QUILTER CHEVIOT

INVESTMENT MANAGEMENT

TERMS AND CONDITIONS

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CLIENT TERMS AND CONDITIONS (UK)

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 of the agreement carefully before signing. 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 order execution policy and list of execution venues;
- the application form;
- the schedule of charges;
- the interest information;
- the sundry charges information
- (if you receive our managed portfolio service using a platform) the Managed portfolio service using a platform terms and conditions; and
- (if you have a Quilter Cheviot Limited ISA) the ISA terms and conditions.

Applicable regulations means:

(a) the 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.

Discretionary basis means we make all the decisions about what you should invest in unless we have agreed to follow any restrictions you have set.

Execution-only basis means we will carry out your instructions to buy and sell securities, but will not give you advice about the securities.

FCA means the Financial Conduct Authority of the United Kingdom and any successor organisations that regulate us.

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 **https://www.quiltercheviot.com/uk/private-client/important-information/schedule-interest-rates/** which we may update from time to time. By agreeing to these terms and conditions you agree to us providing this 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 (if you have a Quilter Cheviot Limited ISA).

Managed portfolio service using a platform terms and conditions means the terms and conditions for that service supplied with these terms and conditions.

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/uk/private-client/important-information/order-execution-policy-policy/** which we may update from time to time. By agreeing to these terms and conditions you agree to us providing this information on our website. However, we can send a copy of the order execution policy and list of execution venues to you if you ask.

Platform means a third-party service provider which carries out instructions to buy and sell investments and holds and deals with your investments and money instead of us.

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.

Sundry charges information means the sundry charges information published on our website **www.quiltercheviot.com/uk/private-client/important-information/sundry-charges**, which we may update from time to time. By agreeing to these terms and conditions you agree to us providing this information on our website. However, we can send a copy of the sundry charges information to you if you ask.

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

We, us, our means Quilter Cheviot Limited, whose registered office is at 1 Kingsway, London WC2B 6AN (or 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 they are acting on behalf of.

When we say person we also include a business (whether or not it has a separate legal personality) and that person's legal and personal representatives, successors and anyone they are allowed to transfer their rights to.

Any reference to an Act of Parliament includes any amendment, extension, or re-enactment, and any legislation made under it which may be in force.

The agreement contains certain confirmations from you to us. These confirmations are, what we call in legal terminology, representations and warranties. This means that we are entitled to rely on these confirmations without the need to check whether they are correct and will have legal rights against you if they are not. Those legal rights may include the right to end the agreement and the right to recover damages for any loss which we may suffer. If we rely on any of these confirmations, it does not mean we will be liable to you in any circumstances where we would have done so even if we knew the confirmation was not correct.

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. It is for information only.

1. INTRODUCTION

1.1 We are a member of the London Stock Exchange and are authorised and regulated by the FCA. We are a financial services firm on the FCA Register with registration number 124259. The address of the FCA is 25 The North Colonnade, Canary Wharf, London E14 5HS.

1.2 We must keep to all applicable regulations and will not break any of these regulations despite any term of the agreement. This means that if there is any difference between these terms and conditions 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 You should be aware that we have to co-operate with regulatory authorities in their dealings and if they make any enquiries. This may involve reporting or releasing relevant information about you and your dealing in securities (for a definition of 'securities', please see the glossary at www.quiltercheviot.com).

1.4 We take part in the Financial Services Compensation Scheme (FSCS). Under the scheme, individuals and small businesses who have lost money as a result of an investment firm (such as us) not being able to pay out all we are due to pay out, may qualify for compensation. The compensation limit is £50,000 for each claim. The scheme 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 Rules. This category 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 UK Financial Services Compensation Scheme).

You may ask us to change your categorisation to professional client or eligible counterparty but we will not be obliged to agree to any such request. Please note that 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 or eligible counterparty, a number of FCA Rules will cease to apply to you including: Disclosures about services, Appropriateness, Financial Promotions, Best Execution, Investor Compensation Scheme and you may not be able to complain to the Financial Ombudsman Service. Accordingly, if you request to be categorised as a professional client or eligible counterparty and we agree to such request, these terms and conditions will be modified. We will explain this in more detail when responding to your request for re-categorisation.

2.2 You confirm that:

(i) you have, and will have during the term of the agreement, all powers, permissions and authority you need to enter into and keep to the terms of the agreement;

(ii) you own all cash and investments transferred to us or which we hold for you and they are free from any restriction on them, (such as a legal charge) (other than the restrictions granted under the agreement);

(iii) 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

(iv) the information given to us on your application form is correct and not misleading.

If you give us information (for example on the application form), we will assume that it is accurate and will have no responsibility if the information changes or becomes inaccurate. You must let us know about any changes to the information supplied.

2.3 Under the European Directive on Distance Marketing of Financial Services (2002/65/EC) to consumers, we must give you certain information for agreements entered into that are made using one or more methods of 'distant communication' (in other words, by phone, internet, fax, or post). This information is included in this clause and throughout the agreement.

If the European Directive on Distance Marketing of Financial Services to consumers applies, 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 England as the basis for our relationship with you in the time before we enter into any contract with you. As described in clause 38.1, the agreement is also governed by English 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. 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, depending on the applicable regulations, generally 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
- Managed portfolio services
- Advice and dealing services
- Advisory portfolio services
- Execution-only services

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

4.2 We need to gather and check certain information before providing services to you. This includes your identity and, in some cases, the identity of certain associated people. 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. We may freeze your assets or return them to you until we have checked all the information we need, and we will not accept any legal responsibility for these actions.

4.3 Discretionary portfolio services

If you receive discretionary portfolio services from us, we will provide investment management services 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 Managed portfolio services

If you receive managed portfolio services from us, we will provide investment management services 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) depository receipts or other types of instrument relating to investments falling within (i) or (ii) above;

(v) unit trusts, open-ended investment companies, mutual funds and similar schemes in the UK or elsewhere; and

(vi) related or similar investments.

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. Unless we are providing our managed portfolio services to you using a platform, we will also provide related valuation and safe-custody services if these are needed, and any other services agreed between you and us. If we are providing our managed portfolio services to you using a platform, the 'Managed portfolio service using a platform terms and conditions' will apply.

4.5 Advice and dealing services

If you receive advice and dealing services from us, we will provide general dealing services 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;

(vii) options or other derivative instruments traded on a recognised or designated investment exchange (for a definition of 'designated investment exchange', please see the glossary at www.quiltercheviot.com); and

(viii) related or similar investments.

We will provide dealing services in relation to any of the investments referred to above. We will give you advice relating to your investments if you ask us for it. We will only provide this advice in relation to investments that are currently included on our research list of monitored investments. 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.

4.6 Execution-only services

If you receive execution-only services from us, we will, when we receive specific instructions from you, provide dealing services about (1) securities, and (2) options or other derivative instruments traded on a recognised or designated investment exchange (for a definition of 'designated investment exchange', please see the glossary at www.quiltercheviot.com). If this is the case, the following will apply.

4.6.1 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 portfolio, is suitable for you.

4.6.2 We are not a trading member of any derivatives exchange, and will use an intermediate broker, who will be governed by the rules and regulations of the relevant exchanges and markets of which we are a member. Unless we agree otherwise, all deals will be on an agency basis.

4.6.3 You may have to open a separate account with us so you can receive execution-only services from us.

4.6.4 You will not receive valuations or reporting on capital gains tax.

4.7 Advisory portfolio services

If you receive advisory portfolio services from us, we will provide investment management services on an advisory 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 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.

Depending on any restrictions set out in the application form, we will monitor your portfolio 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.

4.8 Suitability

4.8.1 In providing discretionary portfolio services, managed portfolio services or giving investment advice to you (whether as part of advice and dealing services or advisory portfolio services), under FCA 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 to you. We also have to gather information about your financial situation and your investment objectives. 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 this 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 in managing your portfolio:

(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 or in managing your portfolio.

4.8.2 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.

4.8.3 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. We may proceed with the transaction (depending on the applicable regulations) even when you are acting against our advice.

4.8.4 Where we have provided you with advice and are required to provide you with a suitability report under the applicable regulations, we will usually provide you with that report before carrying out any transaction to which that advice relates. However, where we have provided you with advice by a means of distance communication (for example over the telephone) and are required under the applicable regulations to provide you with a suitability report in relation to that advice, it may not be possible or practical to issue you with a written suitability report before the transaction is executed. In such circumstances, you may ask us to delay the transaction in order to receive the written suitability report before execution but, unless you do so, you agree to receive the suitability report from us without undue delay after the conclusion of the transaction to which the advice related.

4.8.5 Your financial adviser may recommend that you select a particular managed portfolio service strategy. If this is the case, they will be responsible for ensuring that the strategy they have recommended is suitable for you and, in particular, meets your investment objectives and risk tolerance both at the outset and on an ongoing basis. We will rely on your adviser to gather information on you relating to your knowledge and experience of the relevant types of investments for the managed portfolio service, financial situation

and investment objectives in order to assess the suitability of the managed portfolio strategy they have recommended to you. We will have no involvement in that process and we will not provide you with investment advice or recommendations in relation to this service. Our role will be limited to ensuring that the investments we buy and sell accord with the stated description and objectives of the relevant managed portfolio strategy.

4.9 Appropriateness

4.9.1 In providing services other than investment advice, managed portfolio services 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.

4.9.2 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.

4.9.3 If we have given you the warning described above and you ask us to go ahead with the transaction, we may do so anyway but, having regard to the circumstances and under the applicable regulations, we may refuse to carry it out for you.

4.10 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 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 FCA Rules which dictate when we need 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.

4.11 We do not provide any financial planning, legal or tax advice. This means that we will not be responsible for any tax consequences of our actions. Because of this, we strongly recommend that you get tax advice from an independent tax advisor tailored to your circumstances.

5. INVESTMENT OBJECTIVES AND RESTRICTIONS

5.1 Please read the application form, which asks you for information on the following.

(i) 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 restrictions you want to impose.

(ii) If we provide managed portfolio services to you, we need to know your investment objectives (if you receive managed portfolio services, you cannot state any investment restrictions).

5.2 If you receive discretionary portfolio 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 broken the agreement if your portfolio no longer keeps to your investment objectives, attitude to risk or restrictions, or due to market movements, corporate actions or other events beyond our control unless (in the case of managed portfolio services or 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 investments continue to meet your investment objectives, attitude to risk and restrictions. Nevertheless, we will continue to liaise regularly with you so that you may update us.

5.5 Risk disclosures

You must read the risk disclosures. If you are

not clear which 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 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 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 These 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, we will have all of the rights of someone with security over the property we have a charge over. As a result, we may sell, dispose of, cash in, 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 more documents we need and permission to take any further steps we may reasonably need to take, so we have a security interest in the property.

You must 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 (or are otherwise fully authorised to deal with the property in line with the terms of the agreement).

7.5 In the unlikely event that we, or any agent or clearing agent which holds the property, are unable to pay all amounts due, any part of the proceeds from selling the property which is more than the amount you owe us will be pooled in line with the FCA Rules. This means that you would have to share any shortfall with other clients.

7.6 You confirm to us that, unless we have agreed otherwise, nobody else will have an interest in, or right to, the property.

7.7 You authorise (without the ability to cancel the authority) each of our nominees, agents or clearing agents with whom you have deposited the 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 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 of the instructions we give them on your behalf.

8. RIGHT OF SET-OFF

8.1 We do not have to carry out our responsibilities to pay money or deliver property to you if you have not met your responsibilities to pay money or deliver property to us (whether under the same or other transactions). Instead we may offset any money you owe us against any money we owe you and then pay you any excess. When 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 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 by someone else involved in carrying out your transaction). If we receive the trade confirmation from someone else, we will send the trade confirmation to you no later than the first business day after we receive it. We do not have to send trade confirmations if you receive discretionary portfolio services or managed portfolio services from us, unless you have chosen to receive information about transactions on a transaction-by-transaction basis. If you receive managed portfolio services or discretionary portfolio services from us, we will assume you have chosen not to receive trade confirmations, and so we will not send them to you in line with this clause. 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.

9.2 If you receive discretionary portfolio services, managed portfolio services or advisory portfolio services from us, we will, subject to the rest of this clause, 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 Unless you contact us within 30 days of the date of the statement about any errors we will assume that you agree with its contents.

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 holding 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. We will use the most current exchange rates when valuing holdings in foreign currency.

Values quoted are not guaranteed. We will carry out valuations at the frequency and on the basis as you and we may agree.

9.5 In certain cases we may report to you excess reportable income for offshore funds held in our nominee on your behalf. Because we do not monitor all offshore funds, we may have to give you a 'best efforts' report. Your investment manager will tell you which investments we do monitor.

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 company as the case may be) are required to take 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:

- carrying out orders on your behalf;
- placing orders with other people or organisations for them to carry out where those orders result from our decisions to trade;
- providing discretionary portfolio services or managed portfolio services; or
- 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, if the order is not immediately carried out, you agree that 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, in order of sequence and promptly unless we consider that your order or current market conditions make this impractical or your interests mean we should do something else.

11. ONLINE ACCESS

11.1 You agree that we:

(a) may communicate with you by making the relevant information available on our website at www.quiltercheviot.com; and

(b) where appropriate, we may give you online access to your account or accounts and 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 terms of our website and email communications, the following will apply:

11.3.1 the internet may be interrupted or fail through no fault of our own;

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 or 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 do our best to take all reasonable steps to protect your personal information but cannot guarantee the security of any information you provide online. 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, these terms and conditions.

12. HOW WE CHARGE YOU FOR OUR SERVICES

12.1 You must pay us our fees noted in the schedule of charges and, where appropriate, the sundry charges set out in the sundry charges information. If we make a significant change to these fees, we will give you notice in line with clause 30. If you do not agree to the change, you may end the agreement in line with clause 32.1. You will also pay any amounts that we have paid on your behalf. We will take any fees due to us (or our agents) plus any VAT from any money we are holding on your behalf. We cannot take fees from an income account so, if there is insufficient money in your capital account to cover fees due to us, that account will go overdrawn (unless it is an ISA account) and, if necessary, we will request additional money from you to clear the overdraft.

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 Depending on any applicable regulations and clauses 12.3 and 12.4 below, we may share fees 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. On all currency conversions we impose a charge of up to 0.75% on the exchange rate applied. Any pay or sharing arrangements will either be shown on the relevant confirmation or you can get the details by writing to us. We may receive trail commission (for a definition of 'trail commission', please see the glossary at www.quiltercheviot.com) from unit trusts, their promoters or managers for retail units you bought before 31 December 2012. Any amounts we receive will be in addition to the charges outlined in the schedule of charges.

12.3 Depending on clause 12.4 below, we will pay adviser charges to an adviser in line with the FCA 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 from your account. We may take any action allowed under the FCA Rules to raise cash so we can make the payments on your behalf.

12.4 Payments to advisers made or agreed before 31 December 2012.

If it is allowed under FCA Rules, we will pay your financial adviser trail fees, commission or benefits in kind which are not governed by the adviser charging rules if:

(1) a financial adviser provides a permitted personal recommendation (which you act on within a reasonable time) about a retail investment product you buy or arrange a contract for before 31 December 2012; or

(2) we and the financial adviser agree to make payment in this way.

We will take the payment and any VAT from your account.

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 someone else closes your account (this includes from the date we are told about your death). From this time, we will make our charges at our 'execution-only' rates. We will give the person who tells us abut closing your account the execution-only rates then in force. Our current execution-only rates are set out in the schedule of charges but may change.

12.7 If there is a change in any applicable regulations (including any VAT-related tribunal or court case or any HMRC practice) and this means that any of our fees which you have already paid in line with the agreement are treated, as a result of the change, to have included an amount of VAT which was not properly due, you may write and ask for a refund from HMRC. If you make the request, as long as you pay any costs and expenses we have to pay, and depending on the rest of this clause, we will:

(1) take any action we reasonably need to take to claim a refund of the overpaid VAT if this is allowed under the applicable regulations;

(2) pay you an amount equal to the amount actually received (which may be different from the amount you expect) from HMRC for the claim, less any costs and expenses we have to pay as a result of making the claim; and

(3) not have to take any action which:

(i) involves us taking part in any legal action or dispute resolution with HMRC or any other tax authority or anyone else; or

(ii) we believe is not, or would not be, in the interests of our business.

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. We, or any connected person, may have interests which conflict with those of our clients. We aim to treat our clients fairly and appropriately. One of the ways in which we try to achieve these aims 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 keep and 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. 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. We have a policy to meet this obligation and below is a summary of that policy and the main information that you need to understand the measures we are taking to protect your interests. We have designed our policies and procedures to make sure that we identify possible conflicts of interest that arise or may arise between us and our clients and between our clients. 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 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 business units. And, we may regulate the personal investment and business activities of our employees to prevent conflicts of interest arising against the interests of clients.

13.3 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.

13.4 You can ask us for more details of our conflicts of interest policy.

13.5 Depending on clause 13.1, 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 FCA Rules.

13.6 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.

13.7 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.

13.8 We may match your transaction with that of another customer by acting on their behalf as well as yours.

13.9 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.

13.10 We may delegate to any person or organisation any of our duties, functions or powers. If we do this 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.

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 unlikely that doing so will work overall to the disadvantage of any client whose order we have aggregated. (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. 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 offset any amounts that you owe us against 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 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 know as 'actual' and we will be acting as your agent for these purposes unless otherwise agreed by us. This is described in more detail in clause 15.3 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 to us 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 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 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) buy (at your expense) any securities again 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.

15.5 You will have to pay us interest on any outstanding balances (sterling or non-sterling) before or after any court judgment (if this applies) at a yearly rate of 4% above the Bank of England's bank rate.

15.6 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 our costs and amounts due to us.

15.7 We may refuse to make a payment due to you, or transfer your assets, to someone else if we consider this to be against any law or regulation.

16. YOUR MONEY

16.1 We will hold your money as client money, in line with the FCA Rules. Among other things, these say we must hold your money in a client bank account, set up with statutory trust status. This means we will separate your funds from our funds at a bank, as allowed by the FCA Rules. 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 the shortfall depending on

your original share of the assets in the pool. Pooled property may be used for the account of any of the relevant clients. We will promptly place your money into one or more accounts opened with a central bank, an EEA credit institution or a bank authorised in another country, or in a qualifying money market fund. (Those accounts will be identified separately from any accounts we use to hold money we own.) We may pass your money to another organisation (for example, an exchange, intermediate broker, over-the-counter organisation or clearing house) to hold or control so we can carry out a transaction through or with that person 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. 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 realise that this means the other organisation may not pay us enough money to cover the claims of you and all other clients.

16.2 We may pass your money to an intermediate broker, settlement agent or organisation which may be based outside the EEA. In these circumstances, the law and applicable regulations to the bank, broker, agent or organisation holding your money will be different from that of the UK or other EEA states. If the bank, 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 an EEA state.

16.3 We will pay you interest as set out in the interest information on our website. 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.

17. YOUR ASSETS

17.1 In line with FCA Rules, 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 owned by us or our affiliate, (3) a recognised or designated investment exchange, or (4) by another custodian.

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 the assets at any time.

17.3 We may appoint subcustodians to hold assets for clients. 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. 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. We may register the securities in the name of another custodian or in our name if the securities are governed by law or market practice outside the UK and we believe that:

(a) it is in your best interests to register or record them in that way; or

(b) it is not realistic to do otherwise because of the nature of the law or market practice which applies.

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, you could share in that shortfall with our other clients.

17.6 We will only deposit your assets with another person or organisation in a country that is not an EEA member state and which 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 non-EEA member state, 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 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 or agent 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 of them.

17.8 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.

17.9 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.

17.10 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. Pooled property may also be used for the account of any of the relevant clients. If your investments are held overseas, there may be different settlement, legal and regulatory requirements from those applying in 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 the UK.)

17.11 In acting as custodian or nominee, we accept responsibility for all securities 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. 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. This applies if we chose them and have monitored their performance with care and skill, unless any loss arises from fraud, deliberate failure or negligence on our part. 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.

17.12 If we hold assets or money for you, at least once a year (or more often if you and we agree) we will give you a statement covering those assets or money. Please let us know as soon as you can if you believe that there are any mistakes on this statement. We will consider that this statement is correct if you do not tell us about any mistakes within 30 days from the date we sent the statement.

17.13 We will usually receive one allocation of shares or units for all clients whose investments are held in a pooled account by one of our nominees or with one of our subcustodians. If, once we have proportionately allocated such shares or units to the relevant clients, we are left with fractional entitlements of those shares or units that we are unable to properly allocate, we will aggregate those entitlements and attempt to sell them at the prevailing market rate. The resulting net proceeds will be distributed to the relevant clients in proportion to their holdings of the original shares or units. However, you will only receive cash in this manner if your share of the proceeds is £5 or more. Any proportionate amounts below £5 together with any remaining cash balance following allocation to all the relevant clients will be retained by us.

18. CORPORATE ACTIONS AND SHAREHOLDER RIGHTS

18.1 If your investments are registered in the name of our nominee companies, you may lose certain entitlements such as receiving a yearly report and accounts, the right to go to an annual (and other) meetings and to vote at those meetings, and other shareholder concessions. The entitlements you may lose vary from company to company and so it is not possible to list all of the eventualities. The nominee company will hold your securities as trustee and you will still own them.

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. We will not be legally responsible if a company fails to tell us about a corporate action.

18.4 In the case of a company offering a stock dividend as an alternative, we will opt for cash.

18.5 If you receive discretionary portfolio services or managed portfolio services from us, the following will apply.

18.5.1 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.

18.5.2 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.)

18.6 If you receive advisory 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 will give you advice about using any conversion or subscription rights, deal with rights issues, takeovers or other offers and using any voting rights, if we consider that action to be appropriate.

18.6.2 If your investments are held by you, or your custodian or nominee, we will do all we reasonably can to give you our advice on how to use the shareholder rights or, if you have already told us in writing to do so, to give your custodian or nominee that advice. (However, we are not responsible for making sure you or they follow our advice.)

18.7 If you receive advice and dealing services from us we will not give you advice about using any conversion or subscription rights, dealing with rights issues, takeovers or other offers or using any voting rights (and will not be responsible for monitoring such rights in relation to the investments in your portfolio) unless you specifically ask for that advice. We will do what we reasonably can to exercise any such rights on your behalf but only if you specifically instruct us to do so.

18.8 If you receive execution-only services from us we will not be responsible for monitoring any conversion or subscription rights or dealing with rights issues, takeovers or other offers or using any voting rights in relation to the investments in your portfolio. We will do what we reasonably can to exercise any such rights on your behalf but only if you specifically instruct us to do so.

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 for the purposes of the FCA Rules.

19.2 You appointing someone else to act as your agent

19.2.1 You may appoint someone else (such as your adviser, solicitor, accountant, or some other person) 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 FCA) 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 associated parties 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 we 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 fees. This applies as long as we have agreed to this payment and it is allowed under any laws and applicable regulations.

20. RIGHTS OF OTHERS TO ENFORCE THE AGREEMENT

20.1 The clearing agent may enforce any of these terms and conditions. We can change or stop using any of these terms and conditions without the permission of the clearing agent. Unless we say differently in this clause, a person who is not directly involved in these terms and conditions cannot enforce the agreement. This will not affect any rights or action of anyone else who may have rights other than under the Contracts (Rights of Third Parties) Act 1999.

21. JOINT ACCOUNTS AND TRUSTEES

21.1 Unless agreed otherwise, all joint clients and trustees must sign the associated parties form, but only one needs to sign the schedule of charges. If we do not have a notice signed by all joint clients and trustees, we may act on any instructions given to us by any one of them.

21.2 Unless we are told otherwise in writing, we assume that all joint clients hold assets as joint tenants. This means that if one of them dies, the assets will pass 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 individually.

21.4 We must be told if a trustee resigns or dies. 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 Trustee Act 2000, we agree to keep to that statement and any changes to it or any replacement. The trustees must agree to give us any changes and replacements to the investment policy statement.

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 portfolio (including those investments we hold in safe custody) if we receive the instructions from you or from a person you have previously told us has authority to give instructions on your behalf. These instructions can be given by phone or in writing. We will accept these instructions 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, we may refuse to accept an instruction, an order, or deal for you. When we receive your instructions, we will tell you if we are going to refuse to do any of these and give you our reasons. 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 accepting (or not accepting) those instructions.

22.3 We may send to and receive information from you relating to you or your account using email or other electronic methods. We may refuse to act on any information and instructions received using these methods. If we refuse to act, we may need confirmation of the instruction and information in writing 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 the instructions if you have our permission.

22.4 In particular, we may refuse to carry out business for you which breaks any applicable regulations and any of these terms and conditions or the terms and conditions of any supplementary service. In these circumstances, we will take the action that we consider necessary to keep to the regulations or terms.

22.5 If we send information relating to you or your account to your agent or adviser, we may also send this information by email or other electronic method if you or your nominated agent or adviser ask.

22.6 If you receive managed portfolio services, we will not be able to process an instruction to sell investments and send you money while we are rebalancing the investments in your portfolio. We will process any such instructions as soon as possible once the rebalance is complete.

23. DATA PROTECTION

23.1 We have certain responsibilities under anti-money laundering laws to confirm the identity of our clients and anyone who owns assets. We will need to make certain enquiries, which may include electronic checks with credit-reference agencies, and gather certain information from you for that purpose. If you do not give us all the relevant information, it may affect the quality of services that we provide. You confirm that all information you supply will be accurate and that we may pass on the information that we consider necessary to keep to any reporting requirements.

23.2 We, our associates or any connected person (or anyone who takes over our and their rights or business), and any other people acting on our or their behalf (authorised person), whether in and or outside the UK or EEA, may process your information (including sensitive personal data) for purposes connected with the agreement. This includes during the operational support and development of our businesses and enforcing and defending our legal rights. We and any authorised person may reveal your information to:

- your adviser and agent (who you have appointed and told us about in writing) or the FCA;
- third parties appointed by, and providing a service to, your adviser;
- any other relevant regulatory or tax authority;
- any securities, options or futures market or exchange on which we may deal;
- our related clearing house or the clearing agent (or to investigators, inspectors or agents appointed by any of them);
- investment providers who ask for that information to allow us to make investments on your behalf or continue to provide our services to you;
- third parties providing corporate services to us (for example corporate finance service providers); or
- any person who is entitled to that information by law, in and outside the UK or EEA.

If you do not agree to us processing information as shown in this clause, please let us know in writing. However, please be aware that we need your permission so that we can act for you.

23.3 We may transfer information about you to, and it may be stored and processed in, other countries, including countries which do not offer 'adequate protection' for the purposes of Directive 95/46/EC of the European Union.

This applies to any purpose shown in clause 23. Those purposes include:

- processing instructions and providing confirmations, advice and statements;
- maintaining accurate customer information (which may relate to anti-money-laundering and counter-terrorism financing laws, and include information on criminal offences committed or alleged to have been committed);
- operating control systems;
- operating management information systems; and
- allowing our staff from other offices who share responsibility for managing your relationship to see information about you.

We may also need to share information if we are legally required to by the laws of other countries.

24. CONFIDENTIALITY

24.1 Unless you say otherwise in your application form, we may reveal any confidential information or personal information 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; or

(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 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, on request and in accordance with the applicable regulations, we will provide you with a copy of such recordings. These recordings will be retained by us in accordance with clause 37.2.

25.2 Unless you ask us to call you, we will only call you if we believe it is in your best interests and in line with the FCA Rules. We will not contact you before 8 am or after 9 pm (your time) unless we have agreed this with you.

26. EXCLUDING OUR LEGAL RESPONSIBILITY

26.1 Depending on our duties and legal responsibilities under the Financial Services and Markets Act 2000, any other rules or applicable regulations and, in the case of the clearing agent, any other rules or regulations they are governed by, we, our directors, our officers, our employees, the clearing agent or 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 services the agreement applies to. However, this will not be the case if the loss, damage or expense is due to our negligence, fraud or deliberate failure to act.

26.2 Nothing in the agreement shall operate to exclude or restrict any responsibility we have to you under the Financial Services and Markets Act 2000 or other regulatory system. 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 Trading Standards Department or 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 and charges that we or they may suffer in carrying out our and their powers and duties. This will not apply if these costs expenses, taxes and charges arise from us or them breaking any rules or due to our or their negligence, fraud or deliberate failure to act.

27. EVENTS BEYOND OUR CONTROL

Unless we say differently 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.
This includes:

(a) war, riot, revolution, political crisis or any act of terrorism;

(b) earthquake, hurricane, typhoon, flood or other natural disaster;

(c) when (1) trading in securities or an investment exchange is suspended, or (2) 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

Each condition of the agreement is separate. If we cannot enforce any condition or it is invalid or breaks any laws or applicable regulations, it will not affect any other conditions. However, if this condition affects the commercial basis of these arrangements, we and you will negotiate in good faith to change the conditions to correct the situation.

29. TIME FOR CARRYING OUT OUR AND YOUR RESPONSIBILITIES

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

We think 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 us) 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 into an agreement even though they may not be stated in it. This is especially the case for those 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.

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 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 Unless we say differently below, 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 so we can:

- reflect any significant changes in the applicable regulations;
- protect ourselves or you against fraud by any person;
- change our contact details;
- put right obvious mistakes 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 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.

32. COMPLAINTS

32.1 If you have any complaint about our services, you should contact our Chief Risk Officer at Quilter Cheviot Limited, 1 Kingsway, London WC2B 6AN, who will investigate the complaint.

32.2 We will do our best to sort out your complaint as quickly as possible. We will promptly acknowledge your complaint by letter and will also send you a copy of our procedure on handling complaints. You can ask us for a copy of this. When we have sorted out your complaint, we will send you a final response letter. If for any reason you are not satisfied with our response, you can refer the matter to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. We will include a leaflet explaining the procedure in the final response. 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 14 days' notice in writing. 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 there is a valid reason for doing so. If this happens, we will promptly tell you why (unless we are not allowed to do so for legal reasons or other limited circumstances beyond our control).

33.4 If we end the agreement, it will not stop us from completing any outstanding transactions (including closing out open derivative positions) (for a description of 'derivative positions', please see the glossary at www.quiltercheviot.com). This will also involve settling any transactions and you paying any charges and other amounts due. These include fees, commission and any expenses we have had to pay in ending these arrangements. It also includes losses and expenses in closing out any transactions or settling or concluding outstanding obligations we have had to pay on your behalf.

33.5 If you ask us to re-register or transfer your securities, we may charge a fee to cover the cost.

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 provide to you will stop. From the date we are told about your death, we will make our charges at our 'execution-only' rates (as described in clause 12.6). This means that we will no longer actively manage your account or provide any advice on the investments in it.

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 will (if you made one), 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 to sell investments in your account and pay out the cash proceeds to your estate or transfer assets to beneficiaries (if this applies).

33.8.3 Unless we are not allowed under the applicable regulations, we may agree to pay money direct to HMRC to cover inheritance tax liabilities or cash in 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 cash (other than to HMRC) 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 accounts 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. We may not be able to complete the action or process instructions as quickly as would normally be possible.

33.9 If clause 2.3 applies to you, the following cancellation conditions will apply.

33.9.1 Unless you have a right to cancel under the agreement or the applicable regulations, as most products and services we provide depend on rises and falls in the financial markets which are outside our control, you will not generally have any rights to cancel the services provided under the terms of the agreement once we have actually provided them.

33.9.2 If you have a right to cancel, this right will end 14 days after you receive the agreement or are treated as having received the products and services, whichever is later.

33.9.3 You may cancel by contacting your usual contact or writing to the Head of Compliance at Quilter Cheviot Limited, 1 Kingsway, London WC2B 6AN. If you do cancel, you may have to pay fees up to the date of cancellation. If you do not cancel within the 14 days mentioned, you will have to keep to the terms and conditions of the agreement.

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 in the UK that has been supplied by either you or us in line with this clause.

34.2 Depending on clause 22.3, you may communicate with us generally in writing, 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 AND MERGERS

35.1 These terms and conditions will still be valid and binding on you even if we amalgamate or merge with any other company, including if we sell or transfer all or any part of our business to another organisation. If this happens and it will cause you significant disadvantage, you may cancel the agreement by giving us written notice.

36. TRANSFERRING THE AGREEMENT

36.1 These terms and conditions are for our benefit and are binding on us and on anyone who takes over our business. You cannot transfer your rights or responsibilities under these terms and conditions or any interest in them, without our written permission, and any attempt by you to do so will not be effective.

37. RECORDS

37.1 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 keep to your responsibilities for keeping records. However, we may make our records available to you if you ask, we decide or we

have to by law or regulation.

37.2 In line with the applicable regulations, we will keep your records for at least five years and in some cases seven 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.

38. DISPUTES AND LANGUAGE

38.1 The agreement and any dispute or claim arising out of or in connection with it will be governed by English law. Any disputes will be dealt with by the courts of England and Wales.

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

STOCKS AND SHARES ISA TERMS AND CONDITIONS

INTRODUCTION

These terms and conditions (these terms) apply to the Quilter Cheviot Limited Individual Savings Account (Quilter Cheviot Limited ISA) and are on top of the main terms and conditions which govern your overall relationship with us (the main terms and conditions). If there is a difference between these terms and the main terms and conditions, these terms will apply. By signing the ISA application form and returning it to us, you will be entering into a legal customer agreement with us on the terms set out below. These terms 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.

We categorise our ISA as a flexible 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 investment allowance 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.

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.

2. CATEGORIES OF OUR ISA

We will be responsible for making sure that investments we buy are qualifying investments.

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 and Execution-only ISA

For advisory ISAs, we will provide advice on the investments in your ISA, taking into account any information you or your agent have given us.

All investment decisions will be yours and we will carry out all dealing instructions as your agent.

3. ISA SUBSCRIPTIONS

3.1 We will treat your ISA application as your authority to continue to transfer the maximum allowable subscription to your ISA account 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.

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.

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.

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. These 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. This does not mean we are trying to replace the detailed requirements of the ISA Regulations in relation to qualifying investments to be included in ISAs when the requirements must be applied strictly to your ISA. All investments held in Personal Equity Plans (PEPs) which have been reclassified qualify as ISA investments.

5. WITHDRAWALS

5.1 If you want to withdraw cash or any investment from your ISA, you must instruct us in writing. When we receive your written instructions and within the time you have given us we will transfer all or part of the investments and any proceeds arising from those investments, to you.

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, because our ISA is a flexible ISA, you may replace amounts you have withdrawn without the replacement amounts counting towards your ISA subscription limit for the relevant tax year. This means that, if you do make a withdrawal, any subscriptions you make after that withdrawal in the same tax year will only count towards your ISA subscription limit for that tax year if all previously withdrawn amounts have already been 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 You may end your ISA at any time by giving us at least 30 days' written notice. We will cash in the holdings in your ISA and transfer the cash to you (after taking off any amount we may be entitled to or have to make under the ISA Regulations). Or we may re-register the investments in your name or put them into another non-ISA account. These terms will continue to apply to your ISA until all transactions have been carried out and amounts paid off. 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 account any assets we consider necessary to meet our responsibilities under the ISA Regulations, any of your responsibilities in terms of tax or any you have owed to us under these terms or any other agreement with us. Charges relating to closing your ISA (if any) are set out in the relevant schedule of charges.

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 because of any failure, either on our part or your part, to satisfy 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.

Your ISA will automatically stop being exempt from tax from the date of your death, however, we will continue to act on any authorisation previously given to us until we are told about your death. We will then continue to act on the instructions of your personal representatives in accordance with the ISA Regulations until your ISA is closed.

7. TRANSFER

7.1 **Transfer to another manager**

If you send us written instructions, we will transfer all or part of your ISA to another ISA manager as long as they agree to the transfer. We will do this within any reasonable time you give us to do this, which will not be more than 30 days.

We will either cash in the holdings in your ISA and transfer the cash, or transfer the holdings and any cash balance in your ISA, to your new manager. However, we will take off amounts we may be entitled to keep or which we have to take under these terms or under the ISA Regulations. If we are transferring assets rather than cashing the ISA in, we will not have to complete the transfer until you have paid us all amounts you owe us.

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

Transfer from another manager

We will 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 MONEY

8.1 We will pay you dividend payments and interest (together with any tax you are able to reclaim on that interest) received into the account. All cash will be held in designated accounts at a bank allowed under the FCA's Rules.

9. YOUR ASSETS

9.1 Your ISA investments will be registered in the name of one of our nominees (the legal owner), but you will be, and must keep being, the beneficial owner (entitled to receive amounts from us).

We will hold the documents of ownership (title documents) for these investments (or someone will hold them for us) and we will be responsible for looking after them as described under the heading 'Your assets' in the main terms and conditions.

It is a requirement of the ISA Regulations that the investments in your ISA stay in your beneficial ownership. This means that you cannot transfer ownership of them as security for a loan. A creditor may be granted an 'equitable charge' over your interest in your ISA investments, This means that if you fail to pay a debt, the creditor may have a right to claim your investments by going to court.

10. SHAREHOLDER RIGHTS

10.1 In terms 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 the ISA;

(b) go to 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 at least 14 days' written notice to arrange this and these services will cost you extra.

11. COMMISSION AND OTHER CHARGES

11.1 You can find full details of our charges for your ISA in your schedule of charges. We will take dealing commission and other related charges (including stamp duty and stamp duty reserve tax), if they apply, from your ISA when we carry out transactions on your behalf. To make the most of the tax benefit of your ISA, we may take all other 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. You also have to pay VAT on this. If there is not enough money in your non-ISA account to meet these charges, we will let you know. If there is still not enough money in your account 30 days after we let you know, we may sell enough ISA investments to allow us to take the charges.

If you close your ISA, we will work out 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.

12. CONFIDENTIALITY

12.1 Unless it says differently 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 tax purposes, for any other purposes. You authorise us to give HM Revenue & Customs, or any other regulatory body which may apply, all information we must provide to them or which they request.

13. DELEGATING OUR DUTIES

13.1 We can delegate (pass on) any of our administrative or accounting duties under these terms to another organisation. If we do, you authorise us to give that company any information about your ISA they may need for this purpose. Any person we delegate any of our functions or responsibilities to under these terms will be competent to carry them out.

14. OTHER RISKS EXPLAINED

14.1 Once you have made the maximum allowable subscription to our stocks and shares 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.

By signing our ISA application form you are committing yourself to a legal customer agreement which does not have:
cancellation rights;
a cooling-off period; or
the 30-day notice of correction allowed for non-written applications under the ISA Regulations.

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.

MANAGED PORTFOLIO SERVICES USING A PLATFORM TERMS AND CONDITIONS

INTRODUCTION

These terms and conditions (these terms) apply to the Quilter Cheviot managed portfolio service when provided using a platform and are on top of the main terms and conditions which govern your overall relationship with us (the main terms and conditions). If there is a difference between these terms and the main terms and conditions, these terms will apply.

If we provide our managed portfolio service using a platform, your adviser will act as your agent by appointing us to provide these services to you. We will treat your adviser and not you as our client for the purposes of the FCA rules, and we will be responsible for making decisions to trade in relation to the portfolio on the basis that your adviser is not acting for their own account but only as agent for you. If you have not given your adviser authority to act on your behalf in this way, you should let us know immediately. We will treat your adviser as a professional client for the purposes of the FCA rules.

1. OUR ROLE

1.1 We will create model portfolios of investments based on strategies we create and may amend from time to time (referred to below as a strategy or strategies) which we will allow your adviser to make available to you. Our role will be limited to:

(i) deciding on the composition of investments for each strategy (based on the information your adviser has given us);

(ii) reviewing and rebalancing the investments in each strategy from time to time in accordance with the objectives of that strategy; and

(iii) communicating with your adviser on matters which we and your adviser will agree on.

1.2 We will not provide you with any advice or personal recommendations as to the selection of our managed portfolio service generally or a particular strategy and nor will we be able to assess the suitability of the strategy that your adviser selects for you. This will be the responsibility of your adviser as they will have collected all the necessary information about you in order to carry out that assessment.

1.3 We will choose investments for each strategy on the basis of the investments your platform makes available. As your platform may change the investments which are available at any given time, changes to the strategies may be outside of our control. Otherwise, we will have complete discretion as to the choice of investments for each strategy.

1.4 We describe in detail our strategies, and the fees for accessing them on each platform in the fact sheets and schedule of charges which are available on our platform-specific websites (microsites). Your adviser will have access to these. Your adviser will be able to give you copies of the relevant fact sheets and schedule of charges. We may make changes to our strategies or our fees by updating the fact sheets or schedule of charges on the relevant microsite. If we make these changes, we will send your adviser a notice describing them in line with clause 31 of the main terms and conditions and the changes will apply from the date given in that notice. If you do not accept the change, you may end the agreement by giving us notice at any time before the change applies in line with clause 33 of the main terms and conditions.

1.5 Neither you nor your adviser may make changes to the strategies and we will not be legally responsible for any changes to them that we have not made.

1.6 We do not provide any guarantee or confirmation about the performance or profitability of any strategy or individual investment within a strategy.

2. YOUR ADVISER'S ROLE

2.1 Only your adviser will be responsible for choosing the platform to carry out the activities set out below and we will have no responsibility for monitoring or supervising them. Your adviser will be responsible for choosing a strategy for you and for ensuring that the chosen strategy is suitable for you on an ongoing basis taking into account your individual circumstances and investment objectives.

2.2 Your adviser will also be responsible for giving you all relevant information and documents relating to the platform, our managed portfolio service and the particular strategy they have chosen for you.

2.3 If the platform allows investments to be held in tax wrappers (for example an ISA or offshore bond), the provider of that tax wrapper may have placed restrictions on the types of investments which may be held. If you want to hold your investments in a tax wrapper, your adviser will be responsible for making sure that any investments included in the strategy they have chosen for you are allowed to be held in the tax wrapper. We will have no legal responsibility for any losses you suffer if an investment in a strategy is not allowed to be held in a tax wrapper you have chosen.

2.4 All of these matters should be covered in your adviser's terms and conditions which you will need to enter into with them.

3. THE PLATFORM'S ROLE

3.1 The platform will be responsible for:

(i) putting the strategies we create in place by carrying out transactions to buy and sell investments (and any dealing services in relation to those transactions);

(ii) effecting any changes we make to the strategies by carrying out transactions to buy and sell investments (and any dealing services in relation to those transactions);

(iii) registering, recording and protecting your investments and money in line with the applicable regulations;

(iv) preparing and providing you with reports, statements and valuations in relation to the strategies in line with the applicable regulations and our and your adviser's agreements with them; and

(v) paying us our fees in line with the schedule of charges and our agreement with them.

3.2 All of these matters should be covered in the platform's terms and conditions which you will need to enter into with them.

3.3 We will not be responsible for any incorrect transactions made by the platform or failures by the platform to take care in carrying out its activities.

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 Depositary receipts

Depositary receipts include American or European Depositary Receipts (ADRs or EDRs), Global Depositary 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. Depositary 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.

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 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 affect 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.

7. DERIVATIVES, INCLUDING OPTIONS, FUTURES, SWAPS, FORWARD RATE AGREEMENTS, DERIVATIVE INSTRUMENTS FOR THE TRANSFER OF CREDIT RISK, FINANCIAL CONTRACTS FOR DIFFERENCES

The risks set out in 7.1 - 7.5 below may arise in connection with all types of derivative contract, whether it is in the form of a listed instrument, an OTC instrument, or a securitised product such as a note or a certificate.

7.1 Derivatives Generally

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

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

Derivatives usually have a high risk connected with them, predominantly as there is a reliance on the performance of underlying assets, which is unpredictable. Options or futures can allow a person to pay only a premium to have exposure to the performance of an underlying asset, and while this can often lead to large returns if the investor has made correct assumptions with regard to performance, it could lead to a 100% loss (the premium paid) if incorrect. Options or futures sold "short" or uncovered (i.e. without the seller owning the asset at the time of the sale) may lead to great losses if, depending on the nature of the derivative, the price of the underlying asset falls or rises significantly.

If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin.

Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("OTC"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the Issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as all of the 'Generic Risk Types' listed in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract.

Derivatives can be used for speculative purposes or as hedges to manage other investment risks. In all cases, the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally.

All derivatives are potentially subject to all of the 'Generic Risk Types' listed in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

7.2 Futures/Forwards/Forward rate agreements

Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. See, further, 1 and 2 of Part IV below.

7.3 Options

An option gives the buyer of the option the right (but not the obligation) to acquire an underlying security or other asset at a future date and at a pre-agreed price. There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position (as explained in 7.2 above) and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Traditional options: Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase

it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

7.4 Contracts for differences

Certain derivatives are referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index of an exchange, as well as equity, currency and interest rate swaps, amongst others. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred to in 7.2 and 7.3 above. Transactions in contracts for differences may also have a contingent liability (see Part IV).

7.5 Swaps

A swap is a derivative where two counterparties exchange one stream of cash flows against another stream.

A major risk of off-exchange derivatives (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument. If a party, A, wants a fixed interest rate loan and so swaps a variable rate loan with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B goes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have gone up a lot, it is possible that A will struggle to repay.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents, utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid, but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

8. COMBINED INSTRUMENTS

8.1 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 fees 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.

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 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.

3. CREDIT RISK

3.1 Credit risk is the risk of loss caused by borrowers, bond obligors, or counterparties failing to fulfill 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, such as forward currency exchange contracts or derivatives.

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 or of the counterparty to the off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

7. CURRENCY RISK

7.1 In respect of any foreign exchange transactions and transactions in derivatives 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 depositary 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. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. We will notify you of how we will deal with any collateral that you deposit with us, including if your collateral is subject to total title transfer.

Effect of absolute title transfer

Where your collateral is subject to total title transfer to us, you should note that:

(a) the assets cease to be your assets and you will no longer have a proprietary claim over them. They will not be held subject to the rules of the applicable regulator in safe custody (where they are financial instruments) or subject to client money protection (where they are cash). The assets become our assets and we can deal with them in our own right;

(b) you will have an unsecured contractual claim against us for re-transfer of equivalent assets; and

(c) as a result, the assets will not be subject to a trust or otherwise insulated in the event of our insolvency. And, in such event, you may not receive back everything so transferred to us and you will only rank as a general creditor.

3. SHORT SALES

3.1 Selling "short" means to sell equity shares that you do not own at the time of the 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 (for further detail on this see 12 below).

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.

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.

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.

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. LIFFE: EXCLUSION OF LIABILITY

11.1 Euronext LIFFE is the derivatives arm of the pan-European stock exchange Euronext.

(a) You understand that business on the London International Financial Futures ("LIFFE") market operated by LIFFE may from time to time be suspended, restricted or closed for such period as may be determined in the interests of maintaining a fair and orderly market in accordance with the Rules of LIFFE. Any such action may result in our, and through us your, being prevented from or hindered in entering into Transactions in accordance with the Rules of LIFFE.

(b) We and the Exchange wish to draw to your attention that, inter alia, business on the market may from time to time be suspended or restricted, or the market may from time to time be closed for a temporary period or for such longer period as may be determined in accordance with LIFFE's Rules on the occurrence of one or more events which require such action to be taken in the interests of, inter alia, maintaining a fair and orderly market. Any such action may result in our being unable, and through us, you being unable to enter into contracts in accordance with LIFFE's Rules. Furthermore we, and through us you, may from time to time be prevented from or hindered in entering into contracts in accordance with LIFFE's Rules as a result of a failure of some or all market facilities. We and the Exchange wish to draw the following exclusion of liability to your attention. Unless otherwise expressly provided in LIFFE's Rules or in any other agreement to which the Exchange is party, we and the Exchange shall not be liable to you for loss (including any indirect or consequential loss including, without limitation, loss of profit), damage, injury or delay, whether direct or indirect, arising from any of the circumstances or occurrences referred to above or from any act or omission of the Exchange, its officers, employees, agents or representatives under LIFFE's Rules or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its officers, employees, agents or representatives.

(c) LIFFE has a number of powers which, if exercised, may impact upon our ability to submit an order on behalf of you or which may lead to the cancellation of an order after submission to the LIFFE CONNECTTM Trading Host prior to execution. In particular, in addition to the powers already available to LIFFE (including those in relation to investor protection and proper markets), you should be aware that, in respect of LIFFE CONNECTTM:

» LIFFE has the power to suspend our access, or access via a particular ITM or ITMs, following a single warning, and to terminate our access under certain conditions;

» LIFFE will cancel all outstanding orders on our default;

» orders outside the price limits will be rejected automatically by the Trading Host;

» all orders (with the exception of GTC orders) will be cancelled automatically at Market Close or when the ITM under which the order was submitted is logged out without the order being

transferred to an alternative ITM;

» all orders (including GTC orders) will be cancelled at close of business on the Last Trading Day of the expiry month to which they relate; and

» all orders (with the exception of GTC orders) will be cancelled automatically if the Trading Host fails.

For the purposes of this paragraph 11, the terms "GTC order", "ITM", "Last Trading Day", "LIFFE CONNECTTM", "Market Close" and "Trading Host" shall have the meanings ascribed to them in the LIFFE Rules.

12. STRATEGIES

12.1 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 the Quilter Cheviot Limited Risk Disclosure Annex will not apply to you unless you have been classified as a Professional Client.

Please note (as for retail clients) 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.

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

» options, futures, swaps, forward rate agreements and any other derivatives contracts relating to:

commodities, whether cash or physical settled and whether or not traded on a regulated market or MTF, climatic variables, freight rates, commission allowances or inflation rates or other official economic statistics

» derivative instruments for the transfer of credit risk

» financial contracts for differences

» other derivative contracts

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.

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QUILTER CHEVIOT
INVESTMENT MANAGEMENT

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