is transmitted by you or us over the internet. You and your adviser (if any) accept the security implications of passing information over the internet and you agree to access our online service at your own risk. You and your adviser (if any) also agree that we will have no legal responsibility for any mistakes, missing information or breaks in security beyond our reasonable control.

11.8 You must make sure that your adviser (if any) knows about, and agrees to keep to the terms of this clause 11.

12. HOW WE CHARGE YOU FOR OUR SERVICES

12.1 You must pay us our charges noted in the Schedule of Charges and, where applicable, the additional charges set out in the Costs and Charges Information. If we make a significant change to these charges, we will give you notice in line with clause 31. If you do not agree to such a change, you may end the Agreement in line with clause 33.1. You will also pay to us any amounts that we have paid on your behalf to third parties. We will take any charges due to us (or our agents) plus any VAT or GST from any money we are holding on your behalf.

We cannot take our charges from an income Account so, if there is insufficient money in your capital Account to cover those charges, that Account will go overdrawn (unless it is an ISA) and, if necessary, you will have to send us additional money to clear the overdraft and will have to pay us interest in line with clause 15.5 until you do so.

You may also have to pay extra taxes or other costs that you are legally responsible for that are not paid through us or made by us.

12.2 Subject to Applicable Regulations, we may share charges with our affiliated companies or other organisations or clearing agents, and they may share theirs with us or otherwise pay us on any basis we agree with them. Any pay or sharing arrangements will either be shown on the relevant confirmation or you can get the details by writing to us.

12.3 On all currency conversions we impose a charge of up to 0.75% on the exchange rate applied at the time.

12.4 We will facilitate the payment of adviser charges to an adviser in line with the JFSC Rules and your instructions if:

- (1) a financial adviser provides personal recommendations on retail investment products and related services to you; or
- (2) we and the financial adviser agree to payment in this way.

We will take the adviser charge and any VAT or GST from your Account. We may take any action allowed under the JFSC Rules to raise cash so we can make the payments on your behalf.

12.5 If we deal for non-standard settlement, there may be an extra charge which we will tell you about.

12.6 The above charges will no longer apply when

you, or somebody else on your behalf, closes your Account or we are informed of your death. From that time, we will apply our charges at the relevant 'execution-only' rate and will give you or the person who closes your Account or informs us about your death details of the relevant rate then in force.

13. CONFLICTS OF INTEREST

13.1 We do not take positions or deal on our own account in any market. However, we, or our affiliated companies or parent undertakings and subsidiary undertakings or some other person connected with us (connected person) may have:

- (1) a material interest in a transaction to be entered into with or for a customer;
- (2) a relationship that gives, or may give, rise to a conflict of interest relating to the investment, transaction or service concerned;
- (3) an interest in a transaction that is, or may be, in conflict with the interest of any of our clients; or
- (4) clients with conflicting interests in relation to a transaction.

13.2 We are involved in a wide range of services with a wide range of individuals and organisations. Accordingly, we, or any connected person, may have interests which conflict with those of our clients. We aim to treat our clients fairly and appropriately and one of the ways in which we try to achieve this is to take account of any conflicts of interest that may arise through our business activities if those conflicts may involve a risk of damage to our clients. We operate effective organisational and administrative arrangements with a view to taking all appropriate steps to identify and to prevent or manage conflicts of interest between: (1) us (including our managers, employees, appointed representatives or any other person directly or indirectly linked to them) and you; or (2) you and another client of ours, that may arise in the course of us providing any service to you and to prevent any such conflicts of interest from adversely affecting our clients' interests.

13.3 We may receive minor non-monetary benefits such as training, hospitality of a reasonable de minimus value and research for a trial period in accordance with Applicable Regulations.

13.4 We have a policy to meet our obligations and below is a summary of that policy and the main information that you need to understand the measures we take to protect your interests. We have designed our policies and procedures to make sure that we identify and prevent or manage possible conflicts of interest that arise or may arise between us and our clients and between our clients. You can ask us for more details of our conflicts of interest policy at any time.

Summary of Conflicts of Interest Policy

13.5 The circumstances in which a conflict of interest or possible conflict of interest may arise, include where we or any connected person may:

- act in relation to investments where we are involved in a new issue, rights issues, takeover or similar transaction concerning the investments;

- carry out a transaction for or with you in circumstances where we know about other actual or possible transactions in the relevant investment;
- hold a position in, or trade, deal or make markets in, investments you buy or sell; or
- have any other business relationships with, or interest in, the issuer (or any of its associates or advisers) of any investments you have bought or sold including carrying out a merger, acquisition or takeover of any issuer (or associates).

We have in place a number of procedures and measures for preventing or managing conflicts of interest that arise in the course of our business. These measures include structural separation (for a definition of 'structural separation', please see the glossary at www.quiltercheviot.com), which may be physical or otherwise, including creating information barriers, compensation arrangements and or management and supervisory structures. We may also oversee contacts between and within businesses whose clients have opposite or competing interests with the clients of other businesses. And, we may regulate the personal investment and business activities of our employees to prevent conflicts of interest arising against the interests of clients.

- 13.6 If these measures are not enough to make sure, with reasonable certainty, that we will prevent the risks of damage to the interests of one or more clients, we will clearly explain the general nature and sources of the conflicts to the client concerned and the steps taken to mitigate those conflicts before we carry out business with or for that client. We will also ask their permission before we act.
- If we believe there is no practical way of preventing damage to the interests of one or more clients, we may refuse to act.
- 13.7 Subject to Applicable Regulations, we and any relevant connected person may provide the relevant services despite any conflict of interest and we do not have to account to you for any income, gain, profit, benefit or other advantage arising from doing so as long as we are not breaking any JFSC Rules or any FCA Rules.
- 13.8 Connected people and their employees may have positions in and carry out transactions in securities of companies which we research and trade in. As a result, we may not be able to advise or deal for you in certain investments and we may refuse to deal or arrange any transaction or give advice or make any recommendation to you.
- 13.9 We may buy or sell units for you in collective investment schemes where we or an affiliated company are the trustee or operator or an adviser of the trustee or operator of the scheme.
- 13.10 We may match your transaction with that of another client by acting on their behalf as well as yours.
- 13.11 We may recommend or buy investments where we or a connected person is involved in a new issue, rights issue, takeover or similar transaction concerning the investment.

14. AGGREGATING ORDERS

- 14.1 We may aggregate your orders with the orders of other clients, affiliated companies or people connected with us. We will do this only when we reasonably believe that it is in the overall best interests of all clients whose order we will aggregate or any disadvantage has been disclosed to each client. (For example, this may be the case when automatically entering single orders results in us carrying out an aggregated order.) We will allocate (for a definition of 'order allocation', please see the glossary at www.quiltercheviot.com) aggregated orders and transactions in line with our order allocation policy, which means we must allocate orders fairly and in due turn. You acknowledge that sometimes aggregating orders may work to your disadvantage in relation to a particular order.

15. SETTLEMENT, PAYMENT, DELAYS, DEFAULT AND INTEREST

- 15.1 In order for us to complete a transaction promptly, you must pay all amounts due, and give us all share certificates and other documents we need (if we do not already hold them) in good time. We may use any amounts that you owe us to repay or reduce any amounts that we owe you in connection with any Account you have with us at any time. We will pay the relevant amount after deductions, and do not have to ask you about this beforehand. Equally, the clearing agent may use any amounts you are due to pay to them to offset any amount they are due to pay you.
- 15.2 There are standard settlement periods for most financial markets and the basis of settlement, in line with the rules of the relevant exchange on which the transaction is carried out, will normally be what is known as 'actual' and we will be acting as your agent for these purposes. This is described in more detail in clauses 15.3 and 15.4 below.
- 15.3 On the intended settlement date, a purchaser of an investment has an obligation to provide cleared funds to their counterparty in exchange for receipt of the investment they have agreed to purchase. This means that you will need to have sufficient cleared funds available in your Account to meet your settlement obligations when purchasing an investment. All sums due from you relating to a purchase transaction will be debited from your Account on the intended settlement date. If, for any reason, the counterparty to the transaction is unable to settle the transaction on the intended settlement date, your funds will be held by us in accordance with Applicable Regulations until settlement occurs. If you are buying an investment and you do not have sufficient cleared funds available in your Account on the intended settlement date, we may in our sole discretion advance you funds to facilitate settlement, but we are not obliged to do so. If settlement is delayed or fails to take place after a reasonable period of time, we may reverse such advances. If we have advanced you funds and paid them out on your behalf, such funds shall become immediately due

- and payable to us. If you are selling an investment, we will only take sums due to us in relation to that transaction once the sale proceeds have been received from the counterparty to the sale.
- 15.4 The delivery of any securities or payment of sale proceeds by the counterparty to a transaction shall be at your risk until actual settlement of the transaction takes place and we shall not be obliged to account to you for any such delivery or payment until we are in receipt of the relevant funds, securities or documents (as applicable) from that counterparty. We may place a credit or debit entry onto your Account in advance of actual settlement but such entries are contingent upon our receipt of the relevant funds, securities or documents (as applicable) from the counterparty and should therefore not be relied upon until settlement has ultimately occurred (whether on the intended settlement date or otherwise). If there is a settlement failure (for example, because the relevant securities are subject to an insolvency procedure or suspension), depending on the circumstances of such failure and relevant market practice, we may reverse or cancel any credit or debit entries of cash or securities which have been attributed to your Account in advance and you may not receive the expected sale proceeds or, in the case of a purchase transaction, the relevant securities but may still be liable to pay for them.
- 15.5 If you fail, or we expect you to fail, to make payment on time of any amounts you owe us or the clearing agent under the Agreement or fail to deliver any documents when they are due, we and the clearing agent may:
- (a) use any cash or sell any securities we or the clearing agent hold or control; and
 - (b) repurchase (at your expense) any securities which we have sold on your behalf; or
 - (c) take any action to reduce as far as possible any loss or expected loss arising directly or indirectly by your failure or anticipated failure.
- You must tell us as soon as reasonably possible if you expect that you will not be able to deliver any payments, share certificates and other documents we need to settle any transaction.
- We can make any purchases or sales using our reasonable discretion. You will be legally responsible to us for repaying any expenses (including legal fees) we reasonably have to pay in taking any action under this clause. To avoid any doubt, this clause applies to any failure on your part to meet any payment responsibilities you have to us under the Agreement.
- 15.6 You will have to pay us interest on any outstanding balances (sterling or non-sterling) before or after any court judgment (if applicable) and including in relation to any overdraft on your Account at a yearly rate of 2% above the Bank of England's bank rate.
- 15.7 If a bankruptcy petition, a winding-up petition or an administration order or a resolution has been passed against you, we will close out (for a definition of 'close out', please see the glossary at www.quiltercheviot.com) all open positions held on your Account. Any proceeds we get from doing this will go towards settlement of our outstanding costs and any other amounts due to us.
- 15.8 We may refuse to make a payment due to you, or transfer your assets to someone else if we reasonably consider this to breach Applicable Regulations.
- ## 16. YOUR MONEY
- 16.1 We will hold your money as client money in line with the CASS Rules and the Client Assets Order. Among other things, these say we must hold your money in a client money bank account, set up with statutory trust status. This means we will separate your funds from our funds in accordance with the CASS Rules and the Client Assets Order. We may hold your money with other clients' money in a pooled account, which has been named as a client bank account. This means that we hold client money as part of a common pool of money, so you do not have a claim against a specific amount in a specific account. You would make your claim against the client money pool in general. If any bank we use were to fail for any reason, you would share a percentage of any shortfall depending on your original share of the money in the pool.
- 16.2 We will promptly place your money into one or more accounts opened with an approved bank (as defined in the Client Assets Order). Those accounts will be identified separately from any accounts we use to hold our own money. Where we consider it appropriate to do so (for example, to spread the risk of default or reduce charges which might otherwise be passed onto you) and in accordance with Applicable Regulations, we may from time to time hold a proportion of the total client money that we hold for our clients in an account from which we will be unable to make a withdrawal until the expiry of a fixed term or notice period of up to 95 days. We will take appropriate measures to ensure that in the ordinary course of business there is no delay in returning your money to you as a result. However, in exceptional circumstances (for example, in times where there are unusually high client money outflows) there may be a delay in returning some or all of your money to you and you may have to wait until the expiry of the relevant fixed term or notice period.
- 16.3 We may pass your money to another organisation (for example, an exchange, intermediate broker, over-the-counter organisation or clearing house) so we can carry out a transaction through or with that organisation or to meet your responsibility to provide collateral (for example, margin) for a transaction. In the absence of our negligence, we will have no responsibility for any acts (or failure to act) of any other organisation we pass your money to. Subject to Applicable Regulations, those organisations may have a security interest over or right to use that money as a result of any money owed to them. The organisation we pass your money to may hold it in a general account and it may not be possible to separate it from our money, or their money. If the organisation becomes insolvent, we will only have an unsecured claim against the organisation on your and our other clients' behalf. You acknowledge that this

- means the other organisation may not pay us enough money to cover the claims of you and all other clients. We may pass your money to an intermediate broker, settlement agent or organisation which may be based outside the UK or Jersey. In these circumstances, the regulations which apply to the broker, agent or organisation holding your money will be different from that of the UK or Jersey. If the broker, agent or organisation is unable to return your money, it may be treated differently from the position which would apply if the money was in the UK or Jersey.
- 16.4 In certain circumstances where we are carrying out transactions on your behalf through a commercial settlement system, we may make the use of the delivery versus payment (DvP) exemption under the CASS Rules. The DvP exemption means that we do not need to hold your money as client money in line with the CASS Rules where (1) in respect of your purchase of investments, we intend for money that you pay to us to be due to us within one business day following the fulfilment of our delivery obligation to you, or (2) in respect of your sale of investments, we intend for money we receive in relation to the sale to be due to you within one business day following the fulfilment of your delivery obligation to us. If, by the end of the third business day following the date on which we have started using the DvP exemption, we have not paid you or delivered investments to you (as applicable), we will stop using the DvP exemption and treat your money as client money in line with the CASS Rules.
- 16.5 You agree that we may transfer your money to another organisation (including a member of our group) as part of a transfer of business (after deduction of any amounts that you owe to us), where that person will hold your money in accordance with the CASS Rules or else we will exercise all due skill, care and diligence in assessing whether the person to whom the client money is transferred will apply adequate measures to protect your money (for example, by complying with the Client Assets Order). We will transfer your money on terms which will require the receiving person to return your money to you as soon as practicable at your request and will notify you once the transfer has taken effect, in accordance with our obligations under the CASS Rules. You also agree that we may transfer any other assets that we may hold for you as part of a transfer of business (also after the deduction of any amounts that you owe to us).
- 16.6 We will pay you interest as set out in the Interest Information on our website. The Interest Information is updated from time to time and the applicable interest rate may be zero. If the interest actually earned on your money is less than the rates set out on our website, we will make good the difference from our own funds. If the interest actually earned on your money is greater than the rates set out on our website, we may keep the excess for our own benefit and without any obligation to account to the client for that excess. If we are subject to a charge from any of the banks with which we hold your money in the form of a negative interest rate we may pass the cost of holding such money onto you by deducting the relevant amount of the currency which is subject to the negative interest rate from your Account. Any currency which is subject to a negative interest rate will be detailed in the Interest Information and you can ask your investment manager for details.
- 16.7 You agree that we may treat as due and payable to us any client money which we hold for you, to the extent of all or any part of any obligation you owe us under the Agreement.
- 16.8 If we hold money for you, at least quarterly (or more often if you and we agree) we will give you a statement covering that money. You should let us know as soon as you can if you believe that there are any mistakes on this statement.
17. **YOUR ASSETS**
- 17.1 In line with the CASS Rules and Client Assets Order, we will register or record investments which can be registered which you have bought through us (1) in your own name, (2) in the name of a nominee company controlled by us, by an affiliate of ours, by a recognised investment exchange or by another third party where we have deposited your assets with that third party in accordance with the CASS Rules and Client Assets Order, (3) in the name of other third parties in certain circumstances where the asset in question is subject to the law or market practice of a jurisdiction outside the UK or Jersey and we have taken reasonable steps to determine that it is in your best interests to register or record it that way, or that it is not feasible to do otherwise, because of the nature of the applicable law or market practice, or (4) in our name, if we are prevented from registering or recording the investments in line with (1)-(3) above and the asset in question is subject to the law or market practice of a jurisdiction outside the UK or Jersey and we have taken reasonable steps to determine that it is in your best interests to register or record it that way, or that it is not feasible to do otherwise, because of the nature of the applicable law or market practice, and you hereby consent to us registering or recording legal title in this way in those circumstances.
- 17.2 We will identify, record and hold all clients' assets separately from any of our own investments and other assets, and in such a way that we can identify clients' assets at any time.
- 17.3 We may appoint subcustodians to hold assets for clients who will be approved custodians (as defined in the Client Assets Order). Those assets will usually be held in a single account that is identified as belonging to our clients and we will identify them in our books and records as such. The broad effect of this is that if there is a shortfall as a result of the subcustodian suffering financial loss, you may share in that shortfall with our other clients, depending on the amount you had invested with them.
- 17.4 UK securities will normally be held by and registered in the name of one of our or the clearing agent's nominee companies.
- 17.5 If because of national law, it is not realistic to effectively register or record your assets in a name other than ours or another custodian's, your assets may not be clearly separate from ours or those of the other custodian. One consequence of this

- is that if the custodian or we suffered a severe financial loss, it might be more difficult to establish how much you are owed, compared to if the assets were held in your name or that of a nominee.
- 17.6 We will only deposit your assets with a third party in a jurisdiction outside the UK or Jersey that does not regulate the holding and safekeeping of financial instruments for the account of another person if the nature of the assets or the relevant services we provide in connection with those assets means we have no choice. In those cases, your assets will be governed by the laws of that jurisdiction, and your rights relating to those assets may be different from rights relating to assets governed by the settlement and legal and regulatory requirements of the Applicable Regulations.
- 17.7 We may transfer your assets to an intermediate broker, settlement agent or over-the-counter counterparty or to an exchange or securities depository or any participant in such a system (including a central counterparty) as applicable in order to carry-out a transaction on your behalf. These persons may have their own arrangements for dealing with and holding assets to facilitate settlement and they may also be located outside the UK or Jersey.
- 17.8 In certain circumstances where we are carrying out transactions on your behalf through a commercial settlement system, we may make the use of the delivery versus payment (DvP) exemption under the CASS Rules. The DvP exemption means that we do not need to hold your assets as client assets in line with the CASS Rules where (1) in respect of your purchase of investments, we intend for the asset in question to be due to you within one business day following the fulfilment of your payment obligation to us, or (2) in respect of your sale of investments, we intend for assets we receive in relation to the sale to be due to us within one business day following the fulfilment of our payment obligation to you. If, by the end of the third business day following the date on which we have started using the DvP exemption, we have not paid you or delivered investments to you (as applicable), we will stop using the DvP exemption and treat your assets as client assets in line with the CASS Rules.
- 17.9 We will have a first fixed charge over all of the assets in your Account and can use them to pay amounts due under clause 8.1 above. Any subcustodian, nominee, agent or certain other third parties (including an exchange or securities depository) may have a security interest in any of your assets, or have the right to use the value of them to pay charges relating to the administration and safekeeping services they provide in relation to those assets, or where such interests are required under the law of the jurisdiction in which the safe custody assets are held.
- 17.10 If you tell us to use a particular custodian or to register or record your investments other than in your name, the name of another custodian's nominee or the name of our nominee, you do so at your own risk. We will not be responsible for any expenses, losses, damages or liabilities suffered as a result of following those instructions.
- 17.11 We monitor all investments and non-cash assets held by us in the course of providing custody services. Where we choose to hold an amount of our money to cover a shortfall (as defined in the FCA Rules but, in summary, any amount by which investments or non-cash assets held by us in the course of providing custody services falls short of our obligations to clients), we will hold that money in accordance with the FCA Rules and clause 16 above until the shortfall is resolved (unless agreed otherwise). Where any relevant shortfall reduces or is otherwise resolved, the amount of our money that we are holding to cover it (or any portion of it in excess of the shortfall) shall become immediately due and payable to us. In the event of this Agreement being terminated, we will treat payment to you of such money to cover a shortfall as fully discharging our obligation to return to you the assets which were the subject of that shortfall.
- 17.12 We will pool your investments with those of our other clients, which means that your individual entitlements may not be identifiable by separate certificates, other documents of ownership or an equivalent electronic record. If there is a shortfall as a result of a custodian suffering severe financial loss, you may share some of that shortfall, depending on your original share of the assets in the pool. If your investments are held overseas, there may be different settlement, legal and regulatory requirements from those applying in Jersey or the UK, together with different practices for identifying your investments and your rights in case the company suffers severe financial loss or becomes insolvent. (These requirements may be reduced compared to those you have in Jersey or the UK.)
- 17.13 In acting as custodian or nominee, we accept responsibility for all assets registered in the name of our nominee companies or affiliated companies. However, we do also use subcustodians and clearing agents and may use delegates in limited circumstances. Provided we have acted in accordance with the FCA Rules and Client Assets Order and have not been negligent, fraudulent or breached these Terms and Conditions, we will not be liable for any act or failure to act, or for the solvency, of any of our chosen delegates, subcustodians or clearing agents if they are not our nominee or an affiliated company. If any of these companies suffers severe financial loss or becomes insolvent, you may not get back all of your assets. We will do all we reasonably can to recover any loss on your behalf.
- 17.14 If we hold assets for you, at least quarterly (or more often if you and we agree) we will give you a statement covering those assets. You should let us know as soon as you can if you believe that there are any mistakes on this statement.
- 17.15 Under Article 38(5) of the Central Securities Depositories Regulation ('CSDR'), we must offer our clients whose securities are held by us at any relevant Central Securities Depository (for a definition of Central Securities Depository, please refer to the glossary at www.quiltercheviot.com) the choice between an Omnibus Client Segregated Account and an Individual Client Segregated Account. In addition, under Article 38(6) of the CSDR, we are also required to publicly disclose the levels of protection and the costs associated with the different levels of segregation that the accounts provide, and to offer those services on reasonable

commercial terms. Our full disclosures, in relation to our obligations under CSDR Article 38(5) and (6), are available on our website at www.quiltercheviot.com/important-information

18. CORPORATE ACTIONS AND SHAREHOLDER RIGHTS

- 18.1 If your investments are registered in the name of our nominee companies, the nominee company will hold those investments as trustee and you will still own them but you acknowledge that this means you may lose certain entitlements such as receiving a yearly report and accounts and the right to attend shareholder meetings. We will process corporate actions and exercise shareholder rights on your behalf as set out in this clause 18 but, in no circumstances, will we be liable if a company fails to tell us about a corporate action at all or in sufficient time for us to take any action.
- 18.2 If we are holding investments in safe custody or as collateral for you, we will be responsible for claiming and receiving dividends and interest payments and sending them to you in line with your instructions.
- 18.3 We will do what we reasonably can to collect any dividends, interest or any other entitlements, in cash or in kind, which you may be entitled to and which we are told about. We will pay these to you as soon as possible after taking off any taxes due or credit them to an Account of yours that we consider appropriate.
- 18.4 In the case of a company offering a stock dividend as an alternative, we will opt for cash.
- 18.5 When processing corporate actions and collecting income (in the form of dividends or interest), we will usually receive one allocation of shares, units or cash for all clients whose investments and money are held in pooled accounts by one of our nominees or with one of our subcustodians or client money banks. Following allocation of such shares, units or cash to the relevant clients in proportion to their entitlement within the overall pool, we are occasionally left with fractional entitlements that cannot be properly allocated to those clients. When this occurs:
- (a) in the case of shares or units, we will aggregate the fractional entitlements, attempt to sell them at the prevailing market rate and then distribute the resulting cash proceeds to the relevant clients in proportion to their original fractional share entitlement. On completion of this process, any residual cash amounts from the sale of the fractional entitlements will be retained by us; and
- (b) in the case of cash, these residual amounts will be retained by us.
- 18.6 If you receive discretionary portfolio services from us, the following will apply.
- 18.6.1 If your investments are registered in the name of our nominee or held for us by another custodian, we may use any conversion or subscription rights, deal with rights issues, takeovers or other offers and any voting rights if we consider that action to be appropriate. We will exercise any voting rights in line with our voting principles. You can find a copy

of our voting principles on our website at www.quiltercheviot.com and we will also give you a paper copy if you ask.

- 18.6.2 If your investments are held by you, or your custodian or nominee, exercising any shareholder rights you may have will depend on your agreement with your custodian or nominee. However, we will do all we reasonably can to tell you our decision on how to use these shareholder rights or, if you have already told us in writing how to use these shareholder rights, to tell your custodian or nominee. (However, we are not responsible for making sure you or they follow our decision.)
- 18.7 If you receive advisory portfolio services, advice and dealing services or execution-only services from us, the following will apply.
- 18.7.1 If your investments are registered in the name of our nominee or held for us by another custodian, subject to Applicable Regulations and clause 18.3, we will do what we reasonably can to monitor and notify you about any conversion or subscription rights, rights issues, takeovers or other offers related to such investments. On receipt of your specific instructions in relation to any such subscription rights, rights issues, takeovers or other offers, we will do what we reasonably can to exercise them on your behalf but will not be responsible to you if you fail to instruct us at all or in sufficient time for us to take the necessary action. Subject to Applicable Regulations, we will not monitor or notify you about the availability of any voting rights in respect of your investments but we will do what we reasonably can to exercise such voting rights on your behalf if you have provided us with specific instructions to do so. We will not be liable to you if you fail to instruct us at all or in sufficient time for us to take the necessary action.
- 18.7.2 If your investments are held by you, or your chosen custodian or nominee, we will not be able to monitor or notify you about any conversion or subscription rights, rights issues, takeovers, other offers or voting rights related to such investments and nor will we be responsible for exercising them on your behalf.
- 18.7.3 We will not actively offer you any advice about the exercise of any conversion or subscription rights, rights issues, takeovers, other offers or voting rights related to your investments unless you receive advice and dealing services or advisory portfolio services from us and you specifically request our advice.

19. OTHER ORGANISATIONS AND AGENTS

- 19.1 You acting as agent
- We will provide services to you on the basis that only you are our client and so, if you act on behalf of another person, whether or not you tell us about them, they will not be our client.
- 19.2 You appointing someone else to act as your agent.
- 19.2.1 You may appoint someone else (such as your adviser, solicitor or accountant) to act as your agent, either for all purposes of the Agreement or for certain limited purposes. An agent who is

regulated (such as by the Solicitors Regulation Authority or the JFSC) must act within their professional field or regulated capacity.

You must make sure that if you have appointed a professional or regulated agent, any authority is within their professional field or regulated capacity (as appropriate).

19.2.2 If you want to appoint an agent, you must fill in the relevant section of the Application Form and they must fill in the New Account Participants Form.

19.2.3 If you want to place limits on what your agent can do for you or what information we can give your agent, you must make clear what those limits are in the Application Form. Unless you say differently in the Application Form, we may assume that the agent can do anything under the Agreement which you could do.

19.2.4 We will not be legally responsible to you for acting on any instruction, permission or information given to us by your agent. As a result, it is important that you choose your agent carefully.

19.2.5 If you want to instruct us to pay your agent, you must sign separate documents to give us specific instructions to do so. This may be payment from your Account or us sharing part of our own charges but will be subject to our Agreement and compliance with Applicable Regulations.

19.3 We may delegate to any person or organisation any of our duties or functions under the Agreement and if we do so we will first satisfy ourselves that any such person or organisation is competent to carry out those duties or functions. If we delegate any of our duties or functions under the Agreement and the Applicable Regulations require us to, we will give you appropriate details. If we choose to delegate something we could reasonably do ourselves, we will be responsible for the acts of the person or organisation we delegate our duties to. In other cases (for example if we agree with you to delegate certain duties, or this is needed due to legal or regulatory reasons), we will not be responsible for any losses caused by the failure of the person or organisation we delegated our duties to unless we failed to use reasonable care in choosing them. If we delegate duties to someone you have chosen, we will have no responsibility for their actions.

20. RIGHTS OF OTHERS TO ENFORCE THE AGREEMENT

20.1 The clearing agent may enforce any of these Terms and Conditions but we can vary or delete any of these Terms and Conditions without the permission of the clearing agent. Subject to the foregoing, a person who is not party to these Terms and Conditions cannot enforce the Agreement.

21. JOINT ACCOUNTS AND TRUSTEES

21.1 Unless agreed otherwise, all joint Account holders and trustees must sign the Application Form. Once the Account is open, unless we are notified that all trustees or joint Account holders must act unanimously or that a specified number of them must act together, we may act on any instructions

given to us by any one of them. However, in certain circumstances, we may require a joint instruction from all trustees or joint Account holders (as applicable).

21.2 Unless we are told otherwise in writing, we assume that all joint clients hold assets as joint owners. This means that if one of them dies, the assets will pass automatically to the survivor (or survivors).

21.3 If you are in a partnership, or are otherwise in a joint arrangement with one or more people, you will each be legally responsible jointly and severally. This means that we can ask all or any one of you to repay any debt which you owe to us in full, and not just a share of the debt. This applies whether or not you are aware of the debt.

21.4 We must be told if a trustee resigns or dies or is no longer willing or able to act as a trustee.

When a new trustee is appointed, he or she must sign the relevant documents (unless we agree otherwise in writing) as soon as possible.

21.5 If trustees have given us an investment policy statement for the purposes of section 15(2) of the UK's Trustee Act 2000, we agree to keep to that statement and any changes to it or any replacement provided the trustees have given us notice of any such changes or replacements.

21.6 Companies or partnerships which want to restrict the number of people who can give us instructions must tell us in writing the identity of the relevant people. An authorised officer or partner must sign this notice. If we are not given notice, we may act on any written instruction given to us by any person we reasonably believe is authorised to give it.

22. YOUR INSTRUCTIONS

22.1 We will only accept specific and clear instructions about your Account and the investments we hold in it and if we receive those instructions from you or from a person you have previously told us has authority to give instructions on your behalf. Depending on the type of instructions, they can be given by phone or in writing and we will accept them in good faith. We may rely on and treat as binding any instructions which we reasonably believe to be from you or your agents.

22.2 Until we have received all the documents we need to carry out an order, or for any other reason (for example if we reasonably consider that an instruction is unclear, unreasonable, fraudulent, is being used to commit market abuse (including dealing on inside information) or may otherwise breach Applicable Regulations), we may refuse to accept an instruction, an order, or deal for you. In such circumstances, we will have no responsibility to you for any resulting loss suffered by you or any other person. When we receive your instructions, we will tell you if we are going to refuse to act on them and give you our reasons unless we are prohibited from doing so under Applicable Regulations. You will be legally responsible to us or any appointed provider or clearing agent for all actions, proceedings, costs, claims, demands or expenses that we or any appointed provider may suffer as a result of us accepting (or not accepting) your instructions.

- 22.3 We may refuse to act on any information and instructions received using electronic methods and may need confirmation of the instruction or information by post or by phone. You must give us dealing instructions in person, by post or phone at the address or phone number we have given you. Unless we agree otherwise, we will not normally accept dealing instructions by email. In all circumstances, you should give us dealing instructions direct and not to any appointed provider. Once given, you can only withdraw or change your instructions if you have our permission.
- 22.4 We may refuse to carry out business for you which breaches any Applicable Regulations or any of these Terms and Conditions or the terms and conditions of any supplementary service. In such circumstances, we will take the action that we consider necessary to keep to the Applicable Regulations or terms.
- 22.5 If we send information relating to you or your Account to your adviser (or other agent), we may send this information by email or other electronic method (including via a third party data provider or aggregator) if you or your nominated agent or adviser ask.
- 23. DATA PROTECTION**
- 23.1 In this clause 23, Personal Data means data that relates to you and from which you can be identified (either by itself or when it is combined with other data).
- 23.2 We may process your Personal Data in connection with this Agreement and the services that we provide under it. For the purposes of the Applicable Regulations, we are a data controller in respect of your Personal Data and are responsible for ensuring that we process it in compliance with the Applicable Regulations.
- 23.3 We explain what Personal Data we will process, why and how we will do so, who we may share it with, and the rights that you have in respect of your Personal Data in our Privacy Notice which is published on our website: www.quiltercheviot.com/important-information/privacy-policy.
- 23.4 By agreeing to these Terms and Conditions, you agree to us providing our Privacy Notice on our website (but we can send you a printed copy if you ask) and to us processing your Personal Data in accordance with it. If you object to us processing your Personal Data in accordance with our Privacy Notice, please let us know by contacting your investment manager or our data protection team using the details in our Privacy Notice. However, this may mean that we are unable to provide all, or some, of our services to you.
- 23.5 You must ensure that any Personal Data that you provide to us is accurate and up to date, and promptly notify us if you become aware that it is incorrect. You will only provide us with Personal Data belonging to somebody other than you if you have their consent to do so (if required) or are otherwise permitted to do so under Applicable Regulations.
- 23.6 If you are opening and operating a corporate, trust or charity (or similar) Account you must notify the officers, trustees, shareholders and beneficial owners (as appropriate) that we may process their Personal Data in connection with these Terms and Conditions and our services. In particular, we may be required to verify their identity in accordance with Applicable Regulations and this may include the carrying-out of electronic identity checks with a credit reference agency. You must also draw their attention to our Privacy Notice.
- 24. CONFIDENTIALITY**
- 24.1 We may reveal any confidential information or personal information (including Personal Data as defined in clause 23) we hold about you and your Accounts to:
- (a) your adviser and any other agent you have appointed and told us about in writing;
 - (b) any person with whom we need to share such information in order to perform our obligations under the Agreement, provide our services to you or complete any other request or instruction from you; and
 - (c) our affiliated companies, successors or anyone we transfer our business to.
- 24.2 We may also reveal your confidential information if we are required to do so under any Applicable Regulations or if we are requested to do so by a competent authority or other third party (for example an insolvency practitioner) with a legitimate reason to see such information or where a failure to do so would expose us to a material risk or to potential criminal or civil liability in any jurisdiction.
- 25. PHONE CALLS AND ELECTRONIC COMMUNICATIONS**
- 25.1 We may record any phone conversations or electronic communications between you and us without your knowledge. These recordings are our property and we may use them in evidence if there is a dispute or for any other matter. However, upon request and in accordance with Applicable Regulations, a copy of any phone records or electronic communications will be available to you for a period of at least five years from the date of their creation or longer if required by the JFSC, FCA or under Applicable Regulations.
- 25.2 Unless you ask us to call you, we will only call you if we believe it is in your best interests. We will not contact you before 8 a.m. or after 9 p.m. (your time) unless we have agreed this with you.
- 26. EXCLUDING OUR LEGAL RESPONSIBILITY**
- 26.1 We, our directors, our officers, our employees, the clearing agent and any connected person or agent, will not be legally responsible for any loss or damage you suffer, or costs or expenses you have to pay in connection with any of our services

- or the Agreement unless the loss, damage, cost or expense is due to our negligence, fraud or breach of the Agreement.
- 26.2 Nothing in the Agreement shall exclude or restrict any responsibility we have to you under Jersey law or other Applicable Regulations. Nothing in these Terms and Conditions will reduce your legal rights in connection with us providing services to you. For more information about your legal rights, contact your local citizens' advice bureau.
- 26.3 The UK tax status of some offshore funds may change after you buy them. We are not responsible for checking the ongoing UK tax status of these offshore funds. We will not accept any responsibility for any financial loss that may arise from a change of UK tax status.
- 26.4 You will have to pay us, our nominees and the clearing agent, any costs, expenses, taxes or charges that we or they may suffer in carrying out our and their powers and duties unless such costs, expenses, taxes or charges arise due to our or their negligence, fraud or breach of the Agreement.
- 26.5 To the extent permitted by law, no statutory terms (which shall include warranties, conditions or other contractual provisions) or rights, duties or liabilities imposed under the Supply of Goods and Services (Jersey) Law 2009 shall apply to any other party to the Agreement in relation to the Agreement.
- 27. EVENTS BEYOND OUR CONTROL**
- 27.1 Unless we say otherwise in these Terms and Conditions, neither we nor the clearing agent will be legally responsible to you for any failure to carry out our responsibilities under the Agreement if the cause is beyond our reasonable control, including:
- (a) war, riot, revolution, political crisis or any act of terrorism;
- (b) earthquake, hurricane, typhoon, flood or other natural disaster;
- (c) when trading in securities or an investment exchange is suspended or minimum or maximum prices are fixed for trading in securities;
- (d) any regulatory ban on our activities;
- (e) a banking moratorium having been declared by law or the appropriate regulatory authorities;
- (f) any breakdown, malfunction or failure of transmission, communication or computer facilities;
- (g) industrial action, acts and regulations of any government or authority; or
- (h) the failure of any relevant intermediate broker, our agent, appointed provider, custodian, subcustodian, dealer, exchange, clearing house or regulatory or self-regulatory organisation, for any reason, to carry out their responsibilities.
- We will do our best to give written notice to you with full details of events which mean we cannot carry out our responsibilities. However, we will not be held responsible if we are unable to contact you promptly or even at all.
- 28. WHEN THE TERMS WILL NOT BE VALID**
- 28.1 Each term or condition of the Agreement is separate. If we cannot enforce any term or condition or it is invalid or breaks any laws or Applicable Regulations, it will not affect any of the other terms and conditions. However, if such term or condition affects the commercial basis of the Agreement or our relationship, we and you will negotiate in good faith to change that term or condition to correct the situation.
- 29. TIME FOR CARRYING OUT OUR AND YOUR RESPONSIBILITIES**
- 29.1 If the Agreement gives a time or period by which we or you must carry out the responsibilities under it, we must both keep to these timescales. If there is no timescale given, any responsibilities must be carried out within a reasonable time in the circumstances. We may serve a notice on you (and you may serve a notice on us) stating that legal action may be taken if the responsibility is not met within the reasonable period given.
- 30. THE FULL AGREEMENT**
- 30.1 We believe that the Agreement contains all those terms which have been agreed between us and you. The fact that an agreed term is not set out in the Agreement does not necessarily mean it is not binding. However, you (or we) will need to be able to prove that the term was agreed and that the person who agreed it was authorised to do so. If you believe that something has been agreed which is not set out in the Agreement, please tell us so we can include it in the Agreement. The law implies certain terms in an agreement even though they may not be stated in it. This is especially the case for those terms which are too obvious to need stating (for example, that you will not commit fraud against us), or are needed to make the Agreement effective in the way you and we intend.
- 30.2 We are governed by certain requirements under the Applicable Regulations. It is not a term of the Agreement that we keep to those regulations. If we choose not to, it is a private matter between us and the relevant authority. However, that does not affect any rights of action you may have against us which those regulations give you.
- 31. CHANGES TO THE AGREEMENT**
- 31.1 We may change the Agreement by sending you a written notice describing the relevant changes. These changes will apply from the date given in the notice.
- 31.2 Subject to clause 31.3, we will give you at least 30 days' notice of any changes. If you do not accept the change, you may end the Agreement by giving us notice in line with clause 33.
- 31.3 For certain valid reasons, we may give you immediate notice of a change to the Agreement including in order to:
- reflect any changes or expected changes in the Applicable Regulations;

- protect ourselves or you against fraud by any person;
- change our contact details;
- put right any mistake that may be discovered in the Agreement;
- deal with changes in tax or interest rates;
- reflect other legitimate cost increases or reductions associated with providing our services to you; or
- make the Agreement clearer, fairer or more favourable to you.

If you do not accept the change, you may end the Agreement by giving us notice in line with clause 33. However, you will be bound by the amendment until you end the Agreement.

No change to the Agreement will affect any legal rights or responsibilities which may have already arisen.

there is a valid reason for doing so such as:

- if we reasonably suspect you have acted, or will act, fraudulently or in breach of Applicable Regulations in relation to the Agreement;
- your bankruptcy or inability to pay your debts as they fall due or where we reasonably believe you may not be able to meet your obligations to us under the Agreement; or
- your material breach of the Agreement.

If this happens, we will promptly tell you why (unless we are not permitted to do so for legal reasons or other limited circumstances beyond our control).

32. COMPLAINTS

32.1 If you have any complaint about our services, you should contact our Chief Risk Officer at Quilter Cheviot Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4AB, who will investigate the complaint.

32.2 We have an internal procedure for handling complaints, full details of which are available on request. We will do our best to resolve your complaint as quickly as possible. We will promptly acknowledge your complaint by letter and will also send you a copy of our procedure for handling complaints. You can ask us for a copy of this at any time. Once we have investigated your complaint, we will send you a final response letter. If for any reason you are not satisfied with our response, you may be eligible to refer the matter to the Channel Islands Financial Ombudsman. The address you should write to is: Channel Islands Financial Ombudsman (CIFO), PO Box 114, Jersey, JE4 9QG. To the extent that your complaint is in relation to services which are provided by our UK Head Office, you may refer the matter to the Financial Ombudsman Service in the UK. The address you should write to is:

The Financial Ombudsman Service, Exchange Tower, London E14 9SR. You can also get more information, and a complaint form to use the service, from the Financial Ombudsman's website at www.financial-ombudsman.org.uk.

33. ENDING AND CANCELLING THE AGREEMENT

33.1 You may end the Agreement at any time by giving us written notice and the Agreement will end with immediate effect when we receive your written notice. If you cancel one of our services, but stay our client, we will continue to charge you for the services you still receive from us.

33.2 We may end the Agreement at any time by giving you 30 days' notice in writing. We do not need to give you a reason.

33.3 We may also end the Agreement immediately if

33.4 The terms of the Agreement shall, even after termination, continue to govern any legal rights or obligations which may already have arisen or which relate to our services under the Agreement. If the Agreement is ended, we may ask you for your instructions regarding any investments and money we hold for you and it will not stop us from completing any outstanding transactions. This may also involve settling any transactions and you paying any charges and other amounts due. These include our charges, commission and any expenses we have had to pay in ending these arrangements. It also includes any losses and expenses we incur in closing out any transactions or settling or concluding outstanding obligations on your behalf.

33.5 If you ask us to re-register or transfer your investments, you may be charged to cover the cost of us doing so.

33.6 Individual transactions entered into (including those for assets held as collateral) will continue even if you end the Agreement and so you will have to pay the normal charges. You will pay us the charges as a result of you ending the Agreement and agree that those charges are not penalty charges.

33.7 We may close any Account which has not been active for more than 12 months. Before we close any Account, we will give 30 days' notice to you at the last address you gave us.

33.8 If you die and have an Account solely in your own name, the following will apply.

33.8.1 The service which we have provided to you will stop and we will no longer actively manage your Account on a Discretionary Basis or provide any advice on the investments in it. We will apply our charges at the relevant 'execution-only' rate then in force.

33.8.2 Unless we agree otherwise, we will only take instructions from your personal representatives once they have given us certified copies of your death certificate and grant of probate or letters of administration. Once we have received all the documents we need from your personal representatives, we will accept their instructions sell investments in your Account and pay out the cash proceeds to your estate or transfer assets to beneficiaries (if applicable).

33.8.3 Subject to Applicable Regulations, we may agree to pay money direct to relevant tax authorities to cover inheritance tax liabilities or liquidate your Account before we have received the certified copy grant of probate or letters of administration. However, this only applies if we are protected,

to our satisfaction, by all of the personal representatives named in your will or those eligible (and planning) to apply for the letters of administration. Unless we agree otherwise, in no circumstances will we release any money (other than to relevant tax authorities) before we have received the certified copy grant of probate or letters of administration. We will not provide any other services to your personal representatives unless they set up an Account in their own name and complete our Account-opening process.

33.8.4 Due to the sensitive nature of dealing with the affairs of clients who have died, we may ask for other documents from your personal representatives (beyond those shown in clause 33.8.2 above) before carrying out any actions on your Account (for example, your will if you made one). We will not be able to complete any action or process any instructions until we have received all the documents we require and may also not be able to complete such action or process such instructions as quickly as would normally be possible.

34. NOTICES AND OTHER COMMUNICATIONS

34.1 All notices must be given in writing in English and will be sent to the relevant address given in the Application Form, or to any new address that has been supplied by you in line with this clause.

34.2 Subject to clause 22, you may communicate with us generally by post, by email, or face-to-face or by phone. We may decide the way in which you must send different types of communications (including changes in your contact information and dealing instructions) to us and the addresses to be used for that purpose. We do not have to act on any communications that are sent in a way that is not consistent with these methods.

34.3 We will assume a notice has been received (unless it is proved differently) on:

- the third business day after posting if it is sent by first-class post; or
- the next business day after sending, if sent by email.

35. AMALGAMATIONS, MERGERS AND TRANSFERS

35.1 The Agreement will still be valid and binding on you even if we amalgamate or merge with any other company or if we sell or transfer all or any part of our business to another organisation. We may transfer or assign any of our rights or obligations under the Agreement, in whole or in part to a third party provided we act in accordance with the Applicable Regulations and reasonably consider that such a transfer will not materially affect the services provided under the Agreement. We may do this upon giving you at least 30 days' written notice unless you have given us notice terminating the Agreement on a date before any transfer. If we carry-out such a transfer and it will cause you significant disadvantage, you may end the

Agreement by giving us written notice.

35.2 If we transfer our rights and obligations under the Agreement, in whole or in part, to another member of our group which we have satisfied ourselves holds the necessary regulatory authorisation, we may act as your agent for the purpose of giving effect to the transfer and assignment of our rights and obligations in accordance with this clause, including the provision of any consent to the transfer of your investments and money to another member of our group, its nominee or a third party.

35.3 The Agreement is for our benefit and is binding on us and anyone who takes over our business. You cannot transfer your rights and responsibilities under the Agreement or any interest in it without our written permission and any attempt by you to do so without our permission will not be effective.

36. RECORDS

36.1 Our records, unless shown to be wrong, will be evidence of your dealings with us in connection with our services. You agree that we may use copies of our records as evidence in any legal or regulatory proceedings and they do not have to be the originals, or in writing. We can also use documents produced by computer. You must not rely on us to meet your responsibilities for keeping records. However, we may make our records available to you if you ask, we decide or we have to according to Applicable Regulations.

36.2 In line with the Applicable Regulations, we will keep your records for at least five years and where required 10 years. We may extend this period as a result of any change in the Applicable Regulations, our policy or any Agreement between you and us. You may not ask us to destroy or delete any record relating to you unless we have to do so because of the Applicable Regulations.

37. DISPUTES AND LANGUAGE

37.1 The Agreement and any dispute or claim arising out of or in connection with it will be governed by Jersey law. Any disputes will be dealt with by the courts of Jersey.

37.2 Our documents, other information and the communications between us and you will be in English.

STOCKS AND SHARES ISA TERMS AND CONDITIONS

INTRODUCTION

These ISA Terms and Conditions apply to the Quilter Cheviot Limited Individual Savings Account (the "Quilter Cheviot Limited ISA") in addition to the main Terms and Conditions which govern your overall relationship with us (the "Main Terms and Conditions"). If there is any inconsistency between the ISA Terms and Conditions and the Main Terms and Conditions, the ISA Terms and Conditions will apply. By signing the ISA Application Form and returning it to us, you will be entering into a legal customer agreement with us governed by these ISA Terms and Conditions. The ISA Terms and Conditions replace any terms we may have previously told you about to do with your Quilter Cheviot Limited ISA (your "ISA").

If you do not have an existing Account with us, you will need to open an Account and sign up to our Main Terms and Conditions and the other documents which make up our client agreement under them.

The Quilter Cheviot Limited ISA is a stocks and shares ISA. The ISA Regulations allow you to invest in one cash ISA, one stocks and shares ISA, one Innovative Finance ISA and one Lifetime ISA, up to the annual ISA subscription limit, each tax year.

You must apply in writing on the Application Form provided (the "ISA Application Form"). We will not accept a faxed copy of the ISA Application Form. We will act as ISA manager for your stocks and shares ISA and we are approved by HM Revenue & Customs to do this.

Your ISA is subject at all times to the ISA Regulations and, should there be any inconsistency between these ISA Terms and Conditions and the ISA Regulations, the ISA Regulations will apply.

1. OUR STATUS

- 1.1 As an ISA manager, approved by HM Revenue & Customs to manage the stocks and shares part of an ISA, we will manage your ISA in line with The Individual Savings Account Regulations 1998 ("ISA Regulations"), as amended from time to time.

2. CATEGORIES OF OUR ISA

We will be responsible for making sure that investments we buy for your ISA are qualifying investments under the ISA Regulations (see clause 4 of these ISA Terms and Conditions for further details).

- 2.1 **Discretionary and Managed Portfolio Service ISA**
We will manage the investments in your ISA on a Discretionary Basis alongside your main Account investments and on the basis of the information you, or your agent, have given us. This means that we will carry out investment transactions for your ISA without asking you first.
- 2.2 **Advisory Portfolio Service, Advice and Dealing and Execution-only ISA**
For advisory or advice and dealing ISAs, we will provide advice on the investments in your ISA in accordance with the Main Terms and Conditions, taking into account any information you or your agent have given us.

For advisory ISAs, advice and dealing ISAs and execution-only ISAs, all investment decisions will be yours and we will carry out all dealing instructions as your agent.

3. ISA SUBSCRIPTIONS AND CANCELLING YOUR ISA

- 3.1 We will treat your ISA application as your authority to continue to transfer the maximum allowable subscription to your ISA from your non-ISA Account each tax year, until you write to cancel this authority. Your application will be valid for subscriptions made in future tax years.
- 3.2 You will not have to fill in another ISA Application Form unless there has been a break in your contributions to your ISA for a complete tax year or more, or if you have previously cancelled your continuous authority.
- 3.3 By paying the maximum allowable subscription, you cannot invest in another ISA in the same tax year. In any tax year, you can pay into only one stocks and shares ISA.
- 3.4 If these ISA Terms and Conditions are concluded "at a distance" (which means you do not meet with a Quilter Cheviot employee before agreeing to them), or if this is your first Quilter Cheviot Limited ISA and we have advised you to purchase the ISA (and it was not concluded "at a distance"), you have 14 days to cancel your ISA and these ISA Terms and Conditions. The cancellation period will start on the date on which we agree to provide the ISA or, if later, the date you receive the ISA Terms and Conditions.
- 3.5 If you exercise your right to cancel, we will return to you any cash we hold for you and transfer to you any investments which we hold for you, less any fees and expenses due to us. There may be a shortfall if we have carried out transactions on your behalf during the cancellation period. You will bear that market risk.

4. ISA INVESTMENTS

- 4.1 The ISA Regulations give details of the types of UK and foreign securities which may be included in an ISA ("qualifying investments"). Subject to the ISA Regulations, qualifying investments may include certain UK and overseas equities, a range of UK gilts and fixed-interest securities and a range of unit trusts, open ended investment companies (OEICs) and investment trusts.

5. WITHDRAWALS

- 5.1 If you want to withdraw cash or any investment from your ISA, you must instruct us as set out in the Main Terms and Conditions. Subject to the ISA Regulations, when we receive your written instructions, we will transfer all or part of the investments and any proceeds arising from those investments, to you. We will do this within any reasonable time you give us to do this, subject to any reasonable business period we may require to implement your request which will not be more than 30 days. Occasionally it may take longer to

complete the transfer due to factors beyond our control.

- 5.2 Once you have reached the combined ISA subscription limit for a tax year (across all permitted ISA types), you may not make any more subscriptions into your ISA. However, our ISA is a flexible ISA. This means that, if you make withdrawals from your ISA, any further subscriptions you make to your ISA in the same tax year will only count towards your ISA subscription limit for that tax year if all withdrawn amounts are fully replaced. Withdrawals from a flexible ISA may only be paid back to the account the funds originally came from, and in any event must be replaced in the ISA before the end of the tax year in which such funds were withdrawn.

6. ENDING YOUR ISA

- 6.1 Subject to the ISA Regulations, you may end your ISA at any time by giving us at least 30 days' written notice. We will liquidate the holdings in your ISA and transfer the cash to you (after deducting any amount we may be entitled to deduct or have to deduct under the ISA Regulations, for example in respect of fees, charges or the settlement of outstanding transactions). We may also re-register the investments in your name or transfer them to another non-ISA account. These ISA Terms and Conditions will continue to apply to your ISA until all transactions have been carried out and amounts owing have been paid. If we end the ISA, you will pay any tax necessary and carry out any other obligations due which relate to your Accounts with us. You authorise us to take from your ISA any assets we consider necessary to satisfy our responsibilities under the ISA Regulations, your tax responsibilities or any amounts you owe us under these ISA Terms and Conditions or any other agreement with us.

We may end your ISA if it is in breach of the ISA Regulations (void). We will tell you if your ISA has or will become void by reason of any failure to satisfy the provisions of the ISA Regulations. If an ISA is made void, you may lose part or all of your tax exemption relating to the ISA. We have to give HM Revenue & Customs full details of any void ISA, including the personal details of the investor.

We may terminate our services as ISA manager by giving you at least 30 days' written notice.

If you die on or after 6 April 2018, following your death, your ISA will automatically stop being exempt from tax upon the earlier of: (i) the date of completion of the administration of your estate; (ii) the third anniversary of your death; and (iii) the date of withdrawal of all investments and cash from your ISA. If your death occurred on or before 5 April 2018, your ISA automatically stops being exempt from tax from the date of your death.

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

7. TRANSFER

7.1 Transfer to another manager

Subject to the ISA Regulations, if you send us a transfer application form from your new ISA Manager, we will transfer all or part of your ISA to your new ISA manager as long as they agree to the transfer. Ordinarily the transfer will be completed within 30 days but occasionally it may take longer to complete due to factors beyond our control.

We can either liquidate the holdings in your ISA and transfer the cash, or transfer the assets and any cash balance in your ISA, to your new manager. However, we will deduct amounts we are entitled to keep or which we have to deduct under these ISA Terms and Conditions or under the ISA Regulations (for example in respect of fees, charges or the settlement of outstanding transactions). If we are transferring assets rather than liquidating the ISA, we will not have to complete the transfer until you have paid us all amounts you owe us.

Once you have instructed us to transfer your ISA to another ISA Manager, unless we agree otherwise, we will not undertake any further subscriptions on your behalf or accept any request to replace funds previously withdrawn pursuant to the ISA Regulations applicable to flexible ISAs (and as described in clause 5.2 of these ISA Terms and Conditions).

Transfer from another manager

We may, at our discretion, accept your existing ISA from another ISA manager, either as a transfer in cash or by them transferring investments held in the existing ISA (as long as the investments qualify to be included in a Quilter Cheviot Limited ISA).

You should fill in our ISA transfer authority form to give us, and your existing ISA manager, your written instructions.

We do not have to accept a transfer of an ISA from another ISA manager.

8. YOUR ASSETS

- 8.1 The investments in your ISA will be registered in the name of one of our nominees (the legal owner), but the investments in your ISA will be, and must remain, in your beneficial ownership. The investments in your ISA must not be used as security for a loan.

The share certificates or other documents evidencing title to the investments in your ISA will be held by us or as we may direct. We will be responsible for looking after them as described under the heading 'Your assets' in the Main Terms and Conditions.

9. SHAREHOLDER RIGHTS

- 9.1 In respect of your ISA investments, if you ask, we will arrange for you to:
- (a) receive a copy of the annual report and accounts issued by any organisation whose shares, securities or units are held directly in your ISA;
 - (b) attend shareholders', securities holders' or unit trust holders' meetings;

- (c) vote (as proxy for our nominee (a proxy is a person authorised to act for another)); and
- (d) receive any other information issued to shareholders, securities holders or unit holders.

However, you will need to give us reasonable written notice to arrange these services and we reserve the right to apply a charge for doing so (which we will notify you about on receipt of your request).

10. COMMISSION AND OTHER CHARGES

- 10.1 You can find full details of our charges for your ISA in your Schedule of Charges and the Costs and Charges Information. Subject to Applicable Regulations, we will take dealing commission and other charges related to the purchase and sale of ISA investments (including stamp duty and stamp duty reserve tax), if they apply, from your ISA when we carry out transactions on your behalf. We may take all other fees and charges related to the administration of your ISA from your ISA but, subject to our agreement we may, on request, take such charges from your non-ISA Account. We take management charges every three calendar months for the three months just passed. These are based on the mid-market value of your ISA at each month-end averaged over the charging period and are subject to VAT. If there is not enough money in your ISA to meet the relevant charges or, as applicable, we are unable to deduct the charges from your non-ISA Account we may without prior notice to you sell enough of your ISA investments to allow us to take the charges.

If you close your ISA, we will calculate the charge by using the average value of your ISA on the date it closes and each previous month-end (as above) for the period from the last fee billing date to the date you close the ISA.

11. CONFIDENTIALITY

- 11.1 Unless it says otherwise in the Main Terms and Conditions, we will not use confidential information (including your date of birth and National Insurance number), which you have to give us in the ISA Application Form, for purposes other than those for which it is collected. You authorise us to give HM Revenue & Customs, the FCA or any other regulatory body any information we consider is necessary or appropriate to provide to them under the Agreement, the ISA Regulations or the FCA Rules or which they request.

12. DELEGATING OUR DUTIES

- 12.1 We may delegate any of our functions or responsibilities under these ISA Terms and Conditions to another organisation. If we do, you authorise us to give that company any information about your ISA they may need for this purpose.

We shall satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these ISA Terms and Conditions is competent to carry out those functions and responsibilities.

13. OTHER RISKS EXPLAINED

- 13.1 Once you have made the maximum allowable subscription to the Quilter Cheviot Limited ISA in a particular tax year, you will not be able to subscribe to another stocks and shares ISA in the same tax year that you make this contribution. By making the maximum allowable subscription, you will also be prevented from investing in another ISA in the same tax year.

- 13.2 When we refer to tax rates and concessions in our published documents in relation to ISAs, we mean those which at any current time apply. Tax relief and tax law may change in future and any tax relief will depend on your personal circumstances.

ANNEX 1. RISK DISCLOSURE

PART I: INTRODUCTION

This Annex cannot disclose all the risks and other significant aspects of our investment products and services. You should satisfy yourself that you fully understand the conditions which apply to such investment products and services and the potential risk exposures. Please note that we will send you regular reports on the services we provide to you and will include in those reports the costs associated with the transactions and services we undertake for you.

This Annex is intended to give you information on, and a warning of, the key risks associated with our investment products and services so that you are able to understand the most significant risks associated with the investment products and services being offered and, consequently, to take investment decisions on a more informed basis.

You should consider this Annex carefully before deciding whether or not to invest in any of our investment products.

You must not rely on the guidance contained in this Annex as investment advice based on your personal circumstances, nor as a recommendation to enter into any investment service or invest in any investment product.

Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not invest in any investment product or agree to receive any investment service unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that any product or service is suitable for you in light of your financial position and investment objectives and, where necessary, you should seek appropriate independent advice in advance of making any investment decisions.

All financial products carry a certain degree of risk. Even “low risk” investment strategies involve an element of uncertainty. The types of risk that might apply will depend on various matters, including how any relevant product instrument or service agreement is created or drafted. Different instruments involve different levels of exposure to risk.

Risk factors may occur simultaneously and may compound each other resulting in an unpredictable effect on the

value of any investment. The value of investments and the income from them can fall as well as rise and you might lose the original amount invested. Fluctuations in such value and income can result from factors such as market movements and variations in exchange rates. Past performance is not a reliable indicator of future results.

PART II: PRODUCTS AND INVESTMENTS

Set out below is an outline of the major risks that may be associated with an investment in certain types of financial instruments. This Part II should be read in conjunction with Parts III and IV.

1. SHARES AND OTHER TYPES OF EQUITY INSTRUMENTS

1.1 General

When you buy or subscribe for equities issued by a company, you are buying a part of that company

and you become a shareholder in it. The aim is for the value of your shares to grow over time as the value of the company increases in line with its profitability and growth. In addition, you may also receive a dividend, which is an income paid out of the company’s profits. A risk with an equity investment is that the company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments, or the share price may fall. If the share price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business. The company’s performance may deteriorate in relation to its competitors, leading to further reductions in the share price.

Ultimately the company may become vulnerable to a takeover or may fail.

Shares are generally a fairly volatile asset class – their value can go up and down more than other classes. Shares and other types of equity instrument also have exposure to the ‘Generic Risk Types’ listed in Part III below, which include market risk (e.g. problems in the company’s industry sector), and liquidity risk (whereby shares could become very difficult to sell, particularly if the company is private (i.e. not listed or traded on an exchange), or is listed but only traded infrequently). Note that if a company goes into liquidation, its shareholders rank behind the company’s creditors (including its subordinated creditors) in relation to the realisation and distribution of the company’s assets – with the result that a shareholder will normally only receive money from the liquidator once all of the creditors of the company have been paid in full, if any proceeds of the liquidation remain.

1.2 Ordinary shares

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares.

Ordinary shares usually carry a right to vote on certain issues at general meetings of the issuer. There is no guaranteed return on an investment in ordinary shares for the reasons set out in 1.1 above and in a liquidation of the issuer, ordinary shareholders are amongst the last who have a right to repayment of their capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

1.3 Preference shares

Unlike ordinary 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.

1.4 Depository receipts

Depository receipts include American or European Depository Receipts (ADRs or EDRs), Global Depository Receipts or Shares (GDRs or GDSs) or other similar global instruments that are receipts representing ownership of shares of a foreign-based issuer. They are typically issued by a bank and will represent a specific number of shares in a company. Depository receipts are designed for U.S. and European securities markets as alternatives to purchasing underlying securities in their corresponding national markets and currencies. They are traded on a stock exchange which may be local or overseas to the issuer of the receipt. They may facilitate investment in the company due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share (see 1.1 - 1.3 above) and to the bank issuing the receipt.

1.5 Penny shares

A “penny share” is a term used to describe shares which have a speculative appeal because of their low value. It is likely that there will be a big difference between the buying price and the selling price of these shares. The price may change quickly and it may go down as well as up. If the equities in which you are invested include penny shares, you should be aware that there may be a significant difference between the purchase and sale price of such shares and, if you need to sell the shares, you may get back much less than you paid for them.

2. WARRANTS

2.1 A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the issuer of the warrant. The issuer of the warrant might be either the original issuer of the underlying securities or a third party issuer that has set aside a pool of the underlying securities to cover its obligations under the warrants (these are called covered warrants). A relatively 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. The prices of warrants can therefore be volatile.

The right to subscribe for any of the investment products listed in 1 above or 3 or 4 below, which a warrant confers, is invariably limited in time with the consequence that 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 (which may be at or near the value of the underlying assets). Exercise of the warrant will give the warrant holder all the rights and risks of ownership of the underlying investment product.

Each warrant is a contract between the warrant issuer and the holder. You are therefore exposed

to the risk that the issuer will not perform its obligations under the warrant.

A warrant is potentially subject to all of the ‘Generic Risk Types’ listed in Part III below.

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.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a covered warrant).

For these instruments, see 7.3 below.

3. MONEY-MARKET INSTRUMENTS

3.1 A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower. Unlike in an overdraft, the borrower must specify the exact amount and the period for which he wishes to borrow. Like other debt instruments (see 4 below), money market instruments may be exposed to all of the ‘Generic Risk Types’ listed in Part III below, in particular credit and interest rate risk.

4. DEBT INSTRUMENTS/ BONDS/ DEBENTURES

4.1 All debt instruments are potentially exposed to all of the ‘Generic Risk Types’ listed in Part III below, in particular credit risk and interest rate risk.

Debt securities may be subject to the risk of the issuer’s inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity, and other economic factors, amongst other issues. 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.

5. UNITS IN COLLECTIVE INVESTMENT SCHEMES

5.1 Collective investment schemes and their underlying assets are potentially exposed to all of the ‘Generic Risk Types’ listed in Part III below.

There are many different types of 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. 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, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

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. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

Regulated collective investment schemes

Some collective investment schemes are regulated, which means that there are rules about (and limits on) the types of underlying investments in which the collective investment scheme can invest and the frequency and price at which investments in the collective investment scheme can be redeemed. In particular, the rules applicable to regulated collective investment schemes limit the extent to which they can invest in derivatives or leverage their portfolios. Regulated collective investment schemes include authorised unit trusts, OEICs (open ended investment companies, which are the same as ICVCs – Investment Companies with Variable Capital); SICAV (Societe d'investissement a capital variable); and FCPs (Fonds communs de placement).

Unregulated collective investment schemes

Other collective investment schemes are unregulated, which means that there are very few rules (or no rules) about the types of investments in which they can invest or the frequency at which they can be redeemed. Four of the most common types of unregulated collective investment scheme are hedge funds and fund of funds (in relation to each of which see 6 below), private equity funds and real estate funds.

and to generate improved returns (known as gearing or leverage). These and other techniques introduce additional financial risks, which may not be present in other investments. Sophisticated monitoring of the current investment positions by the hedge fund managers aims to limit the level of risk involved but unforeseen circumstances may result in part or total loss of your investment.

A "fund of funds" may invest in a portfolio of hedge funds and accounts managed by third party managers, utilising a variety of strategies.

Hedge funds are potentially subject to all of the 'Generic Risk Types' listed in Part III below. They may also be subject to the following additional risk factors.

- (a) **Borrowing Effect.** They use a variety of financial instruments, loans and short selling which can result in a substantial gearing effect. This gives rise to the possibility that small price movements can have a disproportionate effect on the fund value and sometimes a total loss of capital to the investor.
- (b) **Dealing.** Purchases and sales are usually made through the hedge fund manager. Dealing dates for these funds are typically monthly or quarterly and in extreme market conditions dealing frequency may be extended. You may not be able to realise your investment at short notice. Hedge funds are long-term investments but under certain circumstances may be closed to new investment or may be redeemed.
- (c) **Pricing and Valuations.** Hedge fund managers generally provide calculations of the net asset value on a monthly basis. Orders are placed in advance of the publication of the dealing price.
- (d) **Regulatory framework.** Hedge funds are usually domiciled in countries with minimal or no legal or regulatory framework (so-called "offshore funds"). The legal risks involved in enforcing possible claims may also need to be taken into account.
- (e) **Potential conflicts of interest.** A substantial proportion of the manager's remuneration is based on a performance fee. Managers can hold a substantial stake in the funds they manage and may have a direct or indirect interest in the underlying investments.
- (f) **Tax.** The tax treatment of hedge funds may differ from your other investments and we recommend that investors get specialist tax advice where they have a concern.

6. HEDGE FUND INVESTMENTS

6.1 A hedge fund is an unregulated collected investment scheme. It is an actively managed portfolio which aims to exploit market inefficiencies using a variety of sophisticated investment strategies in order to achieve a positive return in most market conditions. The investment return may not closely mirror familiar market indices.

The managers may buy and sell a wide variety of financial securities including bonds, equities, options and derivatives. The investment techniques employed may include selling securities not already owned with a view to buying them back at a lower price in the future (a technique referred to as short selling), insofar as this technique is permitted under the applicable regulatory regime. Managers may also borrow funds in order to facilitate transactions

7. COMBINED INSTRUMENTS

7.1 Any combined instrument, such as a bond with a warrant attached, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments (such as principal protected instruments) may contain risk mitigation features.

Structured products are a type of combined instrument. They are generally a type of fixed-term investment where the amount you earn depends on the performance of a specific market

(such as the FTSE 100) or specific assets (such as shares in individual companies or the value of commodities). Structured products can have a number of complicated features that define the return you might get. The income or growth is usually not guaranteed and you may get no return on your investment. The deduction of costs and charges could also mean you get back less than you invested. Consequently, structured products will not be appropriate for all clients and simpler alternatives may better meet your needs.

not be easily traded and rely on specific offers being made for the purchase (or sale) of them.

Liquidity can also be impacted by the settlement cycle for the particular instrument as it may not be possible to purchase a new instrument until the one being sold has completed that cycle.

PART III: GENERIC RISK TYPES

1. GENERAL

1.1 The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance.

The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the Issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage.

The 'Generic Risk Types' set out below could have an impact on each type of investment product or service.

2. LIQUIDITY

2.1 The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price.

In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back the relevant product.

The liquidity of an instrument may also be affected by the size of a proposed transaction, for example, it may not be possible to execute a particularly large order under normal market conditions or an order below a minimum threshold may need to be combined with other orders before it can be executed. In addition, private company or unlisted shares or those in companies which are subject to liquidation (or other insolvency) procedures may

3. CREDIT RISK

3.1 Credit risk is the risk of loss caused by borrowers, bond obligors, or counterparties failing to fulfil their obligations, or the risk of such parties' credit quality deteriorating.

4. MARKET RISK

4.1 General

The price or value of an investment will depend on fluctuations in the financial markets outside our control such as market supply and demand, investor perception and the prices of any underlying or allied investments.

4.2 Overseas markets

Any overseas investment or investment with an overseas element will be subject to the risks of overseas markets, which may involve different risks from your home market. In some cases the risks will be greater. The potential for profit or loss from transactions on overseas markets, or from contracts denominated in a currency that is different from your home currency, will be affected by fluctuations in exchange rates.

4.3 Emerging markets

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, and regulation found in more developed markets. For example, these markets might not have regulations governing manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. They may also be affected by political risk. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments.

5. CLEARING HOUSE PROTECTIONS

5.1 On many exchanges, the performance of a transaction may be "guaranteed" by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed.

6. INSOLVENCY

- 6.1 The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent or, indeed, investments not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the company that issued the bond.

7. CURRENCY RISK

- 7.1 In respect of any foreign exchange transactions and transactions and securities that are denominated in a currency other than that in which your Account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency.

Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

8. INTEREST RATE RISK

- 8.1 Interest rates can rise as well as fall. A risk exists with interest rates that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products.

9. REGULATORY/LEGAL RISK

- 9.1 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 profitability. Such risk is 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.

The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive

effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.

Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. 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. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts

10. OPERATIONAL RISK

- 10.1 Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also affect shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

11. LIQUIDITY AND DISCRETIONARY INVESTMENT SERVICES ACCOUNTS

- 11.1 Withdrawals that you make from discretionary investment services accounts of debt repaid from such accounts may adversely affect the overall performance of your portfolio.

Furthermore, where you instruct us to purchase or liquidate sizeable assets in a given portfolio with concentrations in a particular market, then this may affect the price: e.g. a significant withdrawal from a portfolio may compel us to sell positions at a price that we normally would not have sold at.

12. U.S. DEPOSITOR PREFERENCE

- 12.1 In the liquidation or other resolution of a U.S. insured depository institution, deposits in U.S. offices and certain claims for administrative expenses and employee compensation are afforded a priority over other general unsecured claims, including deposits in offices outside the U.S.

PART IV: TRANSACTION AND SERVICE RISKS

1. CONTINGENT LIABILITY INVESTMENT TRANSACTIONS

- 1.1 Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures, contracts for differences

or sell options, you may sustain a total loss of the margin you deposit with 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.

Where we are managing investments for you and your Account includes an uncovered open position in a contingent liability transaction, we will report to you any loss exceeding any predetermined threshold agreed between us no later than the end of the business day on which the threshold is exceeded or (where it is exceeded on a non-business day), the next business day.

2. COLLATERAL

- 2.1 If you deposit collateral as security with us, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a regulated market (see 4 below), with the rules of that exchange (and the associated clearing house) applying, or trading on another exchange or, indeed, off-exchange.

3. SHORT SALES

- 3.1 Selling "short" means to sell equity shares that you do not own at the time of sale. You have an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so you will either go into the market to buy the shares for delivery or you will "borrow" the shares under a stock lending arrangement.

Short selling is a technique used by investors who want to try and profit from the falling price of a share. If the price of the share drops after the investor has sold short (in other words at the time when he is buying or borrowing the shares for delivery), the investor will make a profit. If however the price of the share rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the share continues to rise before the investor has gone into the market to buy or borrow the share to settle the short sale.

4. OFF-EXCHANGE TRANSACTIONS

- 4.1 Certain financial services authorities have categorised certain exchanges as recognised or designated investment exchanges. A list of these exchanges can be found on the relevant regulators website. Transactions which are traded

elsewhere (i.e. "off-exchange") may be exposed to substantially greater risks. Unless you instruct us otherwise, we may deal for you in circumstances in which the relevant transaction is off-exchange. Such transactions may not be subject to the same investor protection standards as transactions executed on a recognised or designated investment exchange.

5. LIMITED LIABILITY TRANSACTIONS

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

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

6. COMMISSIONS

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

7. SUSPENSIONS OF TRADING AND GREY MARKET INVESTMENTS

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

Transactions may be entered into in:

- (a) a security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
- (b) a grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or

admitted to dealings on another exchange.

There may be insufficient published information on which to base a decision to buy or sell such securities.

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.

8. DEPOSITED CASH AND PROPERTY

8.1 You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. Certain property may be held by a third party outside the UK (which may also be outside the European Economic Area ("EEA")), and as such, the legal and regulatory regime applying to (and therefore your rights relating to) any such property may be different from that of the UK (or elsewhere in the EEA). It may not be possible for that property (other than cash) to be separately identifiable. For this reason, you may not get back the same assets which you deposited. The extent to which you may recover your cash or other property may also be governed by specific legislation or local rules. In some jurisdictions, property, which had been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Your cash or other property may be deposited with a third party who may have a security interest, lien or right of set-off in relation to that property.

9. STABILISATION

9.1 Transactions may be carried out in securities where the price may have been influenced by measures taken to stabilise it.

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public.

Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to the market for the first time, the price can sometimes drop for a time before buyers are found.

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

The Stabilisation Rules:

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

10. NON-READILY REALISABLE INVESTMENTS

10.1 Both exchange listed and traded and off-exchange investments may be non-readily realisable. These are investments in which the market is limited or could become so. Accordingly, it may be difficult to assess their market value and to liquidate your position.

11. STRATEGIES

11.1 Particular investment strategies will carry their own particular risks. For example, certain strategies, such as 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.

PART V: PROFESSIONAL DISCLOSURES

Except where noted, this Part V of this Annex will not apply to you unless you have been classified as a Professional Client.

Please note that (as for retail clients) we will send you regular reports on the services we provide to you and will include in those reports the costs associated with the transactions and services we undertake for you.

We may provide you with services in relation to all types of financial instruments, including:

- » transferable securities
- » money market instruments
- » units in collective investment undertakings

As for retail clients, we will send you a confirmation of each transaction undertaken with or for you, promptly after entering into that transaction with or for you. We will promptly send you the essential information concerning the execution of the order.

In deciding to deal with us in such financial instruments generally, and in any particular case, you must have already assessed the risks involved in those financial instruments and in any related services and strategies, which may (as relevant) include any of, or a combination of any of, the following:

- » credit risk
- » market risk
- » liquidity risk
- » interest rate risk
- » FX risk business, operational and insolvency risk
- » the risks of OTC, as opposed to on-exchange, trading, in terms of issues like the clearing house 'guarantee', transparency of prices and ability to close out positions
- » contingent liability risk
- » regulatory and legal risk

In relation to any particular product or service there may be particular risks which are drawn to your attention in the relevant term sheet, offering memorandum or prospectus.

You must not rely on the above as investment advice based on your personal circumstances, nor as a recommendation to enter into any of the services or invest in any of the products listed above. Where you are unclear as to the meaning of any of the above disclosures or warnings, we would strongly recommend that you seek independent legal or financial advice.

Quilter Cheviot Limited is registered in England with number 01923571, registered office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB, England. Quilter Cheviot Limited is a member of the London Stock Exchange; is authorised and regulated by the UK Financial Conduct Authority; has established a branch in Jersey and is regulated under the Financial Services (Jersey) Law 1998 by the Jersey Financial Services Commission for the conduct of investment business in Jersey; has established a branch in the Dubai International Financial Centre (with number 2084) which is authorised and regulated by the Dubai Financial Services Authority. Accordingly, in some respects the regulatory system that applies will be different from that of the United Kingdom.

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