

## Terms of Business

### Retail Clients

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**This is an important document. Please read it carefully.**

### Key terms for your attention

This section highlights some of the key terms that you need to be aware of, including terms setting out your obligations in respect of **services** you receive from LGT Wealth Management Limited. You should still read all documents comprising the **agreement** and seek assistance from us if you do not understand any element of it.

### Terminology

**Bold** terms are words which have a particular meaning when we use them in our **terms of business** and in communications or documents you receive from us regarding your account. The meaning of these terms can be found in the *Defined Terms* section of these **terms of business**.

References to “we” means LGT Wealth Management Limited, a company incorporated in Scotland and with its registered office at Capital Square 58 Morrison Street Edinburgh EH3 8BP, United Kingdom (references to “us”, “our” and “ourselves” have the same meaning and includes our successors and assignees).

References to “you” means the natural or legal person(s) to whom we will be providing the **services** (and references to “your” and “yourselves” have the same meaning).

### Charges and fees

1. You are responsible for the fees and charges for our **services** as set out in our **fee schedule**. We will provide you with a copy of our **fee schedule** when you enter into this **agreement** and will make additional copies available on request.
2. We may vary these fees and charges for **services** from time to time and if we do so, we will give you no less than thirty (30) calendar days’ notice.
3. In addition, you will be responsible for any additional fees or charges that may arise as a result of the provision of our **services** to you, such as transaction costs levied by third parties and product costs further described in section 3 (*Charges and Fees*).
4. We may also agree with you from time to time that you will be responsible for additional one-off or unexpected fees or charges in the provision of our **services** to you.
5. We will deduct any charges due that are related to a transaction from the proceeds of the relevant transaction where possible.
6. We may deduct any sums that you owe us in relation to charges and fees directly from any **assets** held on your behalf.

### Changes to your circumstances

7. It is important that you inform us of changes in your personal circumstances, investment objectives or risk profile. You agree to notify us promptly of any changes. You agree that we cannot be held liable for losses resulting from investments or decisions that could be considered unsuitable considering circumstances that you have not notified us of. Examples of these changes include buying or selling a property, retirement, marriage and divorce.

### Reports

8. We will provide you with a quarterly report about any **assets** we manage, including a valuation. This periodic report will also include details of any other investments or client money that your **custodian** holds on your behalf. You should review these reports and notify us immediately of any errors. More details on how we will provide information to you are set out in section 13 (*Instructions, Communications and Reports*).

### Tax

9. We are not responsible for providing you with tax, legal or accounting advice. You will be responsible for obtaining your own advice on the taxation, legal, regulatory or accounting consequences of any investment or investment strategy.
10. In some countries, the tax position is complex and subject to more frequent changes than in the UK. It may not be possible to reclaim tax due to practical and timing issues. More details on non-UK taxation are set out in section 10 (*Non-UK Taxation*).

### Termination and complaints

11. You may terminate this **agreement** at any time by giving us notice in writing which will be effective immediately. We may terminate this **agreement** on giving you at least ninety (90) calendar days’ notice in writing, however we may terminate this agreement immediately on providing notice in writing to you in the circumstances described in these **terms of business**. More details on our respective termination rights are set out in section 27 (*Termination*).
12. All complaints should be directed in the first instance to The Compliance Officer, LGT Wealth Management Limited, 14 Cornhill, London EC3V 3NR). More information on complaints and compensation are set out in section 25 (*Complaints and Investor Compensation*).



### Terms of Business for Retail Clients

Our terms of business form part of the agreement between us, which is made up of the following documents:

1. **terms of business;**
2. **account agreement;**
3. **fee schedule;**
4. **investment risk profile questionnaire;**
5. **investment policy statement;**
6. any other ancillary documents provided to you and applicable to our **services** and any product specific supplemental terms and conditions.

If you have signed and returned the **account agreement** to us, then you have accepted the **agreement**. Please take time to read all documents comprising the **agreement** carefully as it will become legally binding once your **account agreement** has been received and accepted by us. Once we have accepted your **account agreement** we will also be bound by the **agreement**. We may refuse to accept any **account agreement** at our discretion.

Where we refer to “you” in these **terms of business**, we are referring to the natural or legal person(s) to whom we will be providing the **services**. Accordingly, this may refer to a company or trustee (including a charity) acting through an authorised person on its behalf.

These **terms of business** set out how we will provide our **services** to all our retail **clients**. Depending on the type of **services** you choose (and products you invest in, if applicable), certain provisions of these **terms of business** may or may not be relevant to you. These **terms of business** apply as follows:

- If you invest in **assets** directly with us in an account provided by us, you will be our **client**, even where you use a financial adviser.
- When you invest in a **product** through a **product provider**, the **product provider** will be the legal and beneficial owner of the **assets** within the **product**. Consequently, for the purpose of **FCA regulations**, the **product provider** will be treated as our **client** and you will be treated as a customer of the **product provider**, not us. We will manage any **assets** held within a **product** subject to your **product provider's** terms and conditions and any investment restrictions that we have agreed with the **product provider**. The **product provider** has authorised us to communicate with you on certain matters relating to the assets in your **product**, and these **terms of business** explain how we will conduct our relationship with you.
- If you invest both directly in an account with us and through a **product provider**, we will treat you as our **client** only in relation to the account you hold directly with us. Even if you are investing through a **product provider** and not our direct **client**, these **terms of business** will still apply to our relationship with (and give certain rights and obligations to) you if you invest in a **product**. We will specify how these **terms of business** apply to you in these circumstances. We will also put in place a separate **agreement** governing our relationship with the **product provider**.
- If you invest through an **ISA**, the **agreement** must be read with the specific **ISA** terms of LGT Wealth Management UK LLP (the **ISA** manager), which will be given to you before LGT Wealth Management UK LLP provides you with an **ISA**.

By signing the **account agreement**, you confirm that you accept these **terms of business** and any supplemental terms and conditions and will be bound by this **agreement**. This **agreement** comes into effect on the date that we accept a satisfactorily completed and signed **account agreement** from you.

To the extent that there is any conflict or inconsistency between any provision of these **terms of business** and any provision of any supplemental terms and conditions, then the provisions of the supplemental terms and conditions shall apply in respect of the **products** or **services** they cover.

### IMPORTANT INFORMATION REGARDING THE PERFORMANCE OF YOUR ACCOUNT

We do not warrant the performance or profitability of your **assets** or that any investment objectives communicated to us will be successfully achieved. An **investment manager** will be assigned to your account. Please speak to them if you have any queries regarding the performance of your **assets**.

Where you have notified us in your **investment risk profile questionnaire** that you have specific considerations or are subject to specific legal constraints which may affect our provision of advice or exercise of discretion, we shall use reasonable endeavours to observe them. You agree that this may affect performance of your **assets** and may result in a lower overall return compared to an account without such constraints. We are not under any circumstances responsible for the provision of, or the consequences of, observing such considerations or following such legal constraints.

It is important that you inform us promptly of changes in your personal circumstances or investment objectives and risk profile. You agree that we cannot be held liable for losses resulting from investments or decisions that could be considered unsuitable considering circumstances that have not been notified to us.



## Defined Terms

<b>account agreement</b>	means the form used to apply for the establishment, maintenance, and operation of your account under the terms of the <b>agreement</b> ;
<b>agreement</b>	means these <b>terms of business</b> ; the <b>account agreement</b> ; <b>fee schedule</b> ; <b>investment risk profile questionnaire</b> ; <b>investment policy statement</b> ; any other ancillary documents and any product specific supplemental terms and conditions;
<b>asset(s)</b>	means the investments and money held by your <b>custodian</b> in respect of which we provide you with our <b>services</b> in accordance with this <b>agreement</b> ;
<b>best execution</b>	means effecting a transaction whereby reasonable care is taken to ascertain the price which is the best available for a <b>client</b> in the relevant market at the time of the kind and size and, unless the circumstances require otherwise in the <b>client's</b> interest, where orders are executed at a price (excluding disclosed charges) which is no less advantageous to the <b>client</b> ;
<b>business day</b>	means 9am-5pm Monday to Friday on any day on which banks are generally open for business in London and Edinburgh;
<b>client</b>	means a natural or legal person to whom we are providing <b>services</b> and whom we have identified in the <b>account agreement</b> as our <b>client</b> and in relation to joint accounts, means all joint account holders;
<b>corporate event</b>	means any right to attend and vote at shareholders', securities holders' or unit holders' meetings, or of any rights issues, calls, conversion, subscription or redemption rights, or take-over or other offers arising from capital re-organisations;
<b>custodian</b>	means your appointed provider of <b>custody and execution services</b> ;
<b>custody and execution agreement</b>	means your agreement for <b>custody and execution services</b> ;
<b>custody and execution services</b>	means the services provided by your <b>custodian</b> as described in Annex 1 ( <i>Custody of Assets and Execution of Orders</i> );
<b>derivatives</b>	means investment contracts that derive their value from underlying investments;
<b>FCA</b>	means the Financial Conduct Authority;
<b>FCA regulations</b>	means all rules, regulations, orders and prohibitions imposed or issued by <b>FCA</b> including the <b>FCA</b> Handbook of rules and guidance, non-Handbook <b>FCA</b> guidance and other <b>FCA</b> materials;
<b>fee schedule</b>	means the various charges, fees, and commissions applicable to you including for the provision of the <b>services</b> provided by us;
<b>investment manager</b>	means the specific investment professional assigned to you by us in relation to the provision of our <b>services</b> ;
<b>investment risk profile questionnaire</b>	means the questionnaire we use to assess your willingness to accept and your ability to withstand losses while also considering other factors that may limit how much risk you can take, including your investment time horizon;
<b>investment policy statement</b>	means the statement containing details of how we will manage your <b>assets</b> and/or provide you with investment advice, including your investment objectives, your investment time-horizon, risk tolerance and financial situation; and any limits on the types of investments that you can invest in;
<b>ISA</b>	means the account managed by LGT Wealth Management UK LLP in compliance with the Individual Savings Account Regulations 1998 (as amended);
<b>LGT Group</b>	means LGT Wealth Management Limited and each of its subsidiaries, parent undertakings and/or associated companies;
<b>nominee</b>	means a person or company who has been entrusted with the safekeeping of your <b>assets</b> in accordance with the <b>FCA regulations</b> ;
<b>Non-UCITS Retail Schemes (NURS)</b>	funds from jurisdictions outside the EU that meet the specific criteria set by the <b>FCA</b> , ensuring they offer similar levels of protection and transparency as UK-based funds.
<b>product</b>	means the investment <b>product</b> (for example a self-invested personal pension or offshore bond) which you hold through the <b>product provider</b> , the <b>assets</b> under which we have been appointed to manage;
<b>product provider</b>	means an appropriately authorised firm whose product you have invested in and which has appointed us as discretionary investment manager of the <b>assets</b> in your <b>product</b> ;



<b>recognised schemes</b>	means UCITS (Undertakings for Collective Investment in Transferable Securities): funds domiciled in the European Union that meet the stringent regulatory requirements of the UCITS directive, allowing them to be marketed across the EU and in the UK;
<b>SDR label</b>	means the four SDR investment labels: Sustainability Focus: Funds that primarily aim to achieve sustainability objectives, Sustainability Improvers: Funds that invest in companies or projects with the intention of improving their sustainability practices, Sustainability Impact: Funds that seek to generate measurable positive impacts on environmental and social issues, Sustainability Mixed-Goals: Funds that have a combination of sustainability objectives but do not focus exclusively on one area;
<b>service(s)</b>	means the discretionary investment management, advisory (including dealing with advice) and/or execution-only service(s) which we provide to our <b>client</b> in accordance with the <b>agreement</b> , and which you have selected in your <b>investment risk profile questionnaire</b> ;
<b>sub-custodian</b>	means a third party (or its <b>nominee</b> ) selected by your <b>custodian</b> and to whom they have been delegated the provision of custody services in accordance with the <b>FCA regulations</b> ;
<b>sustainability related terms</b>	means a fund defined by the <b>FCA Regulations</b> set out in Chapter 4 of the Environmental Social Governance sourcebook;
<b>terms of business</b>	means these terms and conditions governing the provision of the <b>services</b> ;
<b>UK Sustainable fund</b>	means funds that are subject to the UK Sustainability Disclosure Requirements (SDR) including <b>SDR labelled</b> funds and non-labelled funds with <b>sustainable related terms</b> in their naming or marketing materials;
<b>unforeseen event</b>	means an event that is outside our reasonable control and could not be predicted or, if predicted, its consequences are too far-reaching to anticipate. In the <b>agreement</b> it includes any: <ul style="list-style-type: none"><li>a. act of God, fire, earthquake, storm, or flood;</li><li>b. explosion, nuclear accident, or collision;</li><li>c. sabotage, riot, civil disturbance, insurrection, epidemic, national emergency (whether in fact or law) or act of war (whether declared or not) or terrorism;</li><li>d. requirement or restriction of or failure to act by any government, semi-governmental or judicial entity;</li><li>e. unavoidable accident;</li><li>f. loss of supply of essential services including but not limited to electrical power, telecommunications and essential third-party services;</li><li>g. any 'denial of service' or other targeted network attack, including a ransomware attack; and</li><li>h. any other cause beyond our reasonable control, as a consequence of which we can no longer provide any element of the <b>services</b> for a given period.</li></ul>

### Important facts

- A. You are classified as a retail client as explained in section 1.4 (*Regulated Status*).
- B. We provide discretionary, advisory and/or execution-only investment **services**. You can select your service type in the **investment risk profile questionnaire**.
- C. It is your responsibility to give us instructions in writing or orally as set out in section 13.4 (*Instructions, Communications and Reports*).
- D. You have sole responsibility for the management of your tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations.
- E. You must review the periodic reports that we will send you and notify us of any error in them. This is described in more detail in section 13.3 (*Instructions, Communications and Reports*).
- F. You must notify us immediately in writing of any change to your address or tax residency, as required in section 10 (*Non-UK Taxation*).
- G. When agreeing to these **terms of business**, you are confirming your understanding of the information set out in section 10 (*Non-UK Taxation*).
- H. You must notify us of any change to your circumstances as described in section 7.5 (*Suitability*).
- I. You are responsible for the payment of our fees and charges as agreed in section 3 (*Charges and Fees*).

### 1. Regulatory Status

- 1.1 LGT Wealth Management Limited is a company incorporated in Scotland (Registered No. SC317950) and having its registered office at Capital Square 58 Morrison Street Edinburgh EH3 8BP.
- 1.2 We are authorised and regulated by the **FCA** of 12 Endeavour Square, London, E20 1JN and its website is found at [www.FCA.org.uk](http://www.FCA.org.uk). Our **FCA** firm reference number is 466684. The **FCA** is an independent body that regulates the financial services industry in the UK. We are a member of the London Stock Exchange (LSE). We are required to act in accordance with **FCA regulations** and the rules imposed by trading venues where relevant.



- 1.3 We will notify you immediately if we cease to be so regulated. Nothing in the **agreement** shall exclude any liability of ours to you arising under **FCA regulations**.
- 1.4 **Your client classification**  
On the basis of the information you have provided to us, we have classified you as a “retail client” for the purposes of **FCA regulations**. This provides you with the highest level of protection available under **FCA regulations**. You have the right to request a different classification (e.g. as a “professional client”), but please note that we may not agree to such a request.
- If you invest in a **product** through a **product provider**, the **product provider** will be our **client**. Please note:
- 1.4.1 we understand that the **product provider** has appointed us to act as discretionary investment manager (on your recommendation) to manage the **assets** within your **product**;
- 1.4.2 the **product provider** has authorised us to communicate with you on certain matters relating to the **assets** in your **product**, and these **terms of business** explain how we will conduct our relationship with you; and
- 1.4.3 although we shall conduct business with you on this basis, we have agreed with the **product provider** that in relation to our dealings with you, you will be afforded the regulatory protections of a retail client under the **FCA regulations**.
- 1.5 **Where you act as agent**  
For the purposes of **FCA regulations**, where you are acting as agent for another person, we will treat only you as our **client** regardless of whether your principal has been identified to us. However, we may at our discretion enter a contractual relationship with your principal in certain circumstances, for example where your principal may require provision by us of any credit facility or service to them. Further details on appointing an agent are set out in section 29 (*Delegation, Appointment of Agents and Assignment*).
- 2. Investment Services**
- 2.1 The specific terms on which we provide our discretionary, advisory and execution-only **services** are set out in sections 4 (Discretionary Services), 5 (Advisory Services) and 8 (Execution-Only Services and Appropriateness). The terms on which your **assets** are held in your account and orders are executed are set out in sections 14 (Custody of Assets and Execution of Orders), 16 (Reporting and Exercise of Voting Rights), 17 (Our Rights Over Your Assets) and 19 (Joint Accounts). We have arranged for your **custody and execution services** to be provided by a member of the **LGT Group** as described in Annex 1 (*Custody of Assets and Execution of Orders*).
- 2.2 You can select our **services** in the **investment risk profile questionnaire**. Depending on the **service** you select, we will provide you with discretionary investment management, advisory and/or execution-only **service(s)** in relation to the sale and purchase of **assets**. This includes without limitation, securities, bonds, warrants, collective investment schemes (including funds which are operated or managed by us or a member of the **LGT Group**), **derivatives**, structured products, contracts for differences, options, hedge funds, private equity, property and real estate products, venture capital trusts and enterprise initiative schemes.
- 2.3 If you wish to change the **service(s)** you have selected with us pursuant to section 2.2 above, you should contact your **investment manager**, or otherwise contact us by one of the methods set out in section 26 (*Notices*).
- 2.4 Except as set out in the **investment risk profile questionnaire** or otherwise agreed with you, there are no restrictions on:
- 2.4.1 the types of **assets** in which we may invest on your behalf;
- 2.4.2 the markets on which you will permit transactions to be carried out; or
- 2.4.3 the value of or proportion of the account value which any one **asset** or class of **assets** may have.
- 2.5 Unless we agree to provide you with ongoing advice as recorded in your investment policy statement, our advice will be on a one-off, transaction by transaction basis. Where we provide you with one-off advice, we do not accept responsibility for:
- 2.5.1 advising you on the continued suitability of individual investments; or
- 2.5.2 a breach of your investment objectives or guidelines if such breach occurs because of any change in value of an asset after it has been bought or sold.
- 3. Charges and Fees**
- 3.1 In exchange for the provision of our **services** as set out under this **agreement**, you will pay us any applicable fees or charges as set out in the accompanying **fee schedule** or as we may agree separately in writing from time to time.
- 3.2 We may review and/or change these fees or charges in the future. We will notify you in writing of any new fees or charges to be applied or any changes to existing fees or charges not less than thirty (30) calendar days before such a change takes place.
- 3.3 In addition, you will be responsible for any fees or charges that may arise because of our provision of **services** to you. These may include, but are not limited to, costs such as transactions costs levied by third parties (for example, stamp duty, foreign withholding taxes, broker commission) or product costs, such as underlying fund charges (for example, initial charges made by a fund house for investing in their fund, ongoing fund management charges for the fund, or fund dilution levies or fund performance fees). When we enter a foreign exchange transaction on your behalf you will be responsible for paying the market quoted exchange rate together with our applicable foreign exchange fee as set out in the **fee schedule**.
- 3.4 You will be responsible for any Value Added Tax, stamp duties and levies or any other applicable tax that is due or chargeable in relation to any fees or charges or arising on your assets or transactions. We may also agree with you that you will be responsible for one-off fees or charges in our provision of the **services** that we have not listed in our **fee schedule**.

- 3.5 Our fees for our ongoing discretionary investment management **service** and ongoing advisory **service** will be debited from your cash account on a quarterly basis in arrears, unless the balance is zero, in which case you agree that we may deduct any sum that you owe us in relation to these fees directly from any **assets** held on your behalf. Our fees will be determined at the time of fee calculation, based on the actual account value relevant to the **service** fee and in accordance with the calculation method detailed in our **fee schedule**. As your account value varies from quarter to quarter, the fees for these **services** may increase or decrease accordingly.
- 3.6 We will ordinarily deduct any charges due from the proceeds of the relevant transaction where possible. You agree that we may deduct any sum that you owe us in relation to charges and fees directly from any **assets** held by your **custodian** on your behalf.
- 3.7 In certain circumstances we may agree with you that we will send you an invoice for fees and other charges due, instead of deducting these from your **assets**. You must pay any invoice that we send to you within thirty (30) calendar days of the date of the invoice.
- 3.8 As set out in section 15 (*Our Rights Over Your Assets*) below, we may exercise our right to use any cash or sell any **assets** held within your account to cover any unpaid costs, losses or claims which you are responsible for under this **agreement**.
- 3.9 In certain circumstances, and only if permitted by applicable law, we may be paid trail commission on the value of an investment made by you or on your behalf, payable by managers of unit trusts and other retail investment products, where these investments were purchased before 31st December 2012 and you continue to hold them. If this is the case, we will always pay back these monies to you.

#### **4. Discretionary Services**

- 4.1 Where you have selected in your **investment risk profile questionnaire** that you wish to receive discretionary **services**, we will manage your **assets** on a discretionary basis. This means that we will act as your agent to invest your **assets** in accordance with your **investment policy statement**. We will have full authority and complete discretion, without checking with you first, to invest and reinvest the **assets** within your account by entering any kind of transaction or arrangement on your behalf. We may include in your account **assets** of any value and may invest any proportion of your **assets** in any way that we believe is suitable for you based on the information you have provided to us in your **investment risk profile questionnaire** or as communicated to us in writing. Based on information you have provided to us we will regularly review your **assets** against your **investment policy statement**.
- 4.2 Where appropriate, we will establish a benchmark against which we will assess the performance of your **assets**, and we will notify you of the benchmark we use in writing.
- 4.3 Where we allocate a proportion of your wealth towards sustainable investments, we may invest in both **UK Sustainable funds** and non-UK funds. This allocation may include EU sustainable funds and other recognised overseas schemes, such as UCITS (Undertakings for Collective Investment in Transferable Securities) from the European Union and **non-UCITS retail schemes (NURS)** from other jurisdictions that meet regulatory criteria.

Please note that non-UK Sustainable Funds and overseas **recognised schemes** included within our allocations are not subject to the UK's sustainable investment labelling and disclosure requirements ("**SDR**"). However, the **UK Sustainable funds** are subject to the **SDR** framework, which may have different approaches and disclosure standards compared to non-UK requirements. As a result, the standards and methodologies used by **recognised schemes** in relation to their disclosure requirements may differ from the UK's standards.

We will continue to monitor and review the sustainability characteristics and performance of the funds and **recognised schemes** within our allocations to ensure they align with your investment objectives and values. If you have questions about how these differences may affect your investment, please contact us directly.

#### **5. Advisory Services**

- 5.1 Where you have indicated that you wish to receive advisory **services**, we will provide investment advice based upon the information you provide to us in the **investment risk profile questionnaire** or otherwise provided to us in writing, subject to our obligations regarding suitability in accordance with **FCA regulations**. We may provide advice orally or in writing.
- 5.2 Unless we have agreed to provide you with on-going advice in accordance with section 6 (*Ongoing Advice*), our advisory service is provided on a one-off basis and we will not have a duty to review the performance of your **assets** or their suitability to you or against your **investment risk profile questionnaire**.
- 5.3 Our investment advice is classified by the **FCA** as "restricted advice" because, while we do advise on investments from the whole of the investment market, *we will not consider your wider financial planning and pension requirements*. However, should you require advice in this regard, we will, at your request, refer you to the LGT wealth planning team.
- 5.4 When we provide you with our advisory service, we will only make trades and orders based on your instructions. You have the power and authority to decide and instruct us on this. We will not make trades or orders unless you give us clear instructions to do so.
- 5.5 When we advise you, we may say that a proposed investment or transaction is not suitable for you. Where we have advised you of that, and you still ask us to make the transaction, *you agree and acknowledge that we can proceed with this on an 'execution only' basis*. This means that you agree that you accept responsibility for the transaction not performing as you hope it will. We can refuse to accept your instruction at our discretion or if this would put us in breach of any applicable rules or **FCA regulations**. Where orders are accepted on an execution-only basis, this will be confirmed on the relevant trade confirmation.
- 5.6 When we recommend a **UK Sustainable fund**, we will provide a copy of the fund's **SDR label** or relevant Consumer Facing Disclosure (CFD) at the time we make our recommendation to you. This document is designed to help you understand the sustainability characteristics of the fund. It outlines the key sustainability-related features, including the fund's sustainability goals or label status, investment objective,





sustainability approach, sustainability metrics, stewardship activities and any limitations. These recommended **UK Sustainable Funds** are subject to the **SDR** framework.

Please note that any non-UK sustainable funds we recommend as well as overseas **recognised schemes** (including UCITS - Undertakings for Collective Investment in Transferable Securities funds from the European Union and certain **non-UCITS retail schemes** from other jurisdictions that meet regulatory criteria) are not subject to the **SDR**. As a result, the standards and methodologies used by these **recognised schemes** in relation to their disclosure requirements may differ from the UK's standards.

We will continue to monitor and review the sustainability characteristics and performance of our recommended funds and **recognised schemes** to ensure they align with your investment objectives and values. If you have questions about how these differences may affect your investment, please reach out to us.

Further information on this is in section 8 (*Execution-Only Services and Appropriateness*).

## 6. Ongoing Advice

6.1 Where we agree with you that we will provide you with ongoing advice as recorded in your **investment policy statement** we will review your account, and make such recommendations as we consider appropriate based on the investment objectives and the risk profile you selected, together with any investment guidelines and restrictions you may have set out in the **investment risk profile questionnaire**, or as you may separately agree with us in writing from time to time. Our ongoing advice may include, without limitation, advice to buy, sell, hold or otherwise acquire or dispose of particular **assets** held in your account, as well as advice on **assets** allocation and trading recommendations. If we provide you with ongoing services, we will keep your account under review and provide you with updated advice from time to time. If you would like to have a comparable benchmark for your account, we will agree with you a benchmark against which to assess the performance of your account and will notify you of this in writing. Any initial benchmark will be indicated in the **investment policy statement**.

6.2 It is important that you notify us promptly of any changes in your personal circumstances, investment objective or risk profile. These changes could include any changes in your regular income, buying or selling a property, changes to your residency or any major changes to your health. Failure to do so will mean that we are unable to take account of these changes in our ongoing advice to you.

## 7. Suitability

7.1 In providing discretionary or advisory **services**, the **FCA** requires us to obtain information from you on your knowledge and experience of investing relevant to the specific type of **services** we provide to you, your financial situation, your appetite for risk, your willingness and ability to bear loss and your investment objectives. This information will allow us to assess the suitability of our advice and of the transactions that we will enter into on your behalf. This suitability assessment enables us to act in your best interests. Our suitability assessment will be set out in the **investment policy statement**.

7.2 Where we provide you with one-off advice, we are required to provide you with a suitability statement before we commit you to a transaction. *You acknowledge that we may provide you with our suitability statement after you have been committed to a transaction* where after you are provided with our advice, you instruct us to enter into a transaction over the telephone or by some other means of distance communication that prevents the prior delivery of a suitability statement. In these circumstances, you will also be given the option of delaying the transaction.

7.3 If you have an appointed adviser, they may take responsibility for investment suitability. If they do so, they will assess your attitude to risk and investment suitability before investing through us, and we are entitled to rely on their assessment. Where your adviser does not accept responsibility for assessing investment suitability, or where you do not have an appointed adviser, we will take on this responsibility.

7.4 Where we take responsibility for assessing investment suitability, that assessment will be performed in accordance with the information you have provided in your **investment risk profile questionnaire** and any subsequent correspondence. This includes, but may not be limited to, your knowledge and experience in relation to investments, your preference regarding risk taking, your risk profile, the purpose of your investment and your financial situation.

7.5 It is very important that you give us accurate and up-to-date information so we can carry out our suitability assessments as necessary. We are entitled to rely on any information you provide, or any person authorised by you provides, unless we are aware that the information provided is manifestly out of date, inaccurate or incomplete.

7.6 You must notify us promptly of any changes in your personal circumstances or investment objectives and risk profile. *You agree that we cannot be held liable for losses resulting from investments or decisions that could be considered unsuitable in light of circumstances that have not been notified to us.* These changes can include death, retirement, marriage and divorce.

7.7 If you cannot provide any information we request, either because you are unwilling or unable to provide it, we will not be able to provide you with investment advice or enter into any discretionary **services** or carry out execution-only transactions in complex investments.

## 8. Execution-Only Services and Appropriateness

8.1 Where you have indicated that you wish to receive execution-only **services**, we will, when instructed by you, buy and sell investments on your behalf without advising you on the merits of the transaction. In these cases, we will not consider the information you provided about your investment objectives and requirements and we will not be required to ensure that the transaction is suitable for you.

8.2 Where orders are accepted on an execution-only basis, this will be confirmed on the relevant trade confirmation.

8.3 When providing execution-only **services** in relation to certain complex transactions or products (such as structured products) we may be subject to an obligation under **FCA regulations** to assess the appropriateness of the transaction or **product** for you. To make our





assessment we may need to ask you for information about your investment experience and knowledge. If, on the basis of the information received, we consider the **product** or **service** is not appropriate for you, we will warn you of that in writing or orally. If you do not provide the information we require to assess the appropriateness of the transaction for you, or if you provide insufficient information regarding your knowledge and experience, we will warn you that this will not allow us to determine whether the **service** or **product** envisaged is appropriate for you. Where we have provided you with such a warning and you ask us to proceed with the transaction, you agree and acknowledge that we may proceed with the transaction. Please note that we have the right to refuse to undertake any transaction for you.

- 8.4 If we do proceed with your execution-only instructions, you should be aware that:
- 8.4.1 the transaction may not be appropriate for you;
  - 8.4.2 you may be exposing yourself to risks that fall outside your knowledge and experience and/ or which you may not have the knowledge and experience properly to assess and/or control to try to mitigate their consequences for you; and
  - 8.4.3 we will have no responsibility for the action so requested, including the outcome.
- 8.5 Where we agree to carry out execution only **services** for you, you acknowledge and agree that this can impact **best execution** since the instructions are driven by you and not us. Where we carry out your execution only instructions, we will confirm in writing by the following **business day**.
- 8.6 When we confirm your order to invest in a **UK sustainable fund**, we will provide a copy of the fund's **SDR label** or relevant Consumer Facing Disclosure (CFD) at the time. This document is designed to help you understand the sustainability characteristics of the fund. It outlines the key sustainability-related features, including the fund's sustainability goals or label status, investment objective, sustainability approach, sustainability metrics stewardship activities and any limitations.

Please note that non-UK sustainable funds and overseas recognised schemes (including UCITS - Undertakings for Collective Investment in Transferable Securities funds from the European Union and certain **non-UCITS retail schemes** from other jurisdictions that meet regulatory criteria) are not subject to the UK's sustainable investment labelling and disclosure requirements. As a result, the standards and methodologies used by these Recognised Schemes in relation to their disclosure requirements may differ from the UK's standards. Please note that **UK sustainable funds** are subject to the **FCA's SDR** framework.

We will continue to monitor and review the sustainability characteristics and performance of our recommended funds and recognised schemes to ensure they align with your investment objectives and values. If you have questions about how these differences may affect your investment, please reach out to us.

## 9. Anti-money laundering and tax obligations

- 9.1 To comply with anti-money laundering and tax regulations, we must verify the identity of our clients, anyone who has control over our clients, and anyone to whom we provide our **services**. This will include the directors and owners of any companies, the trustees and beneficiaries of any trusts, which are our clients, and connected persons and the location and settlors of trusts.
- 9.2 We may conduct online checks with external bodies, such as credit reference agencies, or request documents from you confirming your name and home address, or request evidence of your status as a company, trust, or other form of legal entity (as applicable). We may from time to time change our processes or use other methods on a case-by-case basis to improve our system, to prevent financial crime, or where standard information is not available.
- 9.3 Where an online check is carried out, the agency will verify your identity, or the identity of any related persons, against public records and it will also check whether you, or any related persons as described in section 9.1 above, have a credit history (but it will not disclose any information about the person's actual borrowings). The agency will add a note to show that an identity check was made to the person's credit file, but this information will not be available to any third parties.
- 9.4 We maintain policies and procedures which we follow to verify our clients based on client type and geographical location. These policies and procedures are compliant with UK and other anti-money laundering regulations. If we are unable to verify your identity as required under these policies and procedures, we may suspend, delay or refuse to carry out a transaction or transactions until compliant information is provided or we may terminate the **agreement**.
- 9.5 We will also verify the identity of all persons you have authorised to act on your behalf, including any attorneys appointed under a power of attorney before we accept instructions to communicate with them. We may also make enquiries when we receive an application to provide **services** to satisfy ourselves as to the source of any money invested.
- 9.6 We may need to re-verify your identity checks in the event of a change in your circumstances or a change in applicable law or regulation.
- 9.7 In relation to your regulatory obligations, we may, in appropriate cases, make returns and reports about your circumstances to various relevant authorities and may need to make certain enquiries and obtain certain information from you for that purpose. We have certain responsibilities under various anti-money laundering legislation and rules, tax regulations, inter-governmental agreements and treaties in and outside the UK in appropriate cases to make returns and reports. We may need to make certain enquiries and obtain certain information from you for that purpose. You confirm that all information you supply will be accurate and that we may pass on such information, as we consider necessary to comply with any legal or regulatory obligations to which we are subject.

## 10. Non-UK Taxation

- 10.1 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. These matters are solely your responsibility.

- 10.2 You agree to notify us immediately in writing of any change to your address or tax residency.
- 10.3 UK legislation and/or contractual arrangements that we have entered into with foreign tax authorities may require us to identify your tax status and/or withhold tax. You agree to provide us with all information as may be required, and you further confirm that in the absence of all requisite information, we may take steps including:
- 10.3.1 notifying the relevant foreign tax authority;
  - 10.3.2 requiring the transfer of overseas investments;
  - 10.3.3 arranging for the sale of such investments on your behalf; and
  - 10.3.4 withholding the appropriate level of tax on such capital or income.
- 10.4 In particular, you should note that in accordance with US Internal Revenue Service regulations, we are required to identify beneficial owners of US securities. To enable us to deal in US securities on your behalf, you must complete relevant US tax documentation (e.g. a W-8BEN, W-8BEN-E, W-9 or W-8IMY Form) and provide us with certified copies of your passport and proof of address. Failure to do so may result in additional tax being withheld on income or capital gains originating from US securities.
- 10.5 Where you are a trust or an entity that is classified as a “financial institution” under the Organisation for Economic Co-operation and Development’s Common Reporting Standard you undertake to report any reportable persons to the applicable tax authority, where such persons are tax resident in a reportable jurisdiction.
- 11. Client Representations and Warranties**  
*The following section sets out personal statements, assurances and representations given by you to us on which we rely in relation to our agreement. Please read this section carefully.*
- 11.1 You confirm you have full power to enter into this **agreement**, and that the cash or **assets** you invest through us shall be free from any right, claim or interest of another person (including security interests, liens, charges, mortgages, encumbrances), and confirm that no such rights, claims or interests of another person will arise from any acts or omissions on your part, other than as agreed between us from time to time.
- 11.2 You agree not to deal, except through us, with any of the cash or **assets** held in your account and not to authorise anyone else to deal in any of them other than with our prior agreement.
- 11.3 You confirm that any information which you have provided to us in relation to your status, residence and domicile for taxation purposes is complete and correct, and you agree to provide any further information properly required by any competent authority.
- 11.4 You confirm you will notify us promptly if there is any material change in any information you have provided to us and will provide such other relevant information or signatures as we may from time to time request to fulfil our regulatory and contractual obligations. You acknowledge and agree that any failure to provide such information may adversely affect the quality of the **services** that we may provide.
- 12. Performance**
- 12.1 Your account will be assigned to a specific **investment manager** and, in respect of discretionary **services** and ongoing advisory **services**, the performance of your account will depend on the decisions made by them and may differ from the performance of other accounts managed by us. In your **investment manager’s** absence, we will ensure that your account remains managed in accordance with your instructions and may appoint another **investment manager** at our discretion.
- 12.2 Where you have notified us in the **account agreement** or **investment risk profile questionnaire** or subsequent correspondence that you have specific considerations or are subject to specific legal constraints which may affect our advice or exercise of discretion, we shall use reasonable endeavours to observe them. You agree that this may affect performance and may result in a lower overall return compared to an account without such constraints. We are not under any circumstances responsible for the provision of, or the consequences of observing such considerations or following such legal advice.
- 13. Instructions, Communications and Reports**
- 13.1 In respect of each portfolio of **assets** managed by us in connection with the discretionary **services**, we will send you a report showing the value and composition. Reports and valuations will be sent to you quarterly. This periodic report will also include details of any other investments or client money that your **custodian** holds on your behalf.
- 13.2 We may issue additional reports or valuations for a fee we consider appropriate reflecting our reasonable administration charges. We aim to provide the statement or valuation to you within five (5) business days of your request or of payment in respect of any such charges, whichever is the later. Investments will be priced at the closing mid-price of the previous day to their valuation (unless otherwise indicated or where applicable regulations otherwise require) and where there is no price or there are difficulties pricing an investment you agree that we may value these investments at a price as we consider to be reasonable.
- 13.3 You must review the reports and valuations we send to you in connection with your account. If you notice any errors with your account reports, you must notify us immediately. For information on contacting us, please see section 26 (*Notices*).
- 13.4 We will accept instructions, including dealing instructions, by telephone, post, or via email. Please note that all instructions sent to us are only agreed to be received by us when we expressly acknowledge the instructions by telephone, post or via email. We may ask you to confirm some instructions orally or in writing. Specifically, you should note that we may, at our discretion, require you to confirm instructions orally or in writing prior to executing instructions for payments to third party accounts.

- 13.5 We may refuse, without liability on our part, to accept or to act on any instruction, including an instruction for payment to a third-party account, if its authenticity is in doubt or if acting on it would be in breach of any of our policies, or of any law, market practice or rule of any relevant regulatory body. We are not obliged to give any reason for such a refusal but will notify you as soon as possible if an instruction is rejected.
- 13.6 We may act on and treat as binding any instruction that we have accepted in good faith and which we reasonably believe to be from you or from someone authorised to instruct us on your behalf without further enquiry as to the authenticity, genuineness, authority, or identity of the person giving or claiming to give such instructions. If you wish to revoke or amend a person's authority to act on your behalf or to appoint another person to give us instructions on your behalf you must complete the relevant section of the **account agreement** or otherwise provide written authorisation. We will be entitled to rely on your written notification without further enquiry as to whether the authorisation has been granted, revoked, or amended lawfully.
- 13.7 We may, as part of our **services** to you, offer capital gains tax (CGT) and/or other tax calculations or information. Such calculations and/or information will be provided in good faith, but we do not give any representation or guarantee as to their accuracy or completeness. We do not accept responsibility for the consequences of any action(s) that you may take in reliance on the CGT information we provide. We expect that you will seek independent expert advice as appropriate to your requirements in this area.
- 13.8 Telephone calls and electronic communications between us that result or may result in a transaction will be recorded. A copy of the recording will be available on request for a period of five years (or seven years if required by the **FCA**) from the date of the recording. We may charge a fee for providing a copy of the recording.
- 14. Custody of Assets and Execution of Orders**
- 14.1 Details of the arrangements we have made for the provision of custody of your **assets** and execution of orders to be provided by an **LGT Group** entity are set out in Annex 1 (*Custody of Assets and Execution of Orders*).
- 15. Adviser Charges**
- 15.1 If you invest in **assets** through us but you are also a client of a third-party adviser and do not receive investment advice from us, you can pay for the **services** of your adviser in two ways. Firstly, you can agree to pay a fee directly to your adviser or secondly, you can ask us to facilitate payment of adviser charges as set out in this section and the 'Adviser Charges' section of the **fee schedule**.
- 15.2 If you invest in a **product**, we can only facilitate payment of adviser charges through the **product** where this is permitted by the **product** terms and conditions and applicable regulations.
- 15.3 An adviser charge must be agreed between you and your adviser. We are not responsible for setting the amount of the adviser charge and this is a private matter between you and your adviser. We do not get involved in any dispute between you and your adviser. If there is a dispute as to what you have actually agreed to pay your adviser, you and your adviser must resolve that dispute between yourselves.
- 15.4 You agree that we may deduct an adviser charge from your account in accordance with instructions we receive from you. Where your adviser forwards your instructions to us, we will always write to you directly to confirm that we have taken this instruction.
- 15.5 As soon as we move money from your account in accordance with your instruction to pay charges to your adviser, this is no longer your money and becomes due and payable by us to your adviser.
- 15.6 We do not have to agree to facilitate the payment of adviser charges and we may refuse to do so, for any reason.
- 15.7 If we agree to facilitate the payment of adviser charges, we will send you a confirmation letter showing the adviser charges your adviser has instructed us to deduct from your account. It is very important that you notify us if your address has changed before you ask us to pay an adviser charge.
- 15.8 It is also important that you check that your confirmation letter is correct and if not, that you inform us immediately.
- 15.9 If the adviser charges shown in the confirmation letter are not what you have agreed with your adviser you should contact your adviser as soon as possible. You should note that the confirmation letter may not show all remuneration you are paying your adviser (for example, any fees you previously agreed with your adviser). In addition, if you have agreed to pay your adviser multiple adviser charges, you may receive more than one confirmation letter (for example, if the adviser charges are payable on different dates as money becomes available).
- 15.10 You should contact your adviser if you have any questions about how you are paying for their **services**.
- 15.11 If the adviser charges shown in the confirmation letter are not what you have agreed with your adviser and you would like us to help you, you must contact us within thirty (30) calendar days of the date of the confirmation letter.
- 15.12 If you ask us not to facilitate payment of adviser charges as set out in this section and the 'Adviser Charges' section of the **fee schedule**, we will notify your adviser of your instruction and you agree to pay such charges directly to your adviser. If you ask us not to facilitate payment of adviser charges on your behalf, you will be liable to pay adviser charges directly to your adviser.
- 15.13 It is the sole responsibility of your adviser to account for any value added tax due (in line with current HMRC requirements) in relation to any adviser charges.
- 16. Reporting and Exercise of Voting Rights**
- 16.1 If your investments are held by a **nominee** or are otherwise under our control and we are notified of a **corporate event** attaching to your investments, your **investment manager** will advise you on this as appropriate and we will take the following steps:



- 16.1.1 where it relates to an investment held within a discretionary account, we will decide what action to take;
- 16.1.2 where it relates to an investment held within an advisory or execution-only account, we will notify you of any voluntary corporate action (where there is a decision or an election to be made); and
- 16.1.3 we will not notify you of any mandatory corporate action (meaning that the outcome is not something over which you have a choice).
- 16.2 Where we have provided notice of a **corporate event**, you are responsible for ensuring that your instructions are sent to us by the time stated in the notice. If we do not receive an instruction within the terms and timing of the notice, any default option specified in the notice will be applied on your behalf. If a **corporate event** is a rights issue that requires additional funds from you, it is your responsibility to ensure that cleared funds are available in your account by the time stated in the notice. We are not responsible for the consequences of any failure to provide instructions to us by the stated time once notification has been given, or the consequences of any default option applied on your behalf or any alternative instructions we receive. We are not obliged to give more than one notification on each relevant matter.
- 16.3 Where we are acting as your discretionary investment manager, we will always deal with any **corporate event** in what we reasonably believe to be the best interests of our clients. We will notify you of any decision we take regarding any **corporate events** in our periodic reports to you.
- 16.4 We will sell any non-attributable fractional entitlements and donate any cash raised to a registered charity of our choice.
- 16.5 If we are notified of a class action or group litigation that is being proposed or taken concerning investments that a **nominee** is holding, or has held, on your behalf we are not obliged to inform you or act on that notification.
- 17. Our Rights Over Your Assets**
- 17.1 Subject to **FCA regulations**, if, at any time, you have failed to pay us sums due under this **agreement** or any supplemental terms and conditions, or we have reason to believe that you may be unable or unwilling to meet your future liabilities under this **agreement** we shall be entitled (and are irrevocably authorised by you) to, without providing any advance notice, use any cash, or sell any investments, held by or registered with your **custodian**, their **sub-custodian** or **nominee** and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any debt you owe to us. If there is any money left after the debts you owe to us have been paid, we will pay this money to you. If the cash and proceeds of sales of your investments do not cover all the debt owed to us, you will still owe us the balance.
- 17.2 We may take any of the following actions, at all times acting in good faith:
- 17.2.1 sell investments bought on your behalf but for which you have not paid on or before the relevant settlement date;
- 17.2.2 close open sold positions (by buying in investments or otherwise) if the relevant securities have not been delivered by you on or before the relevant settlement day;
- 17.2.3 sell any securities held or registered by your **custodian** or in a **nominee** or by a **sub-custodian** to our order or acquired on your behalf; and
- 17.2.4 take any other steps we may consider necessary or appropriate to meet any obligations which you may have to comply with under this **agreement** or otherwise to protect our position.
- 17.3 You agree that we may set off, transfer or apply (without further notice to you) any obligations or monies we owe you in order to satisfy in whole or in part any monies that are due from you to us.
- 17.4 In exercising our rights under this **agreement** we may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that we may in our discretion determine. In such circumstances, we would be acting on our own behalf and not executing your orders. We are therefore not liable to you for the result obtained, or for our choice of which investments are to be sold.
- 18. Margin Payments**
- 18.1 Where we enter into **derivatives** trades on your behalf, a counterparty may give effect to your instructions on an execution-only or discretionary basis, subject to the **services** you have selected in your **investment risk profile questionnaire**. We will do this in all cases where the transaction is to be subject to the rules of an exchange or market of which we are not a member.
- 18.2 In order to facilitate your **derivatives** or foreign exchange trading activity, we may require you to provide and maintain the amount of margin that we consider appropriate in order to secure or cover your obligations arising in relation to this. Provided you hold sufficient funds, the provision of margin (for products other than contracts for differences and certain rolling spot foreign exchange contracts) may be effected by transferring the requisite sum to the client bank account held with the counterparty concerned.
- 18.3 The timing and amount of margin that you are required to provide will be determined based on your **derivatives** trading activity and the obligations that you owe or are likely to owe to us as a consequence. Where we consider that you no longer need to provide a margin, an equivalent transfer of money will be made back to the client bank account.
- 19. Joint Accounts**
- 19.1 Unless separate arrangements are put in place at the outset, we will assume that, where you have entered into this **agreement** jointly with another person or other persons, you (the joint account holders) will receive **services** jointly. As a result, all the **assets** held by your **custodian** will be owned jointly by all of you and will not be allocated to any particular account holder whether by name of **assets** or by percentage share of the account. Unless we are instructed otherwise and while any joint account holders survive, we will treat each surviving joint account holder as having the right to all the **assets**.

- 19.2 This **agreement** will remain in force notwithstanding the death or other incapacity of any one or all of you until we confirm in writing that we have received either:
- 19.2.1 written notice from your personal representative(s) of the death or legal incapacity of all of you; or
- 19.2.2 notice of termination from any one of you.
- 19.3 Notice issued by us will be effective in relation to each of you if served on any one of you.
- 19.4 Unless you tell us otherwise, all communications that we send to you such as trade confirmations, reports and valuations *will be sent to the joint account holders*.
- 19.5 If a dispute between joint account holders arises, we will continue to manage your **assets** but will not accept any new instructions and we will not make any payments out of your account (except regular payments such as standing orders which have already been set up prior to the dispute arising), until we receive further clear written instructions from all joint account holders.
- 19.6 If you or one of the other joint account holders no longer wishes to continue with the operation of a joint account, we will close the joint account and transfer the account into a new account in the name of the remaining account holder(s), unless otherwise jointly instructed.
- 19.7 Each joint account holder is liable both jointly with their surviving joint account holders, and individually, to meet all your obligations under the **agreement** and we may ask all or any one of you to pay in full any amount you owe us, not just a proportion.
- 20. Trustees**
- 20.1 Where you are acting as trustee, you will be exclusively responsible for compliance with the legal requirements applicable to trustees. If we provide discretionary **services**, you must prepare and regularly review an appropriate policy statement. If you do not provide us with a policy statement of your own, you agree that we shall be entitled to treat your instructions and investment objectives as set in the **investment risk profile questionnaire**, once completed and signed by you, as your policy statement duly adopted by you.
- 20.2 Subject to section 20.1, as applicable, we will either incorporate the policy statement you provide to us or use the **investment risk profile questionnaire** you have completed, in order to issue you with an **investment policy statement**. You should ensure that we comply with the **investment policy statement** and that you keep under review the terms under which we provide our **service**. The contractual basis of the relationship between us is contained exclusively in this **agreement**. Accordingly, it is your responsibility as trustee to set out, review and where necessary amend your instructions and investment objectives on the **investment risk profile questionnaire** or otherwise to ensure that they are, and remain, in conformity with the **investment policy statement**.
- 20.3 We will accept instructions on behalf of the account from one or more individual nominated trustees or their agent, provided that those trustees with authority to execute agreements on behalf of the trust, signing jointly, authorise us to accept instructions given in this manner, either in the **account agreement** or by way of an original or certified copy of a mandate to this effect.
- 20.3.1 Where you are the trustee of a pension scheme:
- a. in discharging our obligations under the **agreement**, we will have regard to the requirements specified in the code published from time to time by the Investment Management Association and endorsed by the National Association of Pension Funds; and
- b. you must act in accordance with the statement of investment principles for the trust prepared in accordance with section 35 of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.
- 21. Liability and Indemnity**
- Please read this section carefully. It includes details of situations where you will be responsible for making a payment to us above and beyond the charges and fees set out in the **fee schedule**.*
- 21.1 Neither we, nor any of our partners, employees, delegates or agents, shall be liable for any loss, damage liability, claim or expense sustained by you as a direct or indirect result of the provision by us of our **services**, save that this shall not exclude or restrict any liability to you resulting directly from our negligence, fraud or wilful default or any contravention by us of **FCA regulations**. We shall not be liable for any losses that are not directly caused by our actions but happen as a result of other issues that were not reasonably foreseeable to both of us, or for any losses that arise from any damage to your business or reputation.
- 21.2 You undertake to reimburse us and each of our partners, employees, delegates and agents on an after-tax basis, against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than our corporation tax) which are caused by:
- 21.2.1 the provision by us of our **services** to you as set out in section 3 (*Charges and Fees*);
- 21.2.2 any material breach by you of any of the terms of this **agreement**;
- 21.2.3 any default or failure by you in performing your obligations to make a delivery or payment when due; or
- 21.2.4 any defect in title or any fraud or forgery in relation to any investments delivered to your **custodian** or a **sub-custodian** by you or on your behalf or in relation to any instrument of transfer in relation to such investments (including any electronic instruction) purporting to transfer such investments.
- 21.3 In relation to trustees, liability under this **agreement** or the **terms of business** as a whole shall be limited, in the absence of fraud, to the **assets** of the trust.
- 21.4 We shall not be entitled to be indemnified against the consequences of our own negligence or wilful default or our breach of **FCA regulations**.

- 21.5 We do not give any warranty or undertaking as to the performance or profitability of the account (or any part of it) or that any specific investment objectives can be successfully achieved.
- 21.6 You will be responsible for obtaining your own advice on the taxation, legal, regulatory or accounting consequences of any investment or investment strategy. We may occasionally engage third parties to give you advice on certain aspects of tax, but we accept no liability for third party advice and you will always be responsible for obtaining this advice in relation to your overall situation.
- 21.7 Except where investments are held in joint names or other relevant legal restrictions apply (e.g. they are held in an **ISA**), you may instruct us in writing to register investments purchased through us in the name of a specified other person who must not be connected with us (e.g. not an employee of us). You will need to provide us with documents that will allow us to verify their identity in line with our internal processes. If you instruct us to do this, the consequences of the registration are entirely at your risk and expense.
- 21.8 Nothing in these Terms shall limit our liability for death or personal injury, nor allow us to recover the same loss or cost more than once.
- 22. Unforeseen events**  
Neither we, nor any of our partners, employees, delegates or agents shall be liable for any circumstance or failure to provide any of the **services** if such circumstance or failure results wholly or partly from any **unforeseen event** and, in such circumstances, any of our obligations shall be suspended pending resolution of the event or state of affairs in question.
- 23. How We Handle Conflicts of Interest**
- 23.1 We, or a member of the **LGT Group**, may provide **services** in relation to which we, or another member of the **LGT Group** have, directly or indirectly, a material interest or a relationship of any description with a third party which may involve a conflict of interest or potential conflict of interest with you. We will ensure that such **services** are effected on terms which are not materially less favourable than if the conflict had not existed.
- 23.2 We may accept minor non-monetary benefits from third parties in connection with our **services** to you (such as information relating to investments or provision of investment activities or participation in conferences or other training events on the benefits and features of specific financial instruments or investment activities) where we believe they enhance the quality of the **service** provided to you and are of a scale and nature that they could not be judged to impair our compliance with our duty to act honestly, fairly and professionally in the best interests of our clients.
- 23.3 Summaries of actual and potential conflicts and conflict management policies and details of any conflicts we are not able to manage are set out in Annex 3 (*Conflicts Management Policy*).
- 23.4 We will ordinarily act as your agent and you will therefore be bound by our actions under this **agreement**. The provision of **services** under this **agreement** shall not give rise to any fiduciary or equitable duties which would oblige us to accept responsibilities more onerous than set out in the **terms of business**, or which would prevent or hinder us in effecting transactions for you.
- 23.5 We may receive third party research material or **services** in return for direct payments by us out of our own resources in accordance with **FCA regulations**.
- 23.6 Where we believe a conflict of interest may arise that is not set out in our conflicts of interest policy, we will notify you prior to dealing and in doing so will include sufficient detail taking into account your circumstances to enable you to take an informed decision as to whether to proceed with the provision of the **services** in the context of the conflict.
- 24. Data Protection and Confidentiality of Information**
- 24.1 In providing you with the **services**, we do not have to take into consideration information that does not come to the direct attention and notice of your **investment manager**, even if it was disclosed to an LGT employee, officer or agent. We also do not have to disclose or take into consideration information where doing so would be a breach of confidence.
- 24.2 The information we hold about you is confidential and will not be used for any purpose other than in connection with the provision of the **services**. Information of a confidential nature will be treated as such where the information is not already in the public domain. We will only disclose your information to third parties in the following circumstances:
- 24.2.1 where required by law or if requested by any regulatory authority or exchange having control or jurisdiction over us (or a member of the **LGT Group**);
- 24.2.2 to investigate or prevent fraud or other illegal activity;
- 24.2.3 in connection with the provision of **services** to you;
- 24.2.4 for purposes related to servicing or administering your account, including, without limitation, for the purposes of credit enquiries or assessments or the verification of your identity and/ or any other actions or enquiries we may be obliged to undertake pursuant to our obligations under applicable anti-money laundering legislation or regulations;
- 24.2.5 if it is in the public interest to disclose this information; or
- 24.2.6 at your request or with your consent, subject to the proviso that we may disclose your information to certain permitted third parties, such as members of **LGT Group** and our professional advisers who are bound by a duty of confidentiality.
- 24.3 We will not sell, rent or trade your personal information to third parties for marketing purposes without your express consent.



- 24.4 We may use, store or otherwise process personal information provided by you or us in connection with the provision of the **services** or for the purposes of providing the **services**, administering your account or for related purposes, including, without limitation, for the purposes of credit enquiries or assessments or the verification of your identity and/or any other actions or enquiries we may be obliged to undertake pursuant to our obligations under applicable anti-money laundering legislation or regulations. In the UK, we operate, and have made all appropriate notifications in accordance with applicable data protection legislation. For the purposes of data protection legislation, we are a data controller.
- 24.5 We are required by law to operate procedures pursuant to applicable anti-money laundering legislation or regulations, which will include requesting that you or the controllers of the entity (trustees, directors, partners, settlors and in certain circumstances beneficiaries and shareholders) provide us, if required, with documentary proof of identity, proof of address, source of funds and/or source of wealth. You agree to comply with any such requests promptly and new monies will not be accepted without these requirements being applied.
- 24.6 You agree that we may receive and retain documentary proof required by applicable anti-money laundering legislation or regulations and can disclose it to any authority that is legally entitled to request it. You further agree and consent to identity checks being carried out electronically for anti-money laundering or countering the financing of terrorism purposes.
- 24.7 To the extent that you have provided sensitive personal information to us and have explicitly consented to us using such information, either as part of your declaration in the **account agreement** or by granting consent at the time you provide us with the information, we may use this information to enable us to provide investment **services** to you. Sensitive personal information comprises personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, data concerning health or data concerning a natural person's sex life or sexual orientation.
- 24.8 The legal basis for us processing your personal information will typically be because the processing is necessary: (i) to fulfil our obligations under this **agreement**; (ii) for our legitimate business interests; (iii) for compliance with a legal obligation to which we are subject; or (iv) because you have provided us with your consent or explicit consent in the case of sensitive personal information.
- 24.9 Where you provide personal data relating to others (e.g. your family members, associates and contacts), you confirm that you have their consent or are otherwise entitled to provide this information to us and for us to use it in accordance with this **agreement**.
- 24.10 In accordance with data protection laws, you are entitled to a copy of the information we hold about you and to be informed about the purposes for which it is being or will be processed and the recipients or classes of recipients to whom it is being or will be disclosed. In addition, you have other rights under applicable data protection legislation that you may exercise against us along with the right to lodge a complaint with the applicable data protection supervisory authority (being the Information Commissioner's Office or any superseding or replacement body). If you would like to request copies of this information, please contact us. If you would like more information about how to exercise your other rights, please contact us directly. We may charge a fee for providing this information to you (details of which are available upon request). If you make a written request to us, we will also correct, delete and/or block personal information from further processing if that information proves to be inaccurate. Where we process your personal information on the basis of your consent you can withdraw your consent at any time. Where we process your personal information on the basis of your consent you can withdraw your consent at any time.
- 24.11 We will retain your personal information for as long as is reasonably necessary for the purposes listed above or as required by local applicable law. Usually, we will retain our file and information in relation to you and your account after the termination of our agreement for such period as may be required by law or for 6 years (whichever is longer). All papers and files, including important original documents will be stored in our archive storage facilities. Please contact us directly for further details of applicable retention periods.
- 24.12 For more information on how we treat personal information and what your rights are, please read our Privacy Policy at [www.lgtwm.com/uk-en/data-privacy-notices](http://www.lgtwm.com/uk-en/data-privacy-notices) or contact our Data Protection Officer by post: 14 Cornhill, London EC3V 3NR, or by email to: [dpo-uk@lgt.com](mailto:dpo-uk@lgt.com). If you do not have access to the internet and would like more information on how we handle your data, please contact your **investment manager**.

## 25. Complaints and Investor Compensation

### Complaints regarding our services

- 25.1 We have an established complaints procedure which conforms to the **FCA regulations** for the proper handling of complaints. All complaints should be directed in the first instance to our Compliance Officer: [compliance@lgt.com](mailto:compliance@lgt.com)

The Compliance Officer  
LGT Wealth Management Limited  
14 Cornhill  
London EC3V 3NR

- 25.2 We will endeavour to resolve your complaint as quickly as possible. We will discuss your issue with you and attempt to resolve it. If we cannot resolve your complaint in this manner, we will pass it to a dedicated complaint handler for further investigation. We record details of your complaint centrally and make sure your complaint is thoroughly investigated by someone who has been trained in complaints handling.
- 25.3 If we are unable to resolve a complaint within three (3) business days of the day we received it, we will issue you with a written acknowledgment together with a copy of our internal complaints handling procedure and provide you with regular updates as to our progress with our investigation into your complaint.
- 25.4 Within eight weeks of receiving your complaint we will send you one of the following two responses:
- 25.4.1 a final written response in which either: we offer you a remedy, whether or not we accept your complaint; or we reject your



complaint and give you our reasons for doing so. This letter will include a copy of the Financial Ombudsman Service's standard explanatory leaflet and inform you that if you remain dissatisfied with our response, you may be able to refer your complaint to the Financial Ombudsman within six months; or

25.4.2 an interim written response which will explain why we are not in a position to make a final response and indicate when we expect to be able to provide you with one. This letter will also inform you that you may be able to refer your complaint to the Financial Ombudsman Service and will include a copy of the Financial Ombudsman Service's standard explanatory leaflet.

25.5 Details of our complaints handling procedure are available on request. The Financial Ombudsman Service may be contacted on 0800 0234 567 or at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). The address of the Financial Ombudsman Service is Exchange Tower, Harbour Exchange Square, London E14 9SR. Complaining to the Financial Ombudsman Service will not affect your rights. In general, you have six months from the date of our final response to refer your complaint to the Financial Ombudsman Service.

#### Complaints regarding the custody and execution services

25.6 If you have any complaints regarding your **custody and execution services**, you should contact us via email at [compliance@lgt.com](mailto:compliance@lgt.com) and we will pass your complaint to your **custodian** to resolve. Your **custodian** will resolve your complaint in accordance with their own complaints policy, a copy of which can be provided to you on request. Upon resolution of your complaint, your **custodian** will send you a final response letter. If for any reason you are dissatisfied with the final response, you may be entitled to refer your complaint to the Financial Ombudsman Service.

#### Financial Services Compensation Scheme

25.7 We are covered by the Financial Services Compensation Scheme (FSCS). Compensation may be available from the FSCS if we are unable to meet our obligations to you. Your possible entitlement to compensation will depend on the type of business and the circumstances of the claim. Most types of investment business are covered for £85,000 per person per firm. For information about the FSCS and details of your eligibility for compensation and applicable differing levels of cover, please refer to [www.fscs.org.uk/what-we-cover/](http://www.fscs.org.uk/what-we-cover/) or call them on 0800 678 1100. Please note call charges may vary. The amount of compensation available from the FSCS depends on the type of business and the circumstances of the claim.

#### 26. Notices

26.1 We will send any notices that we are required to send to you to the address (or, if you prefer, email address) that we hold for you in our records. This is also the address to which any trade confirmations, reports or valuations will be sent. You agree to notify us of any change of address or notice details (including email address) immediately.

26.2 Where you have informed us that you prefer notices to be sent to your email address, you agree that you are responsible for ensuring that your email address is up-to-date and functional. You consent to us making information available to you via a website, where appropriate to do so, including information about us, the terms of your **agreement** with us, the **services**, financial instruments, fees and charges and changes we may make in accordance with section 31. We will send you details for accessing a website where applicable to your email address. You agree that the content of any information accessed via a website using the access details we provide to you will be deemed to be received and acknowledged by you.

26.3 If you have any questions or would like to make any changes to the **services**, you should initially speak to your **investment manager**.

26.4 Alternatively, our primary telephone number is +44 (0)20 3207 8000. Please have your account reference number ready when calling. Calls may be monitored and/or recorded to protect us both and to help with our training. Call charges will vary.

26.5 Our main contact address is LGT Wealth Management, 14 Cornhill, London, EC3V 3NR, United Kingdom. Email is not a secure method of transferring personal information, but if you are happy to send your details this way, please email your **investment manager** at the email address which they have provided to you. We may also agree to use another form of secure messaging, where appropriate. Our website can be found at [www.lgtwm.com](http://www.lgtwm.com). There is no guarantee that any email sent will be received or will not have been tampered with or intercepted during transmission. We recommend you contact us by telephone or in writing where possible.

26.6 Unless stated or agreed otherwise, we will communicate with you in English and any documents we provide to you will be in English.

#### 27. Termination

27.1 You may terminate this **agreement** at any time by giving us notice in writing which will be effective immediately (please see section 24 (*Notices*) for details of how to contact us).

27.2 Where you invest directly with us, we may terminate the **agreement** on ninety (90) calendar days prior written notice. We may agree a different notice period in our **agreements** with **product providers**.

27.2.1 We may terminate the **agreement** by immediate written notice to you and close your account if:  
a. you fail to comply with the **agreement** and fail to remedy this within thirty (30) business days of being asked by us to do so; or  
b. you fail to make any payments due to us after we notified you of the amount you owe us and have given you a further thirty (30) business days to make the required payments.

We may terminate the **agreement** by immediate written notice to you if we reasonably believe that our on-going relationship with you could cause reputational risk to us or our other clients, where the anti-money laundering requirements detailed in section 9 (*Anti-money laundering and tax obligations*) have not been met, where your account is dormant in accordance with section 28 (*Dormant Accounts*), or where the **FCA** (or any other regulator) requires us to do so.

27.3 Termination of this **agreement** shall in addition automatically terminate any service provided under any supplemental terms and conditions.

- 27.4 Additional **services** provided under supplemental terms and conditions may also be terminated in accordance with such supplemental terms and conditions without terminating this **agreement**.
- 27.5 In the case of a sole account holder, this **agreement** will terminate automatically if we are notified of his or her death.
- 27.6 In the case of our **client** being a company, this **agreement** will terminate automatically if we are notified of, or become aware of:
- 27.6.1 the calling of a meeting to consider a resolution for winding up the company;
  - 27.6.2 the presentation of a petition for winding up the company;
  - 27.6.3 the making of, or any proposals for the making of, a composition or arrangement with any one or more of your creditors;
  - 27.6.4 the company is struck off from the relevant registrar of companies;
  - 27.6.5 an application for the appointment of an administrator or trustee in bankruptcy; or
  - 27.6.6 the appointment of a receiver (whether an administrative receiver or a receiver appointed over particular property).
- 27.7 Upon termination, unless you provide us with specific instructions, any money owing to you following any termination, netting or set-off process under this **agreement** (including under any supplemental terms and conditions) will be processed by electronic transfer and securities held on your behalf will be re-registered in accordance with your instructions. You agree that you remain responsible for ensuring that any fees or costs associated with termination may be deducted from your account or paid to us before this **agreement** is terminated.
- 27.8 Where a party has given notice to terminate, any outstanding transactions will need to be settled, and any charges or amounts due under this **agreement** must be paid.
- 27.9 The following sections will remain in force following any termination of these **terms of business**: section 3 (*Charges and Fees*), section 17 (*Our Rights Over Your Assets*), section 21 (*Liability and Indemnity*), section 24 (*Data Protection and Confidentiality of Information*), section 25 (*Complaints and Investor Compensation*), section 26 (*Notices*) and section 32 (*General*).
- 28. Dormant Accounts**
- 28.1 Where you have not traded on an account for a period exceeding twelve (12) months we reserve the right to suspend or close your account without letting you know in advance.
- 29. Delegation, Appointment of Agents and Assignment**
- 29.1 We may delegate any function or service that we are required to provide under this **agreement** to a third party, including a member of the **LGT Group**, and may provide information about you for this purpose. Any such delegation will not affect our liability to you or our obligation to provide any **services** under this **agreement**. We will not be required to provide you with any notice of any arrangements that we may make to delegate any function but will not delegate all or a substantial part of our investment discretion unless we have your written consent. When we make any delegation under this **agreement**, you can still hold us responsible for the actions of the third party we have delegated to.
- 29.2 We may employ agents including another member of the **LGT Group** to perform any administrative dealing or ancillary **services** to enable us to perform our **services** under this **agreement**. We will act in good faith and with reasonable skill and care in the selection of agents.
- 29.3 We may assign any part of our rights or obligations under this **agreement** to any member of the **LGT Group** without your consent. However, should we do so, we will provide you with written notice of any assignment. You agree that you will enter into any documentation that we may require you to enter into in order to facilitate such an assignment. If you are unhappy with our decision to assign, we remind you that you have the right to terminate this **agreement** immediately on written notice (see section 27.1 (*Termination*)).
- 29.4 You may not assign or transfer any rights or obligations under this **agreement** without our prior consent.
- 30. Death and Incapacity**
- 30.1 If you are a natural person, in the event of your death (or if there is more than one of you the death of either or both of you as set out at section 19.2 above) we will require a certified copy of the death certificate(s). You agree that, upon receipt by us of written notification of your death or us otherwise confirming your death and subject to the remainder of this term your account will terminate immediately. We will freeze the **assets** in your account until a grant of probate (or equivalent) is obtained. We will require the personal representatives to enter into a new **agreement** if ongoing management is required. However, prior to a new **agreement** being entered into we will:
- 30.1.1 notwithstanding the freezing of the **assets** in your account, sell the **assets** in the account on the instructions of your personal representatives and hold the proceeds as cash until a grant of probate (or equivalent) is obtained;
  - 30.1.2 continue to collect dividends arising on **assets** held in the account; and
  - 30.1.3 subject to the provisions of this **agreement**, take instructions from personal representatives regarding corporate events. Upon receipt by us of written notice of your death, custody services provided by your **custodian** and fees as provided for in our **fee schedule** shall continue to apply unless and until your personal representatives enter into a new **agreement** with us.
- 30.2 Where you have granted a third-party a lasting (or enduring) power of attorney and we subsequently receive notice that you no longer have capacity, we will require a certified copy of the appropriate notice of incapacity from the person(s) granted authority under the lasting (or duly registered enduring) power of attorney.



- 30.3 Where you have not granted a third-party a lasting (or enduring) power of attorney and we subsequently receive notice that you have lost capacity:
- 30.3.1 we shall use all reasonable efforts to contact an appropriate person such as a family member; and
- 30.3.2 we shall assist during any relevant discussions and proceedings with the relevant rules and the court system in the UK with regard to your loss of capacity as we may consider reasonable.
- 30.4 Where you have not granted a third-party a lasting (or enduring) power of attorney and we subsequently receive notice that you have lost capacity on a temporary basis, we may at our discretion continue to provide our **services** to you. Where you recover capacity we will as soon as practical discuss with you our continuing provisions of services.
- 31. Changing or Replacing the Agreement**
- 31.1 We reserve the right to make reasonable and appropriate changes to the **terms of business** (including any supplemental terms and conditions) at any time by providing you with thirty (30) business days' notice of the changes before they become effective if:
- 31.1.1 the legal or regulatory requirements applying to the **services**, the account or any product change;
- 31.1.2 decisions of the courts or Financial Ombudsman Service need to be reflected in the agreement;
- 31.1.3 new industry guidance and codes of practice which are there to raise standards of consumer protection need to be reflected in the agreement;
- 31.1.4 it becomes impossible or impractical, in our reasonable opinion, to carry out any of these terms as a result of a change in the law or regulation or other circumstances beyond our control;
- 31.1.5 the tax treatment of any of the **assets** changes or is due to change or we have to pay a government levy;
- 31.1.6 we are reflecting changes in the Bank of England base rate, or to changes in other specified market rates or indices or tax rates;
- 31.1.7 we are reflecting the increase of our incurred costs associated with providing the **services**;
- 31.1.8 we are reflecting changes to the **services** as a result of changes to technology, internal systems or propositional enhancements;
- 31.1.9 if we are subject to a change of ownership or business restructure.
- 31.2 We reserve the right to provide you with shorter notice than that required in section 31.1 above where:
- 31.2.1 giving longer notice is in our reasonable opinion impracticable assessed in the light of the reason for the change;
- 31.2.2 necessary to allow us to comply with laws and regulations;
- 31.2.3 for minor technical changes.
- 31.3 Changes to the **terms of business** that we notify to you will take effect from the end of the notice period provided. If you do not agree with proposed changes, you may terminate your account.
- 31.4 We may make minor technical changes to the **terms of business** that are immaterial without provision of notice to you.
- 31.5 We may change our fees and charges set out in the **fee schedule** in accordance with section 3 (*Charges and Fees*).
- 31.6 You may not amend these **terms of business** unless we confirm in writing that any proposed amendment is acceptable to us. This confirmation will also set out details of the date from which such an amendment will become effective.
- 31.7 You may amend your investment objectives, risk profile and/ or any other matters agreed between us in the **account agreement** and **investment risk profile questionnaire** at any time by giving us details in writing.
- 32. General**
- 32.1 This **agreement** shall replace all previous agreements entered into between you and us.
- 32.2 Our obligations to you shall be limited to those set out in this **agreement** and that are imposed by applicable law which we have not excluded in this **agreement**. In particular we will not owe you any wider duties of a fiduciary nature.
- 33. Severability**
- If any provision or term of this **agreement** is declared to be illegal, invalid or unenforceable for any reason, that term or provision shall be treated as though it had never been part of this **agreement** and will be ineffective without prejudice to the remainder of the term or any other term or provision thereof. Any deletion shall be considered not to materially affect this **agreement**.
- 34. Third Party Rights**
- A person who is not a party to this **agreement** shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 35. No Waiver**
- Any failure by us (whether continued or not) to insist upon strict compliance with any of the terms of this **agreement** shall not constitute nor be deemed to constitute a waiver by us of any of our rights or remedies. The rights and remedies conferred upon us shall be cumulative



and the exercise or waiver of any part thereof shall not preclude or inhibit the exercise by us of any other additional rights and remedies.

**36. Governing Law**

- 36.1 If you live in the UK, the **agreement** will be governed by and construed in accordance with the applicable UK law which is determined by where you live. Any dispute between us will be heard by the courts of the country where you live.
- 36.2 If you live outside the UK, the **agreement** will be governed by and construed in accordance with English law and the courts of England will have non-exclusive jurisdiction to settle any disputes or claims which may arise out of or in connection with this agreement.

## Annex 1

### Custody of Assets and Execution of Orders

#### 1. Your custodian

- 1.1 As we are not authorised by the **FCA** to hold and safekeep your **assets** or money, you are required to enter into arrangements with a provider of custody services. We have arranged for a member of the **LGT Group** to be appointed as your **custodian**, to provide custody services as well as dealing, settlement and execution services on your behalf. Your **custodian** may provide or may appoint a **sub-custodian** to provide custody and ancillary account services relating to the **assets** held on your behalf.
- 1.2 You acknowledge and accept that you must enter a direct relationship for **custody and execution services** with the **custodian**. This will require completion of the **custodian's** client on-boarding documentation, as the **custody and execution services** are provided subject to their own terms and conditions and/or contractual arrangements (the **custody and execution agreement**).

#### Custody of Assets

- 1.3 The **custodian** will be responsible for complying with the regulatory requirements relating to the provision of the custody, dealing, settlement and execution services, and will treat you as a retail client, unless otherwise notified in writing by you. This means that the **assets** in your account will be held on your behalf (or on the **product provider's** behalf where relevant) by the **custodian** (or its **sub-custodian**) as the **custodian** deems appropriate from time to time. We will not hold any money belonging to you and/or the **product provider**, nor will we safekeep any of your and/or the **product provider's assets**.
- 1.4 Subject to paragraph 1.5 below, you acknowledge and accept that your **custodian** shall be solely responsible for all matters relating to custody, dealing in investments and related execution and settlement matters, and administration for the **assets** that they hold and we shall not be liable to you. You shall hold us harmless in respect of any loss, damage or liability, claim or expense sustained or otherwise suffered by you as a direct or indirect result of the provision of these **custody and execution services** by your **custodian**.

#### Execution of Orders

- 1.5 Your **custodian** will execute your orders per the terms of your **custody and execution agreement**, which includes details of your **custodian's** order execution policy. Notwithstanding this, we will act in your best interests when placing orders with other entities for execution. Our execution policy is set out at Annex 4 (*Order Execution Policy*). We will confirm that any entity with whom we place orders:
- 1.5.1 can deliver the **best execution** of **client** orders on a consistent basis; and
- 1.5.2 can be reasonably expected to obtain results for our clients that are at least as good as can be obtained by placing an order for execution with an alternative entity.
- 1.6 You acknowledge and accept that the dealing instructions we provide to your **custodian** may not be acted upon by your **custodian** on the day of receipt. You authorise us to give instructions to the **custodian** in respect of **assets** held by your **custodian** on your behalf. You hereby authorise us to take all such steps as may be necessary to provide the **services**.

#### Reporting

- 1.7 In respect of any account(s) you hold with us, your **custodian** is obliged to provide you directly or indirectly with formal custody reports and valuations. Your **custodian** will only report on the **assets** held in their custody. Where possible, they will include a value on **assets** that are not custodied with them but which are managed by us.





## Annex 2

### Risk Warnings

It is important that you understand the risks involved in investing in various instruments. All investments involve a degree of risk to your capital and/or income, but the level of risk can vary significantly. You should be aware that, even when an investment is labelled as capital protected, it does not mean that the return of your initial investment is guaranteed. There are few investment products which provide total capital protection. This document cannot cover all risks but is meant to act as a general guide to the most significant aspects of the risk associated with any investments and **services** we may offer to you. Should you have any questions that are not dealt with herein, you should raise them with your **investment manager**.

#### 1. Product Risks

##### 1.1 Equities

If you buy shares or equity in a company, you become a member of the company and therefore share in the financial risk of that company. Equity-based investments are subject to general risks (political risk, interest rate risk, dividend risk, price risk, exchange rate risk, changes in the economic or regulatory environment, tax changes) as well as risks specific to the particular company. If a company issues a dividend, you will be entitled to receive one. However, the dividend per share depends on the issuing company's earnings and on its dividend policy. In cases of low profit or losses, dividend payments may be reduced or suspended. In the event of the company going into insolvency, your claim for recovery of your investment will rank behind various creditors of the business, whether secured or unsecured. The value of the equity can go down as well as up and you may lose part or all of your capital. There are specific risks associated with particular equities:

##### 1.1.1 Penny Shares

There is an additional risk of losing money when buying shares in some smaller companies, including penny shares (unquoted securities with a bid/offer spread of 10% or more). Usually, there is a big difference between the buying price and the selling price of these shares. If you have to sell immediately, you may get back much less than you paid for them. Prices may change very quickly.

##### 1.1.2 AIM Shares

AIM is a market operated by the London Stock Exchange for small and growing companies. AIM-traded shares may carry a higher degree of risk than those listed on the main market as AIM is less regulated and less information is available. Shares in smaller companies tend to be traded less frequently and in smaller amounts than those of larger companies. Price volatility may be greater, making the timing of sales and purchases more difficult.

##### 1.1.3 Foreign Stocks

As well as the risks associated with the underlying company's business, there are additional risks associated with stock listed overseas, and these are covered in section 17 (*Foreign Markets*) and section 18 (*Emerging Markets*) below.

##### 1.1.4 Regulation S Securities

We may on occasion purchase securities for your account which are exempt from the requirement of registration in the United States pursuant to Regulation S of the Securities Act 1933, as amended. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption there from. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Regulation S Securities can only be held by non-US residents and citizens and cannot be registered in the United States for twelve months from date of issue. The effect of this is that you can only sell these securities off-exchange during the twelve month period and only to non-US persons. Thereafter the securities can only be sold into US markets pursuant to securities registration or an applicable exemption from registration. No hedging transactions with respect to the securities may be conducted unless in compliance with US securities laws.

Consequently, in addition to the high risks inherent in dealing in small capital market securities, you run an extra risk of losing money when you buy shares in "restricted" or "non-readily realisable" securities due to the difficulties in selling such securities.

We and other members of the **LGT Group** may receive an additional fee, ultimately paid by the issuing company, in respect of our role as introducing broker for these securities.

##### 1.2 Fixed Income/Debt Securities

In buying fixed income/debt securities, you are, in effect, lending money to a company or government, and you will be entitled to receive the interest payable on that security and for the principal sum to be repaid to you at the maturity date. Interest rates may be fixed or variable. If you buy or sell a fixed income security, other than at issue, you may pay more than the principal sum and therefore could suffer a reduction in the capital value on maturity or at any time you sell it before maturity. In the event of insolvency, you will share with other creditors of the firm in a claim against the firm's **assets**. Your ranking in the order of creditors will depend on the nature of the security. Dealing in fixed income/debt securities may involve risks such as insolvency risk, interest rate risk, credit risk or early redemption risk.

Additional risks may be associated with certain types of bonds, including without limitation floating rate notes, zero coupon bonds (bonds on which no interest is paid), convertible bonds; for these bonds you are advised to make inquiries about the risks referred to in the issuing prospectus.

##### 1.3 Collective Investment Schemes

Collective investment schemes such as investment funds and open ended investment companies and unit trusts invest monies on a pooled basis in a basket of investments, which typically might include gilts, bonds and quoted equities, but depending on the type of scheme, may also include **derivatives**, real estate or any other **assets**. The collective investment scheme then issues shares or units in the vehicle holding the pooled funds and investments. They allow for diversification at a lower cost than might be achieved otherwise. However,



you still remain exposed to the risks associated with the underlying investments that the collective investment scheme makes, though potentially to a lesser degree. A collective investment scheme that holds a number of different **assets** will thus spread its risk and reduce the effect that a change in the value of any single component investment will have on the overall account.

#### 1.3.1 Investment Trusts

Investment trusts are companies listed on stock exchanges whose main business activity is investing in other companies. Most investment trusts can, and some do, borrow money to make investments. This can increase the volatility of the price of the shares of the investment trust itself, and can increase the risk of the investment in the trust.

The effect of the borrowing is that where there is a rise in the price of the underlying securities, the value of the net **assets** attributable to each investment trust security rises by a greater percentage, and when the value of the underlying account falls, the net **assets** attributable to each investment trust security falls by a greater percentage. Investment trusts often pursue a policy of "cross-investing" in other investment trusts, which in turn may also be borrowing money to leverage themselves. Where an investment trust uses a higher degree of direct or indirect leverage, its securities are likely to be subject to significant fluctuations in value, and as a result, holdings in such an investment trust may be subject to sudden falls in value.

#### 1.3.2 Exchange Traded Funds (ETFs)

ETFs are open-ended investment companies comprised of units traded on a regulated market or designated investment exchange. Like an index fund, an ETF represents a basket of stocks that reflects an index such as the FTSE100. Unlike a typical collective investment scheme (e.g. a unit trust), it trades like any other company on a stock exchange. An ETF's price changes throughout the day, fluctuating with supply and demand. This is different from a typical collective investment scheme that has its net-asset value calculated at the end of each trading day. It is important to note that while an ETF attempts to replicate the return on indices, there is no guarantee that they will do so exactly. It is not uncommon to see a 1 % or more difference between the actual index's year end return and that of an ETF. By owning an ETF, you get the diversification of an index fund with the flexibility of an equity investment. Because ETFs trade like stocks, you can margin them and purchase them in very small quantities. The expense ratio of an ETF is often lower than that of a typical collective investment scheme.

#### 1.3.3 Venture Capital Trusts (VCTs)

VCTs are professionally managed collective investment schemes listed on the London Stock Exchange, and are similar to investment trusts. They invest in fledgling venture capital backed unquoted companies. These unquoted companies will ordinarily be at an earlier stage of development than larger quoted companies and will therefore carry a greater risk of failing.

VCTs must be approved by HMRC for the purpose of the scheme. Once invested an investor may be entitled to various income tax and capital gains tax (CGT) reliefs, and VCTs are exempt from corporation tax on any gains arising on the disposal of their investments. However, in order to take advantage of the tax relief associated with VCTs, you should be aware that you must hold your investments therein for at least 5 years from the date of purchase.

#### 1.3.4 Enterprise Investment Schemes (EISs)

EISs are tax efficient schemes approved by HMRC to encourage investment into small unquoted companies carrying on a qualifying trade in the United Kingdom. Investment in companies that are not listed on a stock exchange often carries a high risk and the tax relief is intended to offer some compensation for that risk. As such, EIS investments are inherently high risk in nature. The specific risks vary depending on the particular EIS (e.g. an EIS based on investment in a single company is, of its nature, riskier than a more widely diversified EIS). Because the underlying holdings are not listed, the manager of an EIS cannot sell them, and unlike a VCT, the EIS itself is not traded on any market. Investors accordingly have to wait until the manager realises the cash value of the underlying holding(s) before they can redeem the value of their investment. Investors also face risk in relation to CGT. If a capital gain is deferred by means of investment in an EIS, the same gain is re-crystallised when the EIS is sold. If the CGT rate falls, investors benefit, but if it rises then they will lose out.

#### 1.3.5 Property Funds

These funds are often structured as limited liability partnerships which are not regulated and invest in properties directly (although they may also be set up as unit trusts or open ended investment companies). As such they may also be set up to be highly illiquid and you may not be able to realise your investment immediately or the price may reflect a forced seller discount. They also carry many of the risks detailed immediately below in section 1.4 (*Alternative Investments (including Hedge Funds and Private Equity Funds)*).

### 1.4 Alternative Investments (including Hedge Funds and Private Equity Funds)

#### 1.4.1 Hedge funds and other alternative investment funds ("alternative investments") may involve complex tax and legal considerations and can give rise to considerable risks. Such schemes may deal infrequently and may limit redemptions.

It is not possible to generalise on the associated investment risk of such schemes. Alternative investment vehicles are often operated in offshore centres where the level of investor protection is unlikely to be equivalent to that available in the UK. If established in the EU they are regulated as Alternative Investment Funds but are not subject to the same regulatory requirements or oversight as other regulated collective investment schemes, such as Undertakings for the Collective Investment in Transferable Securities fund. Additionally, the tax status of such funds, which often will not have reporting fund status, should be considered prior to investment.

#### 1.4.2 Alternative investments often engage in leverage and other speculative investment practices, which involve a high degree of risk. Such practices will often increase the volatility of the performance of the alternative investment and the risk of investment loss, including the loss of the entire amount that is invested. Interests in alternative investments are often highly illiquid as there is no public market for such interests and are often only transferable with consent. The illiquid nature of such investments can mean interests can be difficult to value and can render transfer (particularly within a required timeframe) difficult.



- 1.4.3 Investors in alternative investments may also have limited rights with respect to their investment interest, including limited voting rights and participation in the management of the alternative investment.
- 1.4.4 Alternative investments will often invest in other products or vehicles that may be highly illiquid and difficult to value. Alternative investments may not be required to provide you with regular periodic pricing or valuation information. This may limit your ability to redeem or transfer your investment or delay receipt of redemption proceeds.
- 1.4.5 It should be noted that alternative investments may impose significant charges and fees, including management fees that are based upon a percentage of the realised and unrealised gains or management fees that are set at a fixed percentage of **assets** under management regardless of performance returns.

## 1.5 Warrants

- 1.5.1 A warrant ordinarily gives the holder of the warrant the right to subscribe for shares, debentures, loan stock or government securities at a specific price within a certain time frame and is exercisable against the original issuer of the underlying securities. The prices of warrants can be volatile as a relatively small movement in the price of the underlying security may result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant.
- 1.5.2 It is essential when considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if you fail to exercise this right within the predetermined timescale then the investment becomes worthless.
- 1.5.3 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.

## 1.6 Covered Warrants

A covered warrant is a type of warrant that allows the holder to buy or sell a specific quantity of shares, currency or other financial instruments from an issuer, usually a bank or similar financial institution at a specific price and time. The main differences between normal and covered warrants are:

### *Normal Warrant*

- only have the issuing company's stock as their underlying **assets**
- only issued by the company that issued the underlying stock
- ordinarily have only one exercise price
- allow the warrant holder only to buy the underlying **assets**

### *Covered Warrant*

- can have a wide variety of underlying **assets**
- only issued by financial institutions
- can have a variety of exercise prices depending on the conditions set forth in each issue
- allow the warrant holder to buy or sell the underlying **assets**

## 1.7 Futures

Futures involve the obligation to make, or to take delivery of the underlying physical **assets** of the contract at a future date, or in some cases to settle the position with cash. The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains and carry a high degree of risk. 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 transactions have a contingent liability, meaning that you may be called upon to pay additional sums during the life of the contract and on maturity. It is very important that you understand the potential amounts you could be liable for, and are comfortable that you will be able to afford to pay such amounts when they fall due if required to do so. Futures are different to options as options give the holders the right to buy or sell an underlying **assets** at expiration while the holder of a futures contract is obligated to fulfil the terms of their contract.

## 1.8 Options

- 1.8.1 An option is the right either to buy or to sell a specified amount or value of a particular underlying interest at a fixed exercise price by exercising the option before its specified expiration date. An option that gives the right to buy is called a "call" option, an option which gives the right to sell is called a "put" option.
- 1.8.2 There are two types of options - physical delivery options and cash settled options:
  - Physical Delivery Option*
    - Gives the owner the right to receive physical delivery (if it is a call) when the option is exercised
    - Gives the owner the right to make physical delivery (if it is a put) of the underlying interest
  - Cash Settled Option*
    - Gives the owner the right to receive a cash payment based on the difference between the determined value of the underlying interest at the time the option is exercised and the fixed exercise price of the option
    - You may be required to pay monies as well as receive monies
- 1.8.3 Buying options involves less risk than selling options because, if the price of the underlying **assets** 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 future contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under section 1.7 (*Futures*) above and section 2 (*Contingent Liability Investment Transactions*) below.



- 1.8.4 If you write or sell an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position 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 **assets** if the option is exercised against you, however far the market price has moved away from the exercise price. If you do not already own the underlying **assets** which you have contracted to sell 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.
- 1.8.5 Certain London Stock Exchange 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 their exposure to risk.
- 1.8.6 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 provide 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.
- 1.9 **Contracts for Differences (CFDs)**
- 1.9.1 A CFD is a derivative contract that gives the holder exposure to the underlying equity or index, but without paying the full price of the total value of the position. Contracts for difference are traded on margin, and the profit/loss is determined by the difference between the buy and the sell price. CFDs may be suitable for short-term trading but become expensive for holding long-term positions.
- 1.9.2 When trading on margin, a sudden drop in the price of an instrument (i.e., the underlying equity) could cause you to receive a margin call. In that case, you would be required to deposit additional collateral into your account. If you do not respond in a timely manner, the existing collateral in your account could be sold, or your positions liquidated, in order to cover the call, and you would be responsible for any losses to your account.
- 1.9.3 Some CFDs are known as swaps. Typical forms of this type of contract can be similar to an agreement to purchase or sell a series of options over an underlying **assets** or index at an average price specified today. Swaps and other CFDs are contingent liability investments, meaning that if the underlying price moves in an unfavourable direction, an investor can be called to pay additional cash on final settlement.
- 1.10 **Structured Products**
- 1.10.1 Structured products are synthetic investments specially created to meet specific needs that ordinarily cannot be met from the standardised financial investments available in the markets. Structured products can be used: as an alternative to a direct investment; as part of an **assets** allocation process to reduce the risk exposure of an account; or to take advantage of a current market trend.
- 1.10.2 A structured product is ordinarily a pre-packaged investment strategy, which is based on **derivatives** (i.e. options and, to a lesser extent, swaps). They may feature protection of the principal if held to maturity. You should always check whether a structured product is principal protected or not.
- 1.10.3 More often than not structured products are not 100% principal protected. The return of the capital you initially invested may be linked to the performance of an index, a basket of selected stocks or other factors. If the product has performed within specified limits, you will be repaid the capital you initially invested but if not, you could lose some or all of your initial capital. Investing in these products can put the capital you invested at risk.
- 1.10.4 The range of products may include those where the return is linked to an index or indices, a basket of securities or other specified factors which relate to one or more of the following: equity or debt securities, interest rates, currency exchange rates or commodities.
- 1.10.5 As mentioned above, some of the products include an element of principal protection, at a level which is stated at the time of the initial investment, so that on maturity of the investment you are assured of the return, at a minimum, of the stated proportion of your initial capital invested (subject always to the credit of the issuer of the product). In respect of some products which include an element of principal protection, the return of the stated proportion of your initial capital invested may depend on a pre-agreed level of performance being achieved or the product being held to maturity. If the performance is not attained or the product is not held to maturity the element of principal protection will not apply.
- 1.10.6 Different products involve different levels of exposure to risk (and reward) and in deciding whether to trade in such products you should be aware of the following points.
- 1.10.7 There is no guarantee that all of the initial capital invested by you will be returned to you on maturity of the investment. You may therefore get back a lesser amount than you originally invested.
- 1.10.8 These investments may involve a degree of gearing, which means that a small percentage fall in the related index may result in a larger reduction in the amount paid out to you.
- 1.10.9 Investments linked to the performance of an index do not include an allowance for any return or reinvestment of dividend income from the underlying constituents of the index.
- 1.10.10 If you decide to redeem or sell the investment before its stated maturity, you may not gain the maximum benefit of the investment and may receive a poor return or less than the initial capital invested. Early redemption penalties may apply in some circumstances



as some investments are targeting investors who will hold the investment for a set period of time and their terms aim to discourage early withdrawals.

- 1.10.11 The initial capital you invest may be placed into high risk investments such as non-investment grade bonds/ instruments linked to commodities or indices on commodities.
- 1.10.12 The stated rate of growth or income in relation to an investment may depend on specified conditions being met, including the performance of the relevant index/indices, basket of selected stocks or other specified factor(s).
- 1.10.13 You should not deal in these investments unless you are prepared to sustain a loss of the money you have invested (a loss which may be total or may be partial as specified in the relevant terms and conditions) plus any commission or other transaction charges.
- 1.10.14 Some structured products may have a limited secondary market; it may therefore be difficult to deal in such investments or to obtain reliable information about their value.

### 1.11 Securitised Derivatives

1.11.1 These instruments may give you:

- a time-limited right or an absolute right to acquire or sell one or more types of investment, which is normally exercisable against someone other than the issuer of that investment; or
- Rights under a contract for difference, which allows for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index.

In both cases, the investment or property may be referred to as the “underlying instrument”.

- 1.11.2 These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile.
- 1.11.3 These instruments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected.
- 1.11.4 *You should only buy this product if you are prepared to sustain a total or substantial loss of the money you have invested plus any commission or other transaction charges.*
- 1.11.5 *You should consider carefully whether or not this product is suitable for you in light of your circumstances and financial position, and if in any doubt please seek professional advice.*

### 1.12 Listed Securities Where Gearing is Involved

In relation to listed securities where the use of ‘gearing’ is involved (meaning use of derivative products that can magnify the gains (and losses) on the money invested), the gearing strategy used by the issuer may result in movements in the price of the securities being more volatile than the movements in the price of the underlying investments. Your investment may be subject to sudden and large falls in value and you may get back nothing at all if there is a sufficiently large fall in your investment.

## 2. Contingent Liability Investment Transactions

Contingent liability investment transactions are derivative transactions (such as futures, contracts for differences or options) which are structured so that the investor will or may be liable to make further payments when the transaction is to be completed or on closing out a position.

If you undertake contingent liability investment transactions using “margin” (i.e. money you are borrowing to purchase securities), you may sustain a loss of the margin you deposit to establish or maintain a position. If the market moves against you, you may be called upon to pay additional margin at short notice to maintain a position. If the request for additional margin is not met, your position may be liquidated at a loss, and you will be responsible for the resulting deficit.

Save as specifically provided by the **FCA regulations**, we may only carry out margined contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions which are not so traded may expose you to substantially greater risks.

## 3. Margin for Purchasing Securities

If you purchase securities using “margin” (i.e. money you are borrowing to purchase securities), you are subject to a greater risk than you would be if you purchased fully paid for securities.

If the value of the **assets** in your account(s) falls then you may be required to deposit additional securities or monies to secure the loan, which has been made to you to purchase securities. If you fail to meet the additional requests for payment, then we may realise your **assets** to pay down or pay off your loan (without prior notice and potentially at a loss or lower price than in other circumstances). You are liable for any debits as a result of such enforced sales.

## 4. Stabilisation

- 4.1 We may, from time to time, recommend transactions in securities to you, or carry out such transactions on your behalf, where the price may have been influenced by stabilisation.
- 4.2 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. The **FCA** allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

- 4.3 Stabilisation is carried out by a “stabilisation manager” (ordinarily the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, they are 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.
- 4.4 The stabilisation rules:
  - 4.4.1 Limits the period when a stabilising manager may stabilise a new issue;
  - 4.4.2 Fixes the price at which they may stabilise (for shares and warrants but not bonds); and
  - 4.4.3 Requires managers to disclose that they may be stabilising but not that they are actually doing so.
- 4.5 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.

## 5. Clearing House Risk

On many exchanges, the performance of a transaction by us (or third party with whom we are dealing on your behalf) is ‘guaranteed’ by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the **client**, and may not protect you if we default on our obligations to you or another party defaults on its obligations to you. On request, we will endeavour to explain any protection provided to you under the clearing guarantee applicable to any on- exchange **derivatives** in which you are dealing. There is no clearing house for traditional options, nor ordinarily for off- exchange instruments which are not traded under the rules of a regulated market.

## 6. Trading Facilities Risk

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/ or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

## 7. Electronic Trading Risk

Trading on a particular electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake Transactions on an electronic trading system, you will be exposed to risks associated with that system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, is not executed at all and a lack of capability to keep you informed continuously about your positions and fulfilment of the margining requirements.

## 8. Off-Exchange Transactions in CFDs

These transactions are not carried out on a recognised exchange or designated exchange and this may mean a higher level of risk is incurred by the investor. It is important that you fully understand the risks involved before making a decision to enter into an off-exchange transaction in a CFD with us. The structure of a CFD and the roles of the parties to a CFD are established solely by us. This means, for example, that if you wish to close the CFD earlier than at the time at which it would otherwise automatically expire, you will have to close it at our quotation, which may reflect a premium or discount to the underlying market. When the underlying market is closed, our quotation can be influenced by the weight of other clients buying or selling. CFDs entered into with us can only be closed with us, and are not transferable to any other person. No CFDs provide any right to the underlying instruments or voting rights.

## 9. Off-Exchange Transactions in Derivatives

It may not always be apparent whether or not a particular derivative is arranged on exchange or in an off-exchange derivative transaction. We must make it clear to you if you are entering into an off-exchange derivative transaction.

While some off-exchange markets are highly liquid, transactions in off- exchange or non-transferable **derivatives** may involve greater risk than investing in on-exchange **derivatives** because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

## 10. Non-Readily Realisable Investments

We may arrange or enter into transactions in non-readily realisable investments. This means that the investment is neither a government security, nor a listed investment, nor an investment that regularly trades on an exchange. In this case there may be no secondary market available, and it may be difficult to obtain any reliable independent information about the value and risks associated with such an investment. *You may have difficulty selling this investment at a reasonable price and, in some circumstances, it may be difficult to sell it at any price. Do not invest in such an investment unless you have carefully thought about whether you can afford it and whether it is right for you.*

## 11. Insolvency Risk

Our insolvency or default, or that of any other brokers involved in transactions undertaken by us on your behalf, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual **assets** which you lodged as collateral and you may have to accept any available payments in cash. On request, we will endeavour to provide an explanation of the





extent to which we will accept liability for any insolvency of, or default by, other firms involved in transactions undertaken by us on your behalf.

## 12. Past Performance

You should be aware that the price of the financial instruments that you are dealing with depends on fluctuations in the financial markets outside of our control and that past performance is no indicator of future performance.

## 13. Suspension of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of a 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.

## 14. Volatility of Returns

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

## 15. Tax Risks

You have sole responsibility for the management of your tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations.

## 16. Investment Leverage, or Gearing

Use of borrowing to invest increases both the volatility and the risk of an investment. This applies if a company has significant borrowings, or if an investment vehicle otherwise allows an investor to gain much greater economic exposure to an **assets** than is paid for at the point of sale. It also applies if an investor borrows money for the specific purpose of investing. The impact of leverage can be as follows:

- movements in the price of an investment leads to much greater volatility in the value of the leveraged position, and this could lead to sudden and large falls in value;
- the impact of interest costs could lead to an increase in any rate of return required to break even; or
- a **client** may receive back nothing at all if there are significantly large falls in the value of the investment.

## 17. Foreign Markets

Foreign markets will involve different risks from UK markets and non-European Economic Area markets will involve different risks from European Economic Area markets. In some cases the risks will be greater in foreign markets. On request, we will endeavour to provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions undertaken by us on your behalf on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

## 18. Emerging Markets

Emerging markets can carry significantly greater risks than those typically associated with investing in more developed markets. The nature and extent of these risks will vary from country to country. Emerging markets in respect of financial investments are those countries that may possess one or more of the following characteristics:

- a certain degree of political instability;
- relatively unpredictable financial markets and economic growth patterns; or
- a financial market that is still at the development stage.

The list of emerging markets is constantly changing and may be ascribed this status according to criteria set by several different organisations, such as the International Finance Corporation or the World Bank. Broadly, they include any country other than Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. These countries' markets are regarded as developed markets.

*Before making any investment in these markets, you should independently satisfy yourself that you understand and appreciate the significance of the relevant risks, and that such an investment is suitable for you. This statement is intended to summarise some of these risks, but it does not purport to be an exhaustive list.*

### 18.1 Market Characteristics

- 18.1.1 The securities markets of emerging countries are in the early stages of development and many of them often lack the levels of transparency, liquidity, efficiency and regulation characteristics of the more developed markets. In some of these markets, standard practices, market customs and usages have yet to evolve and be readily identifiable as such by market participants. The credit rating of local financial institutions may not be high and there is often limited trust in such institutions.
- 18.1.2 Government supervision of securities markets, investment intermediaries and of quoted companies may be considerably less well developed than in many countries with well-established markets and, in some cases, effectively non-existent. Many regulations are unclear in their scope and effect, and there may be a greater risk than in more developed countries of activities conducted in good faith on the basis of professional advice, subsequently being regarded as not in compliance with fiscal, currency control, securities, corporate or other regulatory requirements. In addition, where a system of regulation is present, it may lack any, or any adequate, mechanism to enforce compliance by participants.
- 18.1.3 The valuation of both enterprises and securities in some of these countries has sometimes proved problematic in the absence of efficient secondary markets. In particular, the illiquidity of the markets in general or of particular securities in some of these



countries may make it difficult to determine an accurate valuation for a particular security or whether such security could actually be sold at such a price. In addition, due to historic difficulties in acquiring securities in certain of these countries, depository receipts or **derivatives** relating to certain of such securities have been created which may not be fungible with each other or the securities underlying or relating to such depository receipts or **derivatives**. This might lead to such depository receipts or **derivatives** trading at substantial premiums or discounts to the underlying or related securities.

## 18.2 Economic Risk

18.2.1 Many emerging countries lack a strong infrastructure. Telecommunications generally are poor, and banks and other financial systems are not always well developed, well regulated or well integrated. These countries may also have considerable external debt, which could affect the proper functioning of their economies with a corresponding adverse impact on the performance of their markets. Tax regimes may be subject to the risk of a sudden imposition of arbitrary or onerous taxes, which could adversely affect foreign investors.

18.2.2 Businesses in these countries may have a limited history operating in market conditions. Accordingly, when compared to companies in more developed markets, such businesses may be characterised by a lack of management who are experienced in market conditions and a limited capital base with which to develop their operations.

## 18.3 Political Risk

18.3.1 The political systems in the majority of emerging countries have been the subject of substantial and positive reforms. The relative infancy of some of these political systems may mean that they are more vulnerable in the face of popular dissatisfaction with reform, political or diplomatic developments, or social, ethnic or religious instability. Such developments, if they were to occur, could in turn lead to a reversal of some or all of the democratic reforms, a backlash against foreign investment and, in a worst case scenario in some countries, a return to a centralised planned economy and state ownership of **assets**. This could involve the compulsory nationalisation or expropriation of foreign-owned **assets** without adequate compensation, or the restructuring of particular industry sectors in a way which could adversely affect private investors in such sectors.

## 18.4 Investment, Foreign Exchange and Repatriation Restrictions

Foreign investment in emerging countries is in some cases restricted. Some of these countries have non-convertible currencies and the value of investments may be affected by fluctuations in available currency rates and exchange control regulations (which could change at any time). The repatriation of investors' funds and profits may therefore be restricted or difficult and could involve significant cost. Moreover, considerable delays may occur in the transfer of funds within, and with repatriation of monies out of, these countries.

## 18.5 Tax Risks

In some countries the tax position is complex and subject to more frequent change than in Western countries. It may not be possible to reclaim tax even where this is theoretically possible due to practical and timing issues.

## 18.6 Legal Risks

Many emerging countries do not yet have a legal system comparable to those of more developed countries. Legal reforms may not always correspond to market developments, resulting in ambiguities and inconsistencies which increase the risk of investing in these countries. Legislation to safeguard the rights of private ownership and control as well as establishing intellectual property concepts may not yet be in place, and there is risk of conflicting rules and regulations. Laws and regulations governing investment in securities markets may not exist or may be subject to inconsistent or arbitrary interpretation or application. The independence of the judicial systems, and their susceptibility to economic, political or nationalistic influences, remains largely untested. It may be impossible to predict whether a foreign investor would obtain effective redress in the local courts in respect of a breach of local laws or regulations, or in an ownership dispute.

## 18.7 Settlement Risk

The concepts of ownership of and procedures for the transfer of securities in emerging countries may differ radically from those in more developed markets. In some markets, for example, the term "dvp" (delivery versus payment) does not imply that securities and cash move at the same time. Registration of shares may not be subject to standardised procedures or to a centralised system, and may be effected on an ad hoc basis. The concept of **nominee** ownership is undeveloped and, in some cases, not recognised at all. As a result, registration can be administratively cumbersome and time consuming, leading to delays in settling trades, ownership disputes and constraints on trading. The realisation of rights of ownership, for example the exercise of shareholders' rights, cannot be assumed. Moreover, in some markets the risk of conflicts of interest on the part of those responsible for the conduct of the registration procedures, and the risk of fraud (for example, in connection with physical certificates) or of a registrar refusing to effect registration without justification (or of a registrar deleting a registration once it has occurred, with a consequential total loss of investment) is higher in many cases than in more developed markets.

## 18.8 Shareholder Risks

Rules in emerging countries regarding ownership and corporate governance of domestic companies (for example, limiting the ability of management to effect transactions with affiliates or to sell or otherwise dispose of their company's **assets**) may not exist or may confer little practical protection on minority shareholders. Disclosure and reporting requirements are in many cases less stringent than in more developed countries and may be non-existent or rudimentary. Anti-dilution protection may also be very limited. Redress for violations of shareholder rights may be difficult in the absence of a system of derivative or class action litigation.

## 18.9 Accounting Practices

Accounting, auditing and financial reporting standards in many emerging countries are not yet equivalent to those applicable in more developed countries and in some of these countries are of virtually no assistance to an investor. The availability, quality and reliability of corporate information (including official data) is likely to be lower than that in respect of investments in more developed markets.

## 18.10 Custody and Asset Servicing in New Markets

18.10.1 The custody of **assets** and **assets** servicing in new markets can carry significantly greater risks than those typically associated with



more developed markets. The nature and extent of these risks will vary from country to country. Before investing in these markets, you should independently satisfy yourself that you understand and appreciate the significance of the relevant risks, and that such an approach is suitable for you and any clients for whom you are acting in a fiduciary capacity. This statement is intended to summarise some of these risks, but does not purpose to be an exhaustive list.

- 18.10.2 In accordance with the **agreement**, we may hold **assets** with a **sub-custodian** in a new market jurisdiction. The **sub-custodian** may hold your **assets** either directly through registration with the relevant registrar or via local depositories. As a result, you may be exposed to operational and other risks associated with the market infrastructure of new markets including registrars and local depositories and you should make yourself familiar with the relevant infrastructure before deciding to invest in any emerging market. Registration processes in emerging markets can be administratively cumbersome and time consuming, leading to constraints on trading.
- 18.10.3 The concept of beneficial ownership is not yet fully developed in many new markets and it is possible that the law of a new market will not recognise your beneficial ownership of **assets** held at a **sub-custodian** in such jurisdictions in a segregated account for our clients. The consequence of this is that if a valid order is served on the **sub-custodian** seeking to freeze, attach or otherwise restrict **assets** belonging to us, a court in any such market may treat your **assets** as belonging to us and open to seizure or arrest and you may lose your beneficial interest.

#### 18.11 Asset Servicing

- 18.11.1 Ownership of securities may only transfer under the law of a new market upon settlement and registration of the securities in question. However, under the **agreement**, we may undertake **assets** servicing in respect of income, dividends, coupons, stock distributions and other entitlements from the trade date. As a result, your corporate action entitlements and obligations may not correspond with legal ownership of the securities in question.
- 18.11.2 Corporate actions in a new market may be subject to a "record date" on which we or you will be required to be the legal owner of the security in question in order for you to be entitled to participate in the event. Where such "record date" considerably precedes the date of the event and/or where re-registration of securities ownership occurs a considerable time period after trade date, your ability to participate in the event may not correspond with your current holdings on our books and records or include all trades undertaken by us on your behalf prior to "record date".
- 18.11.3 There may be no central source of disclosure of corporate action events in certain markets and corporate action events of local issuers may only be notified in national or local newspapers or the websites of local exchanges. In such cases, we will not be responsible or liable for the failure to locate or identify relevant events.
- 18.11.4 Tender offers by issuers in new markets may be subject to particular requirements, for example: (i) a requirement upon us to present copies of its constitutional documents to the issuer, and/or (ii) taxation rates which may only be determined following elections being submitted to the issuer. In the former case, our ability to participate in any such tender offer on your behalf may be dependent on the ability and our willingness to disclose its constitutional documentation to the issuer. You acknowledge our right to refrain from such disclosure at its sole discretion.
- 18.11.5 We may not be able to offer a proactive proxy voting service to you in respect of new market securities of which we are the legal owner. We may only be able to vote on your behalf where all other beneficial owners of the relevant security on our books and records advise that they wish to vote in the same manner as you.
- 18.11.6 The Russian market has certain nuances in respect of the distribution of dividends of which you should be aware. If a Russian issuer has not distributed dividends within one year of such dividends being approved, the legal owners of the securities in question may never receive their dividend entitlements. In addition, during the above one year period, a Russian issuer may pay registered owners of the entitled securities at different times. As a result, we may only pay distributions to you in respect of Russian securities of which we are the legal owner upon (i) full payment being received from the issuer; or (ii) one year having passed from the date of the issuer's company meeting where the distribution was declared. In the latter case, we may pro-rate your entitlement in accordance with the funds we have received. Due to such nuances in the Russian market, we may not be able to participate (whether entirely or partially) in all events to which you may be entitled.

## Annex 3

### Conflicts Management Policy

#### 1. Our Duties

Our main business is the provision of wealth management financial advisory **services**. In this context a variety of conflicts arise between our interests and those of our **clients**, or between the duties owed by us to different clients. Therefore, we must:

- 1.1 Take all reasonable steps to identify conflicts of interest between (i) us and our **clients**, and (ii) one **client** and another;
- 1.2 Operate effective organisational and administrative arrangements in order to take all reasonable steps to prevent such conflicts from giving rise to a material risk of damaging clients' interests. If the conflicts of interest are so great that they cannot reasonably be managed by a combination of these and/ or other steps in such a way as to ensure fair treatment for a **client**, then we will decline to act for that **client**;
- 1.3 Disclose any conflict that cannot be managed effectively by our organisational and administrative arrangements to ensure that clients' interests will not be damaged; and
- 1.4 Keep records of the firm's **services** and activities in which conflicts may arise.

#### 2. Identifying Conflicts of Interest

To identify conflicts that may arise, and which may entail a material risk of damage to clients' interests, we take into account whether we, or another member of the **LGT Group** or employee of ours:

- 2.1 Are likely to make a profit or avoid a loss at the expense of the **client**;
- 2.2 Have an interest in the outcome of a **service** provided to the **client** or of a transaction carried out on behalf of a **client**, which is distinct from the **client's** own interest in that outcome;
- 2.3 Have a financial or other incentive to favour the interest of another **client** or group of **clients** over the interests of the **client**;
- 2.4 Carry on the same business as the **client**; or
- 2.5 Receive or will receive from a person other than the **client** an inducement in relation to a **service** provided to the **client**, in the form of monies, goods or **services**, other than the standard fee or commission for that **service**.

#### 3. Personal Conduct

Employees' personal holdings of, or dealings in, securities may conflict with their obligations to either corporate or investing clients. We have policies and procedures in place to monitor employees' personal account dealing and to restrict it in certain circumstances. Our employees do not solicit or accept inducements that could conflict with our obligations to our clients, nor offer or give inducements which could conflict with the recipient's obligations to its own clients. Gifts, corporate hospitality and similar benefits could fall within this category and we have detailed policies and procedures in place on the giving and receiving of gifts and hospitality.

Further details of our Conflicts Management Policy are available on request.

## Annex 4

### Order Execution Policy

Under the **FCA regulations**, we are required to put in place an order execution policy and to take all sufficient steps to obtain the best possible result on behalf of our **clients** when executing orders or receiving and transmitting orders for execution. The purpose of this document is to inform you about our order execution policy.

#### 1. Quality of Execution

- 1.1 When executing orders on your behalf, we will take all sufficient steps to achieve **best execution**. We have in place a policy and procedures designed to obtain the best possible result for you, taking into account the nature of your orders, the nature of the markets and financial instruments concerned, and any specific instructions from you.
- 1.2 Where we follow your specific instructions in relation to all or part of an order, this may prevent us from taking all the steps we have designed and implemented in our execution policy to obtain the best possible result for you.

#### 2. Summary of Order Execution Policy

- 2.1 We owe a duty of **best execution** when we execute orders on your behalf - that is, when you give us an instruction that causes us to owe you contractual or agency obligations and/or we exercise discretion in relation to the execution of an order for you.
- 2.2 In executing an order under our execution policy, we will take into account the execution factors as set out below in a manner we believe will result in the best outcome for you. We will determine the relative importance of these factors having regard to your status as a retail **client**, the nature of the order itself, the financial instrument involved and the execution venues available.

#### 3. Execution Criteria

- 3.1 Total Consideration: Price combined with cost (also referred to as total consideration) is the primary factor in obtaining the best outcome for you. We look to execute the order on the venue which will offer the best price viewed in combination with execution venue costs.
- 3.2 Speed: The speed of execution may be important for some types of orders, such as in a fast moving market, and in those situations, speed will be a high priority if it will achieve the best possible result for you.
- 3.3 Likelihood of execution and settlement: With some financial instruments, the ability to execute the order at all or to execute it within a time-period which will result in the best outcome may be considered as the primary execution criteria.
- 3.4 Size: The size of an order in relation to the liquidity of the financial instrument may change the application of the execution criteria. Where an order is larger than the average daily volume, we will use our discretion as to the execution strategy in the absence of any **client** instruction.
- 3.5 Nature and other considerations: We take into account any other relevant factor that we believe warrants consideration in order to seek **best execution**.

#### 4. Execution Venues

- 4.1 Subject to any specific instructions received from you, we will use our discretion to determine the appropriate execution venue for an order, which may, without limitation, include an organised trading facility, an exchange, a Retail Service Provider, Direct Market Access facility, a multilateral trading facility or a broker. For UK equities, investment trusts, exchange traded funds and government bonds, our main execution venue will be the London Stock Exchange. Unit trusts will be traded via Co-Funds and Allfunds (unit-trust trading venues), where possible, or directly through the fund administrator. Foreign stock will be traded via members of overseas investment exchanges. We may also deal directly with certain execution counterparties, a current list of which will be maintained on our website ([www.lgtwm.com](http://www.lgtwm.com)).
- 4.2 Occasionally, we may wish to execute orders outside a regulated market or multilateral trading facility or organised trading facility, for example if a particular bank or investment firm is offering the **best execution** terms but intends to trade off-exchange. We require your prior consent to do this - please see below. If we are not a member of or participant in a particular execution venue, for example, for non-UK investments, we may place your order with a member or participant of the venue that we consider to be suitable for the execution of the order.
- 4.3 Factors we consider when selecting execution venues include prices available, liquidity, volatility, speed of execution, cost of execution and the quality and cost of clearing and settlement.
- 4.4 We take steps to ensure we do not structure or charge commission in such a way as to discriminate unfairly between execution venues.

#### 5. Limit Orders

If you place a limit order (explained in paragraph 8.3 (Limit Order) below) with us and we are unable to execute it immediately, we may choose not to make the order public, subject to your prior consent.

#### 6. Review and Monitoring

- 6.1 We will review the effectiveness of our order execution arrangements (including the venues that we use) and the execution policy on an annual basis (and also on an ad hoc basis in response to any material change affecting a relevant execution venue). We will monitor our compliance with the policy, making enhancements to it or to our order execution arrangements where necessary and advising you of such changes and/or our ongoing compliance with the policy, as appropriate.
- 6.2 In exceptional circumstances, such as technical faults leading to loss of connections with an execution venue, we may have to use other execution methods than those listed above. Our obligation to provide **best execution** does not mean that we owe you any fiduciary duties other than those specifically arising by contract or regulatory obligation.



**7. Consent**

- 7.1 By appointing us to provide execution-only, advisory or discretionary **services** as indicated in the **investment risk profile questionnaire**, you will be deemed to have accepted the terms of our execution policy.
- 7.2 To achieve the best result for you, we may execute your order via an execution venue other than a regulated market or multilateral trading facility or organised trading facility. However, where the financial instrument is admitted to trading on a regulated market, multilateral trading facility or organised trading facility, we must obtain your prior express consent before doing so.
- 7.3 We also require your express consent where you place a limit order with us and we choose not to make it public despite being unable to execute it immediately.
- 7.4 Such consents shall be provided upon your signing and returning to us the **account agreement**, as indicated on the signature page therein.

**8. Order Types**

- 8.1 In view of the risks that arise when trading in volatile markets, you should consider the various types of orders that are available to you that can be utilised to limit or manage any risk or investment strategy. Please note that not all order types may be accepted for investment instruments that are offered by us and remember, in the event of placing any order instructions over the telephone, you should ensure that any instruction is provided clearly and any subsequent instruction to amend or cancel an existing instruction is clearly communicated to us.
- 8.2 Market Order: An order to buy or sell a specified instrument as soon as possible at the price obtainable in the market.
- 8.3 Limit order: Limit orders are commonly used to enter a market and to take profit at predefined levels. Limit orders to buy are placed below the current market price and are executed when the ask price hits or breaches the price level specified. Limit orders to sell are placed above the current market price, and are executed when the bid price breaches the price level specified. When a limit order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your order is filled may differ from the price you set for the order if the opening price of the market is better than your limit price.