



# Managed Stockbroking Service

*Terms and Conditions*

## **Important Information**

These are the Terms and Conditions for your Balkerne Asset Management Managed Stockbroking Service. You are advised to read them carefully. The terms of the Application Form and Key Features Document also form part of these terms.

These Terms amend the terms of any agreement which we previously entered into with you in respect of the Investment Portfolio.

### **1 Commencement**

These Terms set out the detail of an agreement between you and us. Such agreement will come into force on the Effective Date. We reserve the right to reject an application.

### **2 Appointment**

2.1 You appoint us as Discretionary Managers for your Investment Portfolio with authority to manage it in accordance with these Terms, your Application Form, the Key Features Document and the Regulations.

2.2 You authorise us to undertake any functions required of a Discretionary Manager under the Regulations on your behalf and to comply with any other legislation or regulation which may affect, or be in any way connected with, the Investment Portfolio now or in the future.

### **3 Delegation**

3.1 Subject to the Rules and Regulations, we may delegate any of our functions or responsibilities under these Terms to any person provided that before doing so we satisfy ourselves that such person is competent to carry out those functions or responsibilities.

3.2 We may appoint an Associated Company duly authorised to act as such to be manager of your Investment Portfolio in our place. In such circumstances, that Associate Company will manage the Investment Portfolio in accordance with these terms.

### **4 Material Interests**

You agree that your investments will be registered in the same name as those of other clients and that, in consequence, from time to time as part of normal settlement procedures where investments are pooled, your investments may be used with those of other clients to settle various transactions. You should be aware that your investments will not necessarily be immediately identifiable, and that, if we were to become insolvent, you might encounter delays in recovering your assets and possibly an increased risk of loss.

### **5 Notices**

5.1 All notices and instructions and any other documents relating to these Terms must be sent to us at our Administrative Office.

5.2 We will send you all statements, notices and other documents relating to these Terms to your most recent address notified to us. They will be deemed to be received by you on the fifth Business Day after posting.

5.3 All cheques, documents of title etc. may be sent by post to your last known address and at your own risk. The Recorded Delivery service will not normally be used.

### **6 Management**

6.1 We will review and manage your investment portfolio on a discretionary basis, according to your chosen investment strategy. We will report all changes made to the portfolio as soon as practicable thereafter. We may take such action as we in our absolute discretion determine regarding all voting and other rights and powers and shall not be under any obligation to inform you of each occasion of the opportunity to vote.

- 6.2 The investments in the Managed Stockbroking Service will be restricted to equities, gilts and other fixed-interest/bond investments, unit trusts, investment trusts, open-ended investment companies, other collective investments and cash. We will assume that there are to be no restrictions on us regarding the type of investment or markets in which funds can be invested, unless agreed in writing to the contrary, e.g. for ethical reasons.
- 6.3 Subject to compliance with the Rules and the Client Money Regulations, receipts and other monies pending investment will be deposited as client money in a client account with the Bank. We will not be liable for any default of the Bank. Except as stated in Clause 13, interest derived from monies deposited in such an account for you will be credited to your Investment Portfolio and will be added to the monies to be invested.
- 6.4 Interest will be paid as a gross amount. Such interest shall be credited to your Investment Portfolio quarterly in March, June, September and December.
- 6.5 If requested by you at the time of making your investment, income will be distributed either monthly or quarterly directly to your bank or building society account on 18 of each month or for quarterly income, 18 January, 18 April, 18 July and 18 October each year.
- 6.6 We or any Associated Company may aggregate any transaction for you with those of other investors although this may result in a less favourable transaction price than might have been achieved had the transaction been effected separately.
- 6.7 You may not create any security over, or transfer your rights in, the portfolio Investments.

## **7 Custody**

- 7.1 You have agreed for your investments to be registered in the name of Balkerne Nominees Ltd, 1 Balkerne Hill, Colchester, Essex CO3 3FG. Balkerne Nominees Ltd is not itself authorised under the Financial Services Act 1986 but we accept responsibility for its acts and omissions.
- 7.2 Eligible securities will be held in the CREST system where appropriate. Other, non-CREST eligible securities will be held in certificated form by Balkerne Asset Management, 1 Balkerne Hill, Colchester, Essex, CO3 3FG. We may also arrange for your investments to be held with another custodian where our own nominee company cannot be used. We will use due skill, care and diligence in selecting and appointing custodians and accept responsibility for any loss caused by the acts or omissions of the appointed custodian.
- 7.3 Our appointed CREST custodian is A J Bell Securities Ltd, Calverley House, 55 Calverley Road, Tunbridge Wells, Kent, TN1 2TU. You retain beneficial ownership of the securities at all times.
- 7.4 Balkerne Asset Management and A J Bell Securities Ltd are entitled to retain your assets until any charges due to us in relation to the administration or custody of your assets have been paid in full, but will not exercise any such right for any other purpose.
- 7.5 If you advise that such documents are to be held by yourself or by your nominated custodian without our recommendation, then we accept no responsibility for loss caused by the acts or omissions of your custodian. If we need to obtain the documents for any business which we are arranging for you, you agree to instruct your nominated custodian to make documents available to us or to give us a general authority to give such instructions on your behalf.

## **8 Investment Objectives**

Full details of the Investment Objectives and Restrictions are contained in the Balkerne Asset Management Managed Stockbroking Service Key Features Document, which should be read in conjunction with and form part of these Terms.

## **9 Investment Restrictions**

- 9.1 Neither A J Bell Securities Ltd, nor ourselves will deposit for the purpose of providing collateral for a loan, or use as security to borrow money on your behalf, the documents showing your ownership of your investments unless you have first given your consent to us in writing.
- 9.2 We are not authorised to act on your behalf in the underwriting of any new issue or offer for sale of securities. We will not advise you on options, warrants or margined transactions. We are not permitted to purchase investments that are not readily realisable. We are not permitted to purchase 'penny' shares.

9.3 We are not permitted to borrow against your investments nor commit you to overspend.

## **10 Charges**

10.1 Fees will be charged for discretionary investment management services in accordance with the Schedule of Fees (Costs) in force for the time being and attached herewith. The Schedule of Fees forms part of these Terms and Conditions. The annual administration and management fee is charged quarterly at 5 January, 5 April, 5 July and 5 October. Notification of any change to the level of fees will be given in writing and with one month's notice. These fees will be in addition to any other remuneration received by us in connection with transactions carried out on your behalf. Out-of-pocket expenditure and charges for the administration and management fee will be collected from funds that we are holding for you.

10.2 By giving you at least one month's prior written notice, we may increase the rate or vary the basis of such charges.

10.3 Upon the death of an investor and where we are requested by the executors or the executors' representatives to issue a valuation of the investment portfolio for probate purposes, a probate valuation fee will be charged to and deducted from the investment portfolio (a schedule of probate fees can be issued upon request). The subsequent sale or transfer of assets will be subject to the normal dealing and transaction charges in accordance with the attached schedule of costs.

## **11 Statements**

11.1 On 5 April and 5 October each year, statements and valuations relating to this agreement will be sent to you at your last known address. In addition, each year a consolidated tax voucher and annual report will be sent to you as at 5th April. No measure of performance will be included.

11.2 We maintain a record of your holding of investments and other assets indicating whether they are subject to any charge. We will send you, or any person nominated by you in writing, annually a statement of the documents held by us or to our order.

## **12 Income Withdrawal Facility**

Where available, you may elect (either on the Application Form or by notifying us in writing) to receive any income received in respect of the Portfolio Investments (whether by way of dividend, distribution or otherwise) or a fixed amount as determined by you. Where you have made such an election, unless otherwise stated in the Key Features Document, all such income will be paid out on 18 of each month or for quarterly income, 18 January, 18 April, 18 July and 18 October each year. It will be credited direct to your bank or building society account, details of which you will need to have completed on the Application Form or to have notified us for this purpose. Pending its distribution, any income credited will be held for your benefit in the client account referred to in Clause 6.3.

## **13 Termination, Transfer and Withdrawal**

13.1 You may transfer investment assets held with other Discretionary Portfolio Managers to your Investment Portfolio. We will contact the manager(s) concerned on your behalf and effect the necessary transfers. All transfers to the Investment Portfolio must be made in cash or stock transfer.

13.2 Subject to any other provisions of this Clause and at your written request we will transfer all or part of your Investment Portfolio to another Discretionary Portfolio Manager at any time provided they agree to such a transfer.

13.3 Any withdrawal should not result in the balance of the portfolio falling below £50,000. If the balance falls below £50,000 after any such withdrawal, we may at our discretion require the entire portfolio to be liquidated or withdrawn.

13.4 Switches between unit trusts, open-ended investment companies and other collective investments held within a portfolio made by the Account Manager during the course of managing the portfolio will be effected at a charge. (see Costs)

13.5 Before we make a payment to you or transfer all or any Portfolio Investments pursuant to these Terms, we shall be entitled to deduct from the Investment Portfolio an amount necessary to discharge any obligations or

liabilities (including tax liabilities or amounts representing tax as estimated where necessary by us) which may be due from you.

- 13.6 You may terminate your Investment at any time by giving us written instructions and subject to Clause 14.5 of these Terms we will arrange to pay to you the value of your Investment Portfolio.
- 13.7 We may terminate the Account after giving you 14 days' written notice if we reasonably believe or if we are of the opinion that it is impracticable to administer the Account in accordance with these Terms and Conditions.
- 13.8 On termination, we will continue to operate your Investment Portfolio to facilitate the settlement of all outstanding transactions, for example receipt of income and tax reclaims which may be due. After such transactions have been settled and their value has been paid to you these Terms will terminate. We shall not be responsible for reclaiming on your behalf any tax which is refundable to you in respect of:
- i) income arising from the Portfolio Investments the payment date for which occurs after the Investment Portfolio is closed; or
  - ii) Interest credited to the Investment Portfolio after the Investment Portfolio is closed.
- 13.9 We may at our absolute discretion terminate your Investment Portfolio at any time by giving written notice to you. Such notice will take effect 30 days after posting and as soon as reasonably practicable thereafter we will (subject to Clause 14.5) transfer the value of your Investment Portfolio to you (or as you otherwise direct).

#### **14 Complaints and Compensation Rights**

- 14.1 You should address any complaints in connection with the Investment Portfolio to the Compliance Officer at Balkerne Asset Management, 1 Balkerne Hill, Colchester, Essex, CO3 3FG. If for any reason you either disagree with the firm's final decision or the way in which your complaint has been handled, you have the right to refer your complaint on to the Financial Ombudsman Service. The address for the Financial Ombudsman Service is available on request from our Administrative Office.
- 14.2 Balkerne Asset Management as a trading style of Capel Court Plc is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. The limits for compensation are set out by the FSCS as follows:
- Investments: protection for 100% of £50,000*
- 14.3 Further information about compensation scheme arrangements is available from the Financial Services Compensation Scheme, details of which may be provided to you on request from our Administrative Office.

#### **15 General**

- 15.1 You or your appointed agent may inspect contract notes, vouchers and entries in our books (manual and electronic) which relate solely to your investments. We reserve the right to provide copies only if to do otherwise would allow access to information relating to other clients. All our transaction records are retained for at least six years.
- 15.2 Information about you and the conduct of your Account may be put onto our database and used by us. This information may also be disclosed to others to provide you with the service applied for, for the purposes of fraud prevention, audit and debt collection, and so that services may be processed for us (in the UK and abroad).
- 15.3 To help improve our service and in the interests of security, we may monitor and/or record your telephone calls with us. Our recordings are and shall remain our sole property
- 15.4 Balkerne Asset Management shall be entitled to rely on and shall not be liable for any actions taken or omitted to be taken in good faith, pursuant to any communication received from you which is not in writing.
- Balkerne Asset Management shall be permitted to refuse the instructions of a client where the execution of such would not match the investment objectives already agreed upon. If such instructions are executed, it will be at the client's own risk.
- 15.5 You will be liable to pay any applicable Value Added Tax chargeable in respect of any charges or fees payable by you under the Investment Portfolio. If there are insufficient un-invested monies in your Investment Portfolio to pay any charges or fees which become due to us, we shall be entitled to deduct from any future Receipts, or dispose of Portfolio Investments, for the purpose of realising an amount necessary to pay such fees.

15.6 **The value of the shares and the income from them can go down as well as up.**

15.7 We will not be liable for any loss arising from strikes, interruption of power supplies, machinery or computer (hardware or software) failures or causes beyond our control. We will also not be liable for loss arising from your investment in the Investment Portfolio unless caused by our negligence, fraud or wilful default or that of our nominees.

## 16 **Governing Law**

The Terms and Conditions will be governed in accordance with English Law. These Terms and Conditions will come into force upon receipt by Balkerne Asset Management of a duly completed application form, together with funds for investment. You will undertake to transfer the cash and assets to Balkerne Asset Management.

## 17 **Voting and Annual Report & Accounts**

17.1 If you so request in writing, we will arrange for you to receive a copy of the annual report and accounts issued by every Company or other concern in respect of shares, securities or units which are held directly in the Investment Portfolio. A charge will be made for this service.

17.2 If you so request in writing, we will arrange for you to attend and vote at Shareholders, Securities holders or Unit holders. A charge will be made for this service.

17.3 In the absence of any specific instruction we may, subject to the Rules, make arrangements when appropriate, to exercise the voting rights of your Portfolio Investments at our discretion.

## 18 **Taxation**

Kindly note that a sale of investments through this service will constitute a disposal for Capital Gains Tax purposes and may, depending on your own personal circumstances, result in a liability to UK tax on capital gains. However, the transfer into Balkerne Nominees Limited of existing holdings will not where they are retained in the portfolio, constitute such a disposal.

## 19 **Additional Terms**

19.1 If our performance of these Terms and Conditions is prevented or hindered in whole or in part by reason of any event, omission, accident or other matter beyond our reasonable control, we will be under no liability for any loss, damages or expense (whether special, direct, indirect or consequential) suffered by you as a result. We will use all reasonable endeavours to avoid or overcome the causes affecting performance and shall fulfil all outstanding performance as soon as it becomes practicable to do so.

19.2 Any additional terms will be provided separately, and in the event of any inconsistency with these Terms, the additional terms shall take precedence.

### **Health warning**

**The value of investments can go down as well as up, and as a consequence, the value of your portfolio at any given point in time cannot be guaranteed. Upon withdrawal or transfer of your portfolio you may not realise the sum originally invested. Past performance is not necessarily a guide to future returns.**

## MANAGED STOCKBROKING SERVICE

### COSTS

#### Initial Charge

There is no initial charge.

#### Annual Management Fee

The administration and investment management fee (plus VAT) is charged as a percentage of, and deducted from, funds under management quarterly on 5 January, 5 April, 5 July and 5 October each year at the following scale:

0.1875%	(0.75% pa)	on the first	£ 500,000
0.1500%	(0.60% pa)	on the next	£ 500,000
0.1250%	(0.50% pa)	on the next	£ 500,000
0.1000%	(0.40% pa)	on the next	£ 500,000
0.0750%	(0.30% pa)	thereafter	

#### Dealing Charges

Dealing charges relating to the buying and selling of equities, gilts, investment trusts, unit trusts, OEICs and other fixed interest stocks are levied at the following scale:

1.25%	on the first	£ 7,500
0.75%	on the next	£ 12,500
0.50%	thereafter	

The Company will retain the difference between the above scale and lower dealing charges. Other mandatory charges, e.g. Stamp Duty and Panel of Takeovers & Mergers Levy will be applied when applicable. All commissions payable to the Company on unit trusts and other collective investments will be fully rebated to the client.

#### Other

We will be entitled to charge you or, at our discretion, deduct from your Investment Portfolio:

- 1) £15 for providing a duplicate of information that has been previously supplied to you;
- 2) £25 per document on transfer of title within the Nominee Company
- 3) Transfers out, or disposals made, where the consideration will not be used for reinvestment through the Company, are subject to a charge of £25 per holding
- 4) Any charges, fees or expenses payable to us under the Account.

Where applicable, all fees and charges are subject to VAT at the current rate.

**Balkerne Asset Management**  
1 Balkerne Hill, Colchester, Essex CO3 3FG  
Freephone 0808 200 0808

**[www.balkerneassetmanagement.com](http://www.balkerneassetmanagement.com)**

Balkerne Asset Management is a trading style of Capel Court Plc which is authorised & regulated by the Financial Services Authority; FSA Registered Number 154146