



KINGSWOOD

PROTECT AND GROW YOUR WEALTH

2020

KW INVESTMENT MANAGEMENT LTD

TERMS OF BUSINESS

These Terms of Business set out the terms under which KW Investment Management ('the firm' or 'we') provide portfolio management services to its clients ('you') and should be read and signed in conjunction with the accompanying Investment Management Agreement. It is based on UK law. The firm will communicate at all times in English. If you would like us to provide this document in large print or on audio tape, please let us know.

We are required by the Rules of the FCA to provide these Terms of Business to you and you should read them carefully. We should be pleased to provide any explanations on request.

If you have any specific requirements concerning our ongoing service to you, please discuss these with us.

## 1. CLIENT CATEGORISATION

We intend to classify you as a Retail Client. This status comes with the highest level of protection. You have the right to request a different classification as a professional client or eligible counterparty; however, this means that you will lose certain protections under the Financial Services and Markets Act 2000 enforced by the Financial Conduct Authority. In addition, we will not have to adhere to all of the rules as set out by the Regulator in respect of financial promotions and we will not have to ensure that you understand all the risks associated with the transactions and services we provide.

## 2. OUR SERVICE

We advise on investments generally. We are not tied to any products or providers. When advising on investments or managing investments we consider the whole of the investment market available to retail investors. Where we deal with a retail investment product we will do so on a "restricted" basis. A retail investment product is broadly defined in the FCA Rules as being a collective investment scheme, investment trust, life policy with an investment component certain types of pension product, unregulated collective investment schemes (including those that are exchange traded) and structured capital-at-risk products.

We will use all reasonable endeavours to provide discretionary and execution-only services as agreed between us at the outset and during the course of your relationship with this firm, with due skill, care and diligence. Investments that we may consider in managing a discretionary portfolio are covered below along with risks associated with some of these investments. Our responsibilities to you in respect of your investments will be limited to the management of your portfolio as covered by these Terms of Business. We will not offer any broader financial planning and/or tax planning services e.g. capital gains tax and inheritance tax considerations and accept no responsibility for your broader financial / tax planning arrangements or requirements. It is recommended that you speak to your normal financial advisor in relation to these areas – we work alongside our sister company – KW Wealth Planning who can assist you with your financial planning and/or pension requirements.

All investment carries some degree of risk and it is important that you understand the risks to which your investments may be exposed. Please be aware that investments can fall as well as rise and you may not get back the full amount invested. The price of investments may depend on fluctuations in the financial markets, or other economic factors which are outside our control. You should also be aware that past performance is not necessarily a guide to future performance.

**Please contact us if you have any concerns about this information.**

You should let us know of any restrictions you want to place in regards to investments that may be used. While we will endeavour to take into consideration any investment restrictions that you have stipulated you should, however, be aware that we may not be able to comply when purchasing a collective investment given the way in which the underlying investments change and of which we may be unaware on a daily basis.

Before signing the Investment Management Agreement you should read all the documents carefully including these Terms of Business. If there is any aspect which you do not understand or agree you should raise the matter with your investment manager.

## GENERAL INVESTMENTS

- Shares in British and foreign companies (including unlisted or unquoted shares), debenture stock, monies, currencies and loan commercial paper or other debt instruments including government, public agency, municipal and other securities denominated in any currency, Treasury Bills and other money market instruments (referred to collectively as 'core investments')
- Warrants to subscribe for relevant core investments
- Depository receipts or other types of instrument relating to core investments and warrants
- Unit trusts, open ended investment companies, mutual funds and other collective investment schemes in the UK and elsewhere, including non-mainstream pooled investments (NMPI) which include unregulated collective investment schemes
- Exchange Traded Products (ETPs)
- Individual hedge funds and funds of hedge funds
- Venture capital and private equity schemes denominated in any currency
- Precious metals, commodities, bullion and gold coin
- All other securities/investments of any type

## STRUCTURED PRODUCTS

- Where we think appropriate, we may invest in structured products, including structured capital at risk products.

- Structured products cover a variety of investment structures but in broad terms (without limiting our discretion in any way) a structured product is an investment which packages two (or more) products into one offering and derives its value based on the return or partial return of one or both products.

## RISKS APPLICABLE TO CERTAIN INVESTMENTS

### EQUITIES

With regard to investment in equities you should bear in mind the following specific risks:

- Equity markets may fall in value
- Dividend growth is not guaranteed, nor are investee companies obliged to pay a dividend
- Companies may go bankrupt rendering the original equity investment valueless
- Individual equity prices can go down as well as up
- Corporate earnings and financial markets can be volatile
- Where investments in overseas companies are concerned, foreign exchange rates may move in an unfavourable direction adversely affecting the valuation of investments in currency terms.

### MONEY MARKET AND RELATED INVESTMENTS

With regard to investments in cash and cash instruments, UK government bonds, sterling and foreign currency denominated corporate issues and interest-paying instruments such as convertible securities you should bear in mind the following specific risks:

- The risk of default
- Capital erosion in real terms over time due to the effects of inflation
- The value of fixed income securities may fall as well as rise due to market movements
- Where investments in foreign currency denominated instruments are concerned, foreign exchange rates may move in an unfavourable direction

### WARRANTS

Warrants will not be purchased by us as investments in their own right, but may be allotted as a right or entitlement in respect of investments held in your portfolio. A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant.

### COLLECTIVE INVESTMENT SCHEMES

Investments in collective investment schemes are made with a view to increasing the range of investments available to you thereby enhancing the scope for investment returns whilst at

the same time providing diversity to reduce risk. Collective investment schemes will generally not be managed by us or an associate but we select collective investment schemes on the back of detailed research to ensure suitability for your profile and quality of underlying managers. The performance of collective investment schemes invested in is subject to periodic review.

### NON-MAINSTREAM POOLED INVESTMENTS (INCLUDING UNREGULATED COLLECTIVE INVESTMENT SCHEMES)

Certain non-mainstream pooled investments (NMPI) including unregulated collective investment schemes (UCIS) that we invest in are unregulated e.g. not subject to authorisation by the FCA and their constitution and operating characteristics are not subject to independent scrutiny by a regulator. Typically, they tend to be higher risk. Our due diligence procedures are aimed at ensuring that NMPI schemes we invest in meet high standards in their constitutional and operating characteristics and indeed management. However, you should be aware that if a particular NMPI scheme should fail, you may have no recourse to the Financial Services Compensation Scheme (FSCS) in relation to that particular scheme.

### HEDGE FUNDS

Hedge Funds differ from traditional collective investment schemes in their ability to utilise an unrestricted number of and often speculative investment techniques, including short-selling, options and derivatives, to enhance performance.

Common hedge fund structures involve a combination of entities, of varying legal form, located in a mixture of onshore major financial centres and offshore low tax and light touch regulatory regimes. The optimal location and form of each entity within the structure is frequently determined according to factors such as tax efficiency, proximity to major markets and appropriate regulatory regime.

### INVESTMENT TRUSTS

The investment trusts we select may use a strategy known as gearing to potentially enhance the return of the trust. This is often a most effective strategy, but it is not without risk, and it is these risks that we wish to draw to your attention:

- Movements in the price of the securities may be more volatile than the movements in the price of underlying investments;
- The investment may be subject to sudden and large falls in value; and
- You may get nothing back at all if there is a sufficiently large fall in value in the investment.

### ILLIQUID INVESTMENTS

We may purchase securities in respect of which there is no recognized market. It may therefore be difficult to deal in any such investment or to obtain reliable information about its value or the extent of the risks to which it is exposed. The investment trusts we select may use a strategy known as gearing to potentially enhance the return of the trust. This is often a most

effective strategy, but it is not without risk, and it is these risks that we wish to draw to your attention:

- Movements in the price of the securities may be more volatile than the movements in the price of underlying investments;
- The investment may be subject to sudden and large falls in value; and
- You may get nothing back at all if there is a sufficiently large fall in value in the investment.
- Possible losses arising from an unexpected application of law or regulation or arising as a result of the unenforceability of a contract.

## STRUCTURED PRODUCTS

These are usually share-based investments from banking, insurance or investment management firms and can offer attractive returns. A structured product is a bespoke investment vehicle that offers a combination of an element of capital protection with a degree of participation in the return from a volatile underlying asset. You should however bear in mind the following risks:

- The return of initial capital invested at the end of the investment period is not guaranteed and, therefore, you may get back less than what was originally invested;
- The amount of initial capital repaid may be geared, which means that a small percentage fall in the related index may result in a larger reduction in the amount repaid to you;
- The maximum benefit achievable is only available after a set period;
- Early redemption may result in redemption penalties and a poor return;
- The initial capital invested may be placed into high risk investments, such as non-investment grade bonds;
- The rate of income or growth may depend on specified conditions being met;
- You should not allow us to enter into such a transaction unless you are prepared to lose some or all of the money invested.

Please contact us if you have any doubts about the suitability of any investments within your own portfolio. We will be pleased to discuss your concerns and to provide further information about investments that we may select, upon request.

## 3. DISCRETIONARY MANAGEMENT SERVICES TO BE PROVIDED

Kingswood offers three options for discretionary investment management, depending on the level of service, tailoring and costs appropriate to each client. The following fees apply as part of our Wealth Management service.

- MANAGED PORTFOLIO SERVICE (MPS)

- PERSONAL PORTFOLIO SERVICE (PPS)
- BESPOKE PORTFOLIO SERVICE (BPS)

### 3.1 MANAGED PORTFOLIO SERVICE (MPS)

Our Managed Portfolio Service gives you a portfolio created and managed by us, which uses a number of different investments designed to achieve a particular objective. These portfolios are available on a number of market-leading platforms who will hold your investments on your behalf.

### 3.2 PERSONAL PORTFOLIO SERVICE (PPS)

The Personal Portfolio Service is recommended in particular for portfolios where active ongoing management is desired; capital gains tax needs to be managed and where a higher level of personal service is required from our investment team.

### 3.3 BESPOKE PORTFOLIO SERVICE (BPS)

The Bespoke Portfolio Service is recommended in particular for portfolios where a high level of active ongoing management is desired; capital gains tax needs to be managed and where a specific investment objective could not be met from one of our core strategies. As an example, you may wish to avoid investment in certain markets or sectors, perhaps as you already have significant exposure there through your employment.

*Please refer to our Services and Fees Guide for more details on these options*

### 3.4 TREASURED ASSETS

We will only hold investments in discretionary portfolios that are covered by the Kingswood research team and where the holdings meet our selection criteria on their own merits.

Where you hold legacy or cherished holdings (for example as a result of employment or for Capital Gains Tax reasons) we will only retain these in discretionary holdings if we have the authority to sell them at our instigation at the appropriate time. Where we do not have this authority, or holdings are not covered or recommended by our research team, they must be held outside of the discretionary portfolio.

We can hold these assets on your behalf as part of our execution-only service (see section 4 below). We can take account of treasured assets including full reporting. For BPS clients we will also include these assets as apart of the overall asset allocation and performance we provide. Treasured assets that are not on our approved list will be held in an execution only account.

### 3.5 ON-LINE ACCESS

You can view your portfolio on line at any time by way of a log-in that we supply and a password of your choice (subject to certain restrictions). These details are personal to you and should not be disclosed to a third party.

## 4. EXECUTION-ONLY INVESTMENTS

We recognise that some clients may have legacy investments that they wish to retain as cherished holdings or which are constrained by Capital Gains Tax. In these circumstances, we are

able to take custody of these investments and report on them in your regular valuations.

However, should these be investments that we do not wish to own on their own merits, we will hold these investments in a separate “execution-only” account. We will not include these as part of the overall asset allocation of the portfolio or for performance calculations. We will charge a lower fee on these assets (*please refer to our Services and Fees document*).

## 5. TYPICAL INVESTMENT PARAMETERS

INVESTMENT OBJECTIVE	DYNAMIC PLANNING RISK RATING	EQUITY WEIGHTING
DEFENSIVE	3	0 - 10%
CAUTIOUS	4	15-35%
BALANCED	5	40 - 60%
INCOME	5 - 6	50 - 75%
GROWTH	6	65 - 85%
ADVENTUROUS	7	80 - 100%

By mixing different assets, it is possible to produce tailored portfolios of differing levels or risk. For example, a portfolio may hold a lot of high risk investments but this may be diluted by a sizeable holding of cash, or fixed interest investments, producing a portfolio that overall could be considered medium risk.

There is unfortunately, no simple solution to this question. We use a simple system of bands to define levels of risk from Very Low to Higher Risk. The ranges for these (based upon a nominal rank from 1 to 10) are shown below:

### RISK RATING BANDING

RISK RATING	BANDING
VERY LOW RISK	0 - 3
LOWER RISK	1 - 5
LOWER / MEDIUM RISK	3 - 6
MEDIUM RISK	4 - 6
HIGHER RISK	7 - 10

## 6. RISKS AND TIMEFRAME FOR INVESTMENTS

This section is designed to establish a mutual understanding of your attitude to risk using the explanatory notes and examples below.

Risk is a very difficult subject. How does one quantify it and how should it be measured? Everyone has different ideas as to what is risk and, as every portfolio is designed to meet individual objectives, there is no standard solution. It is therefore important that we establish your attitude to risk based on agreed parameters.

As a rule, there is usually a trade-off between risk and return. Higher risk can mean higher reward, but it also offers potential for higher losses. Lower risk may mean lower rewards but also lower potential losses. Different investments and asset types obviously offer different risks, ranging from little risk (cash or index-linked Government bonds), through to maximum risk (futures and options).

As a guide, we have below categorised ranges of investments with their own measure of risk. This will enable you to see what sort of investments may be included in a portfolio designed to match your own objectives. Again, we must stress that a portfolio is most likely to contain a blend of investments so even clients who, for example, specify they are low or medium risk investors, may have holdings that are classified as being of a higher quantum of risk. Our objective is to produce an overall risk profile within the client specified banding above.

However, clients can specify a limit to the amount of risk they are prepared to take, which will mean some potential investments cannot be used.

BANDING	ASSET TYPE
0	Cash and National Savings
1	UK Government Securities (GILTS)
3	UK Investment Grade Corporate Bonds
3 - 5	UK Collective Fixed Interest Funds
5 - 6	UK Collective Equity Funds (including EFTs). Investment Trusts
5 - 7	Individual UK Large Capitalisation Equities (Blue Chips)
7 - 9	Individual UK Small and Medium Capitalisation Equities
6 - 8	International Equity Collective Funds
6 - 9	Individual International Equities
9 - 10	Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EIS). BPR Schemes, Unregulated Collective Investment Schemes

All forms of investment carry a degree of risk, even portfolios that are designated as low risk. If you are uncomfortable accepting that money to be invested can fall in value then you should neither sign these Terms of Business nor invest. The only way to avoid any risk of a reduction in your capital, in nominal terms, is to hold your assets in cash.

We do not undertake investment in any form of contracts for difference, traded options or futures.

We may purchase products that offer protection for equity elements of the portfolio should equity markets fall by a certain percentage. The capital invested in these products is therefore at risk of complete loss.

The combination of investments from different risk categories can produce a higher or lower level of risk consistent with the objectives of an individual client. It should be borne in mind that even cash can be viewed as a risk investment as the spending power of cash invested in an account will diminish over time as a result of inflation.

Growth portfolios will generally have a higher level of investment in equity based investments. This does mean that the portfolios should be viewed as higher risk. As a consequence of holding high levels of equity based investments, such a portfolio has the potential to be more volatile over shorter time periods and should therefore be considered as longer term ideally for a period of five years or more.

Balanced portfolios will generally have a spread of holdings from equity based investments to cash, gilt-edged securities and other forms of fixed interest investments.

The amount invested in equities will generally be less than would be the case for capital growth portfolios and will, to a certain extent, be balanced by the other investments that are traditionally viewed as being of lower risk. This means that such portfolios should be viewed as being of medium risk. The portfolio should, over a period of time, be less volatile than a growth portfolio, but should not be considered for a period of less than five years.

Income portfolios will generally have a considerably higher element of traditionally lower risk investments such as cash, gilt-edged securities and other fixed interest investments than in either the balanced or growth portfolios. Traditionally, these have been the source of income for investors and have been viewed as being of lower risk. As a result, these portfolios are normally considered less volatile than either balanced or capital growth portfolios. You should still not consider these portfolios for a period of less than three years, as they will generally contain some equity investment in order to provide an element of capital growth potential.

## NOTES

- The attached questionnaire asks you to complete the investment objective and risk profile for your portfolio.
- You will keep us informed of any changes in your investment objectives from time to time.
- You recognise that your funds may be placed in investments:
  - which may be difficult to realize.
  - in which there can be no certainty that market makers will be prepared to deal.
  - for which proper information for determining the current value may not be available.
  - that the firm may enter into transactions, either generally or subject to specific limitations, under which you will incur obligations as an underwriter.

- that are designed to offer downside protection to the equity component of the portfolio and as a result the capital invested in these products is at risk of complete loss.
- Unless you tell us otherwise there is no restriction on the amount or on the proportion of the fund comprised in the portfolio which may be invested in any category or in any one investment.
- You accept that all investments carry a degree of risk; the value of your investments and the income they produce can go down as well as up and there is no guarantee that the amount originally invested will be recovered.
- You agree that transactions for you may be aggregated with those of other clients.
- You agree that we may employ the services of such third parties in connection with your business as we consider appropriate. In the case of third-party stockbrokers, we will generally instruct them on an execution only basis which means that they will not be advising you on the merits of the transaction. We will disclose in our contract notes the part of our dealing charge, if any, which has been paid to a third party (but see the note to paragraph 8 below concerning Individual Savings Accounts).

## 7. USE OF BENCHMARK INDICES

In order that clients may assure themselves that the investment performance of the investment portfolio is both adequate and within certain risk and objective parameters, we suggest using a relevant index to assess the investment manager's performance over the longer term.

### These indices can provide:

- A measure to compare the performance of Income, Growth and Balanced portfolios.
- A basis for reviewing the asset allocation and structure of the portfolio with us.
- A benchmark for assessing and comparing the performance of discretionary fund managers.

A separate sheet gives further details together with the allocations of asset classes and their respective indices. We will discuss with you and record your preferred benchmark index.

## 8. ACCOUNTING FOR TRANSACTIONS, CUSTODY AND YOUR MONEY

- We shall account to you on demand in respect of the transactions implemented on your behalf.
- Dividends or interest received on investments will be dealt with according to the instructions set out in the signed Investment Management Agreement.
- For cleared funds held in our client account, we will pay a sum on a monthly basis equivalent to the gross interest which would have accrued had the funds

been held in a Clydesdale Instant Savings Account. Rates payable are available upon request.

- We may charge a fee for the electronic transmission of money as stated in the Services and Fees Guide.
- You authorize us to deduct or withhold any sum which we in turn are required to do so in respect of levies and taxes in any relevant jurisdiction.
- If you have more than one account with us or give instructions on related accounts we will have the right to offset the debit on one account against the credit on another. If the accounts are expressed in different currencies they shall be converted to sterling at the prevailing rate of exchange.

#### NOTE:

Individual Savings Accounts ('ISAs'), if appropriate, may be arranged for you through an authorised third party ISA provider, in which case your investments within the ISA will normally be held by that provider's nominee. The general terms of the ISA provider concerned will apply to such investments in addition to the terms of these Terms of Business.

## 9. CLIENT MONEY

Your money is subject to protection under the client money rules set out in chapter 7 of the Client Assets sourcebook of the FCA rules and we will deal with your money in accordance with those rules. Your cash balances will be segregated from the firm's money and held by us as a bare trustee in a pooled account with a bank or building society account approved by the FCA. Your money will be held at all times within the United Kingdom in Sterling unless you require it to be held in a currency other than Sterling.

In undertaking transactions on your behalf we may allow another organization, such as an exchange, an intermediate broker or clearing house to hold or control client money to meet any obligation in connection with the transaction.

Although we take all reasonable care in the selection and appointment of those organisations to hold client money, we are not liable for any acts, omissions or default by those organisations except to the extent caused by our own negligence, wilful default, fraud, breach of the rules or breach of contract. In the event that one of the organisations becomes insolvent, you may not receive back all that was deposited.

## 10. UNCLAIMED ASSETS AND/OR CASH BALANCES

We may cease to treat as client safe custody assets any unclaimed asset where we have not received instructions from you relating to that asset provided that:

- There has been no movement with your safe custody assets for 12 years and
- Where we have written to you at your last known address informing you that the asset will no longer be treated as a safe custody asset, giving you not less than 30 days to make

a claim. After that time we may liquidate the asset and pay away the proceeds to a registered charity of our choice.

- Where we have liquidated such an asset and paid the proceeds to a registered charity we unconditionally undertake to pay to you a sum equal to the value of the safe custody asset at the time it was liquidated or paid away in the event of you seeking to claim the safe custody asset in the future.

We may cease to treat as client money any balances allocated to you where those balances remain unclaimed provided that:

- There has been no movement on your balance for 6 years (other than any payment or receipt of charges, interest or similar items) and
- We have written to you at your last known address informing you that the balance will no longer be treated as client money, giving you not less than 30 days to make a claim. After that time, we may pay that cash balance to a registered charity of our choice.
- Where we have paid away the cash balance to a registered charity, we unconditionally undertake to pay to you a sum equal to the balance paid away to charity in the event of your seeking to claim the balance in the future.

## 11. SAFE CUSTODY PROCEDURE

We will maintain a register of the title documents held on your behalf, together with details of the date each document came into or left the custody of the firm.

A statement detailing the title documents held for you will be included in the periodic review. This statement will include uncertificated investments such as those held within the CREST settlement arrangements, overseas investments and unit trust/OEIC holdings and which are deposited with authorised custodians. The statement will also give details of investments held by the firm in certificated form (e.g. bearer stocks, certain overseas investments and investments that cannot be held within CREST). This will also include details of any liens or other security interest held over your investments.

#### Where a third party custodian is appointed by us, we will:

- Use due skill, care and diligence in appointing such a person;
- Not appoint or recommend a third party custodian who is not an authorised custodian (being authorised by the Financial Conduct Authority) until we have disclosed this fact to you;
- Require that the person has appropriate arrangements for the safekeeping of your assets;
- Request that a statement is prepared at least once in each calendar year detailing the title documents held by them on your behalf.

The firm will not disclaim responsibility for losses of investments due to fraud, wilful default or negligence. No investments or documents of title will be released to a third party without your authority. Such authority is implied where instructions are given by you to us to sell, transfer or otherwise dispose of the

investment or where you have given us discretionary powers to manage your investments.

We are not liable for acts and omissions by third parties, such as, but not limited to, our banks, stockbrokers/ counterparties and custodians unless we have failed to exercise due diligence in selecting, instructing or supervising such third parties, nor do we assume responsibility or liability for any action(s) and/or inactions(s) of such third parties and/or its agents, and we shall not be liable for any delay or loss of any kind while cash and/or investments are in the custody or control of a third party or the agent of a third party; all claims in connection with the act of a third party or the agent of a third party shall be brought solely against such party and/or agents.

Where we hold your money on deposit with third party institutions this will be subject to the provisions of the Financial Services Compensations Schemes; however, should the third party become insolvent you could lose some or all of the money held with them. We do not take responsibility for any losses in these circumstances.

## 12. FEES

We will charge you fees and expenses for the services mentioned in these Terms of Business in accordance with the Services and Fees Guide provided to you:

- MPS – 0.25% (*All inclusive fee*)
- PPS – 0.75% (*All inclusive fee*)
- BPS – 1.00% (*Dealing fees and other charges apply – minimum fee of £7,500*)
- We may deduct our fees and expenses as assessed under this paragraph 12 from the funds managed under these Terms of Business.
- Where you have been introduced to us by another intermediary, we may pay remuneration to that intermediary, or a company connected with it, in respect of the introduction.

## 13. DEALING COSTS

You will be charged dealing costs for transactions arranged on your behalf under these Terms of Business in accordance with our Services and Fees Guide.

Unless you advise us otherwise you will be provided with contract notes in respect of all transactions arranged on your behalf and these will detail the dealing costs charged. Upon delivery of such contract notes we will be entitled to deduct the dealing costs from the funds held for you.

Where we deal in overseas transactions for you we will exchange foreign currency at prevailing market rates and the applicable rate will be shown on our contract note.

The charges detailed within the Services and Fees Guide include both the firm's own costs and the charges paid to other brokers for carrying out a transaction. Contract notes will provide a breakdown of the total amount of dealing costs to show the

amount paid to third party brokers and the amount which represents our own commission.

## 14. EXECUTION POLICY

We are required to establish and implement an order execution policy and to provide appropriate information on our order execution to our clients. This information is provided to you as a Retail Client. We are required by the rules of the FCA to provide your prior consent to our order execution policy. You will be deemed to have given consent by signing the Investment Management Agreement and the Consent to these Terms of Business.

### 14.1 GENERAL PRINCIPLES

When executing or routing orders on your behalf in relation to financial instruments we will take all reasonable steps to achieve what is called 'best execution' of your orders. This means that we will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the characteristics of you as a client, your client classification and the characteristics of the order, the financial instruments that are the subject of that order and the Execution Venues to which that order can be directed.

### 14.2 ORDER EXECUTION POLICY

Subject to any specific instructions from you, when executing orders on your behalf or transmitting them to another entity for execution, we shall take all reasonable steps to achieve the best possible execution result for your order taking into account the execution factors listed below.

#### 14.2.1 Execution factors

The execution factors that will be taken into account are:

- Price
- Costs of the transaction
- Speed of execution
- Likelihood of execution and/or settlement
- Size and complexity of the order
- Characteristics and nature of the order

Ordinarily price and overall costs for transacting the deal will merit a high importance in obtaining the best execution result for your order. However, in some circumstances we may determine that other factors listed above may be more important in determining the best execution result for your order. We will exercise our own discretion in determining these factors.

#### 14.2.2 Execution venues

We will act for you as agent but will use several brokers/ counterparties to carry out our order executions in the market and will consider on each transaction the most appropriate broker/ organisation(s) to achieve the execution factors mentioned above.



## 14.3 DELIVERING BEST EXECUTION

Having given consideration to the Execution Factors and General Principles referred to above, we will select the most appropriate venue(s) from those available and execute your order accordingly. Whenever there is a specific instruction from you, we will carry out the order in accordance with that specific instruction and we will be deemed to have complied with the best execution requirement to the extent of that instruction.

## 14.4 REVIEW AND MONITORING

We will monitor execution quality and compliance with our Executive Policy on an on-going basis. You will be notified of any material changes to the Execution Policy.

## 15. INSTRUCTIONS

For discretionary investment management, we will implement instructions at our discretion without prior reference to you. Where you issue us with instructions, we will implement these as soon as possible after they have been received from you. Such instructions may be conveyed to us in writing, by facsimile transmission, email or verbally including by telephone. We reserve the right to record all conversations given over the telephone.

Where instructions are issued by you for the purchase of investments, instructions will not be executed until the firm is in possession of cleared funds to effect settlement of the deal(s). However, the firm cannot accept liability for any losses arising from the non-receipt of instructions and/or money.

For any service, whether Discretionary or Execution-Only, where you give us a specific instruction to trade on your account, you are responsible for ensuring that all investment decisions undertaken are suited to meet your investment objectives, financial position and attitude to risk and we will take no responsibility for making such assessment. Accordingly the protection afforded by legislation is not available to you with regard to any such transaction. There is no compensation scheme nor can any complaint be taken to the Financial Ombudsman Service.

Where an account is opened in joint names, unless you authorise us otherwise, we will act upon instructions given by either one of you.

## 16. UNSOLICITED CALLS

We may need, or wish, to communicate with you to invite you to enter into an investment, but may only do so with your specific agreement. Your signature to these Terms of Business indicates that you are willing for us to communicate with you in this way by post, facsimile transmission, telephone, email or face-to-face, at reasonable times, unless you advise us that any of these methods are insecure or inappropriate.

Your attention is drawn to the fact that all telephone conversations may be recorded.

## 17. COMMUNICATION BY EMAIL

Communication by email carries particular risks including non-delivery and security. We will take reasonable steps to minimize these risks and protect the integrity of computer systems by virus-screening and by using a password set by you to secure emailed documents. Should you elect to receive any documentation from us via email you undertake that you will not make available your password and/or any of your personal details which may compromise the security of your investment portfolio to anyone. Where such disclosure of your password and/or any of your personal details which may compromise the security of your investment occurs, you undertake to inform KW Investment Management immediately so that we can take appropriate security measures.

If you have contacted us by email an automated delivery receipt does not constitute acknowledgement or receipt by the intended recipient(s). Please advise us if you do not wish us to communicate by email.

## 18. CONFLICT OF INTEREST

The Financial Conduct Authority ('FCA') requires us to take all reasonable steps to identify conflicts of interest between us and clients.

We operate our business on the principle that we manage any conflicts of interest between ourselves, including employees, associates and clients, and between one client and another, in a fair and commercial manner. There may be occasions when we may recommend one or more of our clients to buy an investment in which one or more of our clients have given us instructions to sell, or vice versa.

In these circumstances, we would not proceed with the transaction if this would disadvantage any of the clients involved. In certain cases, we may decline to act for you or decline to carry out a transaction on your behalf.

We maintain and operate organisational, procedural and administrative arrangements designed to identify and manage actual and potential conflicts. These arrangements form part of the reasonable steps we have taken to prevent clients.

***Specific conflict management arrangements include, but are not limited to:***

### ORDER MANAGEMENT

We have a policy in place governing client order priority whereby all trading on behalf of our clients should take place fairly and in due turn so as to avoid a potential conflict of interest.

### PERSONAL ACCOUNT DEALING ('PAD')

Relevant employees of the firm are subject to our PAD policy. A key feature of the policy is to ensure that there are no potential conflicts of interest between the employee's PAD and that of our clients. All relevant employees are required to have PAD trades approved before dealing, to ensure that dealing does not occur in securities in circumstances where they should be restricted.

## 19. COMPLAINTS PROCEDURE

The firm operates an internal complaints handling procedure, a full copy of which is available on request. If you have any complaints about the investment services we have provided, you should address these to the Compliance Officer at KW Investment Management Limited 2nd Floor, 13 Austin Friars, London, EC2N 2HE. If we cannot settle your complaint, you may be entitled to refer it to the Financial Ombudsman Service (FOS). FOS is an agency for arbitrating on unresolved complaints between regulated firms and their clients.

**Further information about the FOS is available from their website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)**

## 20. SECURITY OF ASSETS

Your assets are carefully segregated and ring-fenced from the assets of the firm. We have Professional Indemnity Insurance cover in place of £5,000,000.00. We are also covered by the Financial Services Compensation Scheme ("FSCS"). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for up to a maximum of £85,000.00. We may also, on occasion, advise on other financial products which are not regulated by the FCA. The FSCS does not apply to any of these products.

**Further information about compensation scheme arrangements is available from the FSCS at [www.fscs.org.uk/consumer](http://www.fscs.org.uk/consumer)**

## 21. AMENDMENT AND TERMINATION

These Terms of Business may be amended by notice to you in writing sent by post, email, facsimile transmission or hand delivered at least fourteen days before any amendment is to take effect:

- We may vary these terms or the characteristics of our services at any time for the following reasons giving notice described in this paragraph 21:
  - To respond to changes in general law or decisions by the Financial Ombudsman Service.
  - To meet compliance with new regulatory requirements or to reflect new industry guidance, codes of best practice and to reflect accepted market custom and practice.
  - To make changes to improve or vary the service.
  - To make proportionate changes to reflect legitimate cost increases or reductions associated with particular products. Where variation is material (including a variation in our charges) we shall make no charge for transferring away on your instructions.
- These Terms of Business may be terminated at any time, without penalty, by either party giving notice in writing to the other to that effect but this will be without prejudice to the completion of transactions already initiated on your behalf.

- If you terminate prematurely an investment in respect of which commission has been paid, we will require you to make good our loss.
- On termination we will provide your new adviser with any information they may require.
- There is no minimum duration to these Terms of Business.
- If we stop acting for you (for whatever reason) we remain entitled to payment of our fees up to the date of termination at the rate specified in these Terms of Business and others as agreed from time to time. No further management fees will be charged to you by us for the period following the date of termination. Whilst we continue to hold custody of your assets we reserve the right to charge appropriate fees for this.
- We remain entitled to charge for any fees or commission incurred (as per our usual rates set out in our Services and Fees Guide) as a result of any transfers which arise following termination.

## 22. DEATH

On receipt of notification of the death of a client, the Investment Management Agreement will cease and the portfolio will be transferred to an Execution-Only portfolio and will be managed on this basis, the details of which are set out earlier in these Terms of Business.

We shall not accept any instructions over any account in your name or take any other action in respect of it until such time as acceptable title of your Personal Representative has been satisfactorily established by sending to us an office copy of the Grant of Probate or Letter of Administration.

We shall then obtain the signatures of your Personal Representatives to an Execution-Only Agreement and on receipt of this we shall accept the instructions of the Personal Representatives to sell, transfer or re-materialise your investments.

None of the above will apply to a portfolio held in joint names where the portfolio will automatically pass to the survivor.

Where an ISA is held with us, on the death of a client who leaves a surviving spouse, the ISA will be kept intact in accordance with the HM Revenue and Customs ISA Rules.

Where we receive notification of the death of a surviving spouse or an individual the ISA immediately loses its tax status and we shall transfer the investments held in the ISA to a separate taxable portfolio. If the ISA holds gross paying interest investments, these will be transferred to the net paying version of the investment. This may involve the sale of the gross paying fund and purchase of the net paying fund in its place.

We are not responsible for losses in your account during the period between your death and the receipt by us of formal notice of it, or for losses between your death and the receipt by us of a certified copy of the Grant of Probate / Letters of Administration (as the case may be). Neither shall we be liable for any losses arising as a result of us not administering your investments

following your death. The account will continue to incur charges until it is closed.

## 23. CLIENT IDENTIFICATION

In order to comply with the Money Laundering Regulations 2007 we are legally obliged to ask you to provide us with evidence of your identity. We reserve the right to decide how to undertake the verification of your identity and may outsource to a third party if we consider this appropriate. We will write to you separately if we require any information from you to verify your identity.

You warrant that all information that you supply to us is and shall be correct to the best of your knowledge and belief and that you will notify us promptly of any material change.

As part of our compliance with the money laundering regulations, we are unable to accept payment in cash of any sum. Where we pay money to you, it will be paid by cheque or bank transfer, not in cash or to a third party.

## 24. NOMINEE SERVICE

By using our Nominee Service you agree your investments may be held in an omnibus account and held with the investments of other clients.

As part of the portfolio management service we provide a nominee service that enables the firm to complete the administrative arrangements for buying or selling securities or dealing with rights issues and take over offers without having to obtain your signature on each occasion. The administrative burden of investment will, therefore, be lifted from you. You retain beneficial ownership of your securities at all times.

All certificates for certificated holdings (other than bearer securities and certain foreign investments which must be deposited with authorized custodians) will be held by the firm for you and kept in safe custody in accordance with the Financial Conduct Authority safe custody rules. All documents of value, such as allotment letters or take-over documents, will come straight to us and will be dealt with promptly.

Certain investments (including many unit trusts and stocks within the CREST settlement arrangements) are uncertificated. In such cases, we undertake to maintain up-to-date records of your holdings. At least once a year we will send you a statement of securities held on your behalf including both certificated and uncertificated investments.

Dividends received on your behalf will be placed in a Client bank account operated by the firm. Except for those cases where dividends are mandated to a bank account, a full income statement and consolidated tax voucher will be sent out annually to the party specified in the signed Investment Management Agreement.

Company reports and accounts and similar material are not normally sent to clients as these are generally now publically available via the company websites. Shareholder concessions are not normally extended to nominee companies.

Unless formally instructed by you we will not exercise voting rights on any security held by the nominee. In view of this we do not make any notifications under Chapter 5 of the FCA's Disclosure and Transparency Rules. Where you instruct us to vote on your behalf for any security beneficially held for you, we will use our best endeavours to facilitate this but accept no liability if, for whatever reason, we are unable to do so.

- Having read the information on our service, you hereby request and authorize the firm to register your current holdings of stocks and shares and all stocks and shares held, purchased or otherwise acquired for you in the future to be held on your behalf in our nominee name as your nominee. You agree that your securities may be held by our appointed custodians, to our order, for your account. You agree that your investments may be held in certificated or uncertificated form, including investments within the CREST settlement arrangements.
- You agree that for audit purposes, it may be necessary for us to forward to you statements of securities held by you or held to your order at the time.
- You agree that we will hold your stocks and shares in accordance with the safe custody rules of the Financial Conduct Authority.
- You agree that your stocks and shares may be held by one or more third parties (including clearance systems, overseas agents, etc.) and that we do not accept any liability or responsibility for the obligations of such third parties.
- You agree that tax may be deducted from payments due to you if it is due to be deducted under any applicable law or practice.

## 25. CLIENT QUESTIONNAIRE

The Investment Management Agreement should be signed in conjunction with a KW Investment Management Limited Client Questionnaire, which establishes relevant facts to be considered in the management of the portfolio. Please do not sign this Investment Management Agreement until the questionnaire and a Risk Profile document have been completed and signed.

## 26. DATA PROTECTION

We are fully committed to respecting your privacy and to protecting any information you provide to us. Details contained on our database will not be passed to anyone else for marketing purposes.

We use the information you provide for the provision of financial services for you, to complete any transaction including associated administration, for updating client records, analysis to help us manage our business, statutory returns and legal and regulatory compliance.

You agree that we may transfer or copy any data that we hold for you to any associated company within the Kingswood Group. Your data may be used within the Kingswood Group for direct marketing purposes and we may from time to time send you information which we think might be of interest to you. If you do not wish to receive that information, please notify us.

We are registered in accordance with United Kingdom Data Protection Legislation and will use your personal data strictly in accordance with that legislation.

*Please see Appendix A to these Terms of Business for further details on how we shall protect your personal information.*

## 27. KEY FEATURES DOCUMENT

Where you elect for our Advisory Service it will be assumed that you do not require Key Features documentation. If you do not agree to this then we will send Key Features Documents for every recommended purchase.

## 28. TAXATION

The tax treatment on investments depends on your individual circumstances, as well as the ongoing availability of the tax reliefs, and may be subject to change in the future. We do not provide tax advice, nor accept liability for it, and you should always consider seeking professional taxation.

If you are a taxpayer and/or resident outside the UK or hold non-UK investments you may be liable to account to non-UK tax authorities for any capital or income earned. You will retain sole responsibility in relation to these matters.

You undertake to notify us immediately on a change in your address or tax residency.

## 29. CANCELLATION RIGHTS

Under these Terms of Business you do not have the right to cancel any transaction relating to the purchase of collective investments in your portfolio.

## 30. REGULATOR

We are authorised and regulated by the Financial Conduct Authority whose address is:

**12 Endeavour Square, London, E20 1JN**

# CONSENT

These are our standard KW Investment Management Terms of Business upon which we intend to rely. For your own benefit and protection you should read these terms carefully before signing them. If you do not understand any point please ask for further information. These Terms of Business replaces any previous Portfolio Management Agreements, Terms of Business and any other understandings we have with you, and will only be modified where confirmed in writing.

*I/We acknowledge that the Investment Management Agreement will come into effect once it has been signed by all parties.*

DATE ISSUED

CLIENT NAME	CLIENT SIGNATURE	DATE

## SENSITIVE PERSONAL DATA

The primary basis on which we intend to process your personal data is for the performance of our contract with you. In the case where we need to process special category (sensitive) data as described at paragraph 26 and at Appendix A of this these Terms of Business we require your consent by indicating your agreement to the following statement:

*I / we consent to the processing of sensitive personal data as far as it is necessary for the services I / we require from Kingswood Investment Management.*

- YES                       NO

*Please note that you may withdraw this consent at any time by notifying us at our main business address.*

We may also engage the services of third party providers of professional services in order to enhance the service we provide to you. These parties may also need to process your personal data in the performance of their contract with us. If you wish to know the names of these third parties please contact us for further information.

## MARKETING

From time to time we may wish to contact you to offer additional products or services which may be of interest to you. In order to do this we require your consent by agreeing to one or all of the options:

*I / we consent to be contacted for marketing purposes by:*

- EMAIL                       PHONE                       SMS/TEXT                       POST

*Please note that you may withdraw this consent at any time by notifying us at our main business address.*



# APPENDIX A

## PROTECTING YOUR PERSONAL INFORMATION

To provide our services properly we will need to collect information about your personal and financial circumstances. We take your privacy seriously and will only use your personal information to deliver our services.

Processing of your personal data is necessary for the performance of our contract for services with you and in meeting our obligations to preventing money laundering or terrorist financing. Generally this is the lawful basis on which we intend to rely for the processing of your data. (Please see the reference to special categories of data below). Our policy is to gather and process only that personal data which is necessary for us to conduct our services appropriately with you and to prevent money laundering or terrorist financing.

We adopt a transparent approach to the processing of your personal data. Sometimes, we may need to pass your personal information to other organisations. If you apply to take out a financial product or service we will need to pass certain personal details to the product or service provider.

We may engage the services of third party providers of professional services in order to enhance the service we provide to you. These parties may also need to process your personal data in the performance of their contract with us. Your personal information may be transferred electronically (e.g. by email or over the internet) and we, or any relevant third party, may contact you in future by what we believe to be the most appropriate means of communication at the time (e.g. telephone/ email /letter etc.).

The organisations to whom we may pass your details also have their own obligations to deal with your personal information appropriately. Sometimes a product or service may be administered from a country outside Europe. If this is the case, the firm must put a contract in place to ensure that your information is adequately protected.

We refer you to our Privacy Notice, which can be found at <https://www.kingswood-group.com/legal>. This provides more information about the nature of our personal data processing activities and includes details of our retention and deletion policies as well as your rights of access to the personal information that we hold on you.

As part of these Terms of Business we will ask you to consent to the transfer of personal information in accordance with the protections outlined above.

**Special categories of personal data:** there are certain categories of personal data that are sensitive by nature. The categories include: data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership and data concerning health. Depending on the nature of the products and services that you engage us for we may need to obtain your sensitive personal data particularly in relation to health. Our policy is that should we require any special category of personal data we will only gather this with your explicit consent.

*If you are concerned about any aspect of our privacy arrangements please speak to us.*



*Kingswood, Kingswood Group and KW Institutional are trading names of KW Wealth Planning Limited (Companies House Number: 01265376) regulated by the Financial Conduct Authority (Firm Reference Number: 114694) and KW Investment Management Limited (Companies House Number: 06931664) regulated by the Financial Conduct Authority (Firm Reference Number: 506600) with a registered office at 13 Austin Friars London EC2N 2HE. KW Investment Management Limited is also regulated in South Africa by the Financial Sector Conduct Authority (Firm Reference Number: 46775). Both companies are wholly owned subsidiaries of Kingswood Holdings Limited which is incorporated in Guernsey (registered number: 42316) and has its registered office at Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WW.*