



PATRONUS
PARTNERS LTD

Terms & Conditions

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The Terms set out the manner in which we agree to provide Services to you. We offer a range of advisory, execution only and discretionary investment management services.

The range of services we provide is described in Terms 4 to 7. As part of our discretionary investment management services we offer a managed futures strategy. This is a highly specialised service and has a significant degree of risk attached to it. It is only suitable for persons who are able to tolerate significant risk and sustain a significant loss of capital and sometimes more capital than was originally invested. Term 7 sets out details relating to this service and Appendix 1 contains details of the associated risks. If there is anything within these Terms which you do not understand please contact us for further explanation.

In order for us to provide our Services to you, you will also need to become a client of the Administration Services Provider. The Administration Services Provider will provide Custody and Administration Services for you. A summary of the role of the Administration Services Provider is contained in the Terms and full details will be contained in your client agreement with the Administration Services Provider. Where your Administration Services Provider is GPP the arrangements we have entered into on behalf of our clients with GPP are contained in the Terms and Appendix 4.

Where our Services involve derivatives transactions or futures contracts we will introduce you to one of our Preferred Derivatives Providers since you will need to become a client of a Preferred Derivatives Provider. A summary of the role played by the Preferred Derivatives Provider(s) is contained in the Terms and full details will be contained in your client agreement with the Preferred Derivatives Provider(s).

Defined Terms used above shall have the meaning set out in Term 1 of the Terms.

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1. Definitions and interpretations

1. Definitions and interpretation

1.1 The following words and phrases shall have the following meanings when used in these Terms:

Administration Services Provider means the third party service provider, authorised and regulated by the Financial Conduct Authority, approved by us, who provides Custody and Administration Services in respect of your Portfolio, which may include GPP, Seven Investment Management LLP, Raymond James Investment Services Limited, IG Index Limited and such other regulated service providers approved by us.

Agreement means these Terms, together with the Application Form and Rate Card.

Application Form means our account opening and suitability assessment form and our other documentation completed by you (as amended and updated from time to time and agreed between us in writing).

Authorised Signatory means the person or persons authorised to give or receive instructions in relation to the Portfolio whose details and specimen signature(s) are set out in an authorised signatory list provided to us from time to time, or such other person or persons who you have notified to us in writing and who have provided us with specimen signature(s).

Best Execution Policy means the policy we adopt when executing orders for you and a summary of which can be found at Appendix 2.

Business Day means a day, other than a Saturday, Sunday or a bank or public holiday, when banks are open for business in England.

Conflicts of Interest Policy means the policy we adopt in order to identify, mitigate and manage conflicts of interest, a summary of which can be found at Appendix 3.

Corporate Actions means conversion and/or subscription rights, rights as regards takeovers, other offers and capital re-organisations (but excluding Voting Rights) in respect of investments in your Portfolio.

Custody and Administration Services means the custody and administration services which the Administration Services Provider agrees to provide to you (subject to the terms of your client agreement with the Administration Services Provider) and/ or, where applicable, under the terms of the GPP Agreement) including:

- (a) dealing and settlement services;
- (b) reporting;
- (c) custody services; and
- (d) nominee services.

Data Protection Legislation Data Protection Legislation means the Data Protection Act 1998 (and any new UK Data Protection Act), the Privacy and Electronic Communications Regulations 2003, and all other applicable laws, enactments, regulations, orders, standards and other similar instruments, each as may be amended or superseded from time to time (including the General Data Protection Regulation) which shall have effect from 25 May 2018).

FCA means the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS or any successor regulatory body or bodies.

1. Definitions and interpretations

FCA Rules means the rules of the FCA.

Financial Ombudsman Service means the UK Financial Ombudsman Service.

Financial Services Compensation Scheme means the compensation scheme made under FSMA.

FSMA means the Financial Services and Markets Act 2000.

GPP means Global Prime Partners Ltd.

GPP Agreement means the agreement we have entered into with GPP under which GPP has agreed to provide Custody and Administration Services for our clients.

Investments means the investments listed in Term 10.1 and any other assets agreed between the parties.

Patronus means Patronus Partners Limited.

Portfolio means each portfolio and/or account of Investments which are identified by you to us and in respect of which we have agreed to provide the Services.

Preferred Derivatives Provider means a preferred derivatives provider, which is authorised and regulated by the Financial Conduct Authority, we may introduce you to where our Services involve derivatives transactions or futures contracts.

Privacy Policy means the policy setting out how we process and use your personal data in accordance with the Data Protection Legislation, as amended or updated from time to time.

Rate Card means the applicable card setting out our fees and expenses for the applicable Services we provide to you, and the Custody and Administration Services provided to you by GPP, as amended or updated from time to time.

Services means the services that we have agreed to provide you as specified in the Application Form, being any or all of the following:

- advisory services (as more particularly described in Term 4);
- execution only services (as more particularly described in Term 5);
- discretionary investment management services (as more particularly described in Term 6); and
- discretionary investment management services in respect of a managed futures strategy (as more particularly described in Term 7).

Trading Venue means a regulated market, a multilateral trading facility or an organised trading facility.

Terms means these terms and conditions, including the appendices.

US Person means a 'specified US person' as such a person is defined within the Hiring Incentives to Restore Employment Act 2010, and as set out by the United States Internal Revenue Service in the United States Internal Revenue Code.

1. Definitions and interpretations

Voting Rights means voting rights in respect of Investments in your Portfolio.

We or **us** means Patronus.

You means you, our client and the person or persons who completed the Application Form.

1.2 In these Terms, unless a contrary intention appears:

1.2.1 references to statutes, the FCA Rules and any other rules, regulations or laws shall be to such statutes, FCA Rules, rules, regulations and laws as modified, amended, restated or replaced from time to time;

1.2.2 headings are used for convenience only and shall not affect the interpretation of these Terms;

1.2.3 use of any gender or neuter includes the other genders;

1.2.4 any phrase introduced by the words “for example”, “including”, “include”, “in particular” or any similar expression is to be construed as illustrative only and does not limit the sense of the words preceding those terms; and

1.2.5 a reference to “in writing” shall include email.

2. Our Agreement with you

2. Our Agreement with you

2.1 Purpose of the Terms

- 2.1.1 The purpose of the Terms is to set out the basis upon which we agree to provide certain Services to you as specified in the Application Form or otherwise agreed in writing.
- 2.1.2 These Terms will come in to effect on the date on which you sign the Application Form, provided that you acknowledge we shall not be obliged to provide any Services to you until you have provided all documentation and information which we have informed you we require.

2.2 Our details and status

- 2.2.1 Patronus is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS. Patronus is entered on the Financial Services Register and its registration number is 653541. The Financial Services Register is accessible at www.register.fca.org.uk.
- 2.2.2 Patronus is a private limited company registered in England and Wales with company number 09223709, which has its registered office at 3 Fitzhardinge Street London W1H 6EF. Patronus' telephone number is +44 (0)203 818 5300.
- 2.2.3 The main business of Patronus will be the provision of discretionary investment management services, including using a managed futures strategy, advisory and execution only services to a range of clients.

2.3 Your status

- 2.3.1 Unless we have agreed with you in the Application Form (or otherwise in writing) that we will treat you as a professional client, we will categorise you as a retail client for the purposes of the FCA Rules.
- 2.3.2 Where we have categorised you as a professional client, you may request in writing to be re-categorised as a retail client, however we are not obliged to agree to such a request and may decline to act for you. We may also on our own initiative re-categorise you as a retail client by notice to you in writing.
- 2.3.3 Where we have categorised you as a retail client you may request, in writing, to be re-categorised as a professional client. Any such re-categorisation will be conditional on you meeting certain criteria set out by the FCA.
- 2.3.4 Where we have categorised you as a professional client, the following provisions of these Terms will not apply, or apply in modified form:
- (a) where we are required by FCA Rules to assess suitability of an Investment or service for you, we shall assume that you have the necessary experience and knowledge to understand the risks involved in relation to the Investment or service and where we provide advice, we shall also assume you are able financially to bear any related investment risks associated with them, to the extent permitted by the FCA Rules;

2. Our Agreement with you

- (b) where we are required by the FCA Rules to assess appropriateness of an Investment or service for you, we shall assume that you have the necessary experience and knowledge to understand the risks involved in relation to the Investment or service;
- (c) you will not generally be eligible for the Financial Services Compensation Scheme;
- (d) as a professional client you may not be entitled to refer any complaint to the Financial Ombudsman Service.

2.4 The Agreement between us

- 2.4.1 Our Agreement with you comprises the Application Form, these Terms and our Rate Card. For the purposes of the FCA Rules this Agreement is our client agreement with you.
- 2.4.2 The Agreement constitutes the entire agreement between you and us regarding the Services we have agreed to provide to you and it supersedes any earlier agreements that we may have had with you. In the event that there is a conflict between the provisions set out in these Terms and the Application Form, the provisions of the Application Form will prevail.
- 2.4.3 We confirm and represent to you that we have full power to enter into this Agreement with you and to perform the Services and our duties and obligations owed to you under it.
- 2.4.4 You should specify in the Application Form the particular type of Services you require to be provided. The application of these Terms to you will depend upon the type of Services you select and we have agreed to provide to you. This is made clear in the Terms.

2.5 Our obligations to you

- 2.5.1 We will in the provision of the Services and in the exercise of our powers under our Agreement act in good faith, and with reasonable skill, care and diligence but give no warranty or undertaking as to the performance of any Investments acquired or sold by us on your behalf.
- 2.5.2 We will normally act as your agent and you are therefore bound by our actions. Nonetheless, none of the Services we are to provide to you under our Agreement will give rise to any fiduciary or equitable duties which would prevent or hinder us in any transactions with or for you.
- 2.5.3 Except as specifically provided in Term 7 we will not, without your written consent, commit you to supplement the assets in your Portfolio.
- 2.5.4 In performing our functions and duties under our Agreement and in providing the Services to you, we will comply with all applicable laws, including the FCA Rules and all applicable regulations and regulatory rules as amended from time to time.
- 2.5.5 Please note that we may decline to accept you or any person as a client in our absolute discretion. We may also in our absolute discretion decline to provide any Services to you or to execute any transaction requested by you. However, subject to our legal obligations, we will use reasonable endeavours to let you know if this is the case.

2. Our Agreement with you

2.6 Custody and Administration Services

2.6.1 We do not provide Custody and Administration Services. You agree that you have entered, or will as soon as practicable enter, into an agreement with an Administration Services Provider in order for the Administration Services Provider to provide Custody and Administration Services for you. You acknowledge that we are unable to provide our Services to you unless you have contracted with an Administration Services Provider.

2.6.2 The Administration Services Provider does not provide investment advice or give any advice or opinions regarding the suitability of any transactions or orders. You should direct any questions regarding such matters to us.

2.7 Preferred Derivatives Provider

2.7.1 Where our Services involve derivatives transactions or futures contracts, (which will be the case in respect of discretionary investment management services with a managed futures strategy), we will introduce you to one or more of our Preferred Derivatives Providers. In these circumstances, you agree that you have entered, or will as soon as practicable enter, into an agreement with a Preferred Derivatives Provider(s). You acknowledge that we are unable to provide our Services to you involving derivatives transactions or futures contracts unless you have contracted with at least one of our Preferred Derivatives Providers.

2.7.2 Our Preferred Derivatives Providers do not provide investment advice or give any advice or opinions regarding suitability of any transactions or orders. You should direct any questions regarding such matters to us.

3. Cancellation rights

3. Cancellation rights

- 3.1 Where you enter into this Agreement with us through means of distance communications you will have a right to cancel our Agreement within 14 calendar days of the date on which you signed the Application Form. If you would like to cancel the Agreement please write to us, before the end of the 14-calendar day cancellation period. If you exercise your cancellation rights this will apply to the entire Agreement and all services provided by us under the Agreement.
- 3.2 Cancellation will not affect the completion of transactions initiated prior to receipt by us of written notice of cancellation. Cancellation will not affect accrued rights, existing commitments or any other contractual provision intended to survive termination of this Agreement.
- 3.3 No penalty will apply on cancellation; however, you agree to pay our fees and charges pro rata to the date of cancellation and any additional expenses incurred by us (or a third party) in cancelling this Agreement and any losses necessarily incurred in settling or concluding outstanding transactions. You acknowledge that you may suffer market losses in respect of your Portfolio between the date on which you signed the Application Form and the date of receipt by us of your written cancellation notice and that such losses will be borne by you and not us.
- 3.4 We shall deal with any request for cancellation promptly and in any event shall procure that sums paid by you in respect of our Services shall be returned to you less any amount deducted in accordance with Term 3.3, within 30 calendar days of receipt by us of your written notice of cancellation.

4. Advisory Services

4. Advisory services

Where we have agreed in the Application Form to provide you with advisory services, the provisions of this Term 4 will apply.

4.1 Scope of our advice

- 4.1.1 Where we have agreed to provide advisory services to you we will provide advice in such a manner as we reasonably regard as appropriate taking into account your personal circumstances, knowledge and experience and your investment objectives and attitude to risk and to any restrictions we have agreed with you in the Application Form and the provisions of Term 9. Subject to Term 4.1.2 below and to your investment objectives and any restrictions that we have agreed with you we will provide advice on the Investments listed in Term 10.1. If you ask us, we will explain the reasoning underlying any advice we give to you regarding your Investments and Portfolio.
- 4.1.2 If we have categorised you as a retail client we will not provide you with advice on contracts for differences.
- 4.1.3 Subject to your investment objectives and any specific restrictions set out in the Application Form (or otherwise agreed with us in writing), we may provide advice to you on our own initiative or when you ask us to do so on the merits of you buying or selling any Investments and other assets in respect of your Portfolio.
- 4.1.4 We may give you advice orally or in writing.
- 4.1.5 Under the FCA Rules our advice is restricted advice because it is restricted to advice on Investments from a limited selection of companies and products selected by us. Further details are available on request.
- 4.1.6 Where we give you advice, you will have final responsibility for the decision as to whether or not to act upon that advice.
- 4.1.7 If expressly instructed by you, we will then arrange for any subsequent purchase or sale on your behalf. In all other circumstances you will be responsible for the execution of trades following our advice.
- 4.1.8 Unless we have expressly agreed with you in writing we will not provide you with a periodic assessment of the suitability of an Investment we have recommended to you.
- 4.1.8 Unless we have expressly agreed, in writing, to provide you with advice on the construction of your Portfolio, we will not be responsible for any ongoing monitoring or advising on the Portfolio as a whole on an on-going basis.

4.2 Corporate Actions and Voting Rights

- 4.2.1 We are not responsible for passing on details of Corporate Actions and Voting Rights to you, this is the responsibility of the Administration Services Provider and, if applicable, the Preferred Derivatives Provider.
- 4.2.2 Where GPP is your Administration Services Provider, GPP will, so far as is reasonably practicable inform us of Corporate Actions and Voting Rights and we may instruct GPP to take up or participate in such events as we consider appropriate.
- 4.2.3 Where you have interests in derivatives transactions or futures contracts the Preferred Derivatives Provider will have responsibility for passing on details of Corporate Actions and Voting Rights to you.
- 4.2.4 You acknowledge that you are solely responsible for exercising Voting Rights and dealing with other Corporate Actions in respect of your Portfolio.

4. Advisory Services

4.3 Trade confirmations

You acknowledge that the Administration Services Provider, and if applicable in respect of derivatives transactions and futures contracts, the Preferred Derivatives Provider will provide trade confirmations of executed orders to you. Since such confirmations are to be provided to you by another person or persons we are not required and will not send such trade confirmations to you.

5. Execution Only Services

5. Execution Only Services

- 5.1 Where we have agreed in the Application Form, or otherwise in writing, to provide you with execution only services, the provisions of this Term 5 will apply.
- 5.2 On your instruction and subject to these Terms we will buy, sell, exchange or otherwise deal with, or exercise rights in your Investments on an execution only basis without exercising any discretion or providing any advice to you. Please bear in mind that for execution only services in respect of non-complex instruments (for example, shares, gilts or corporate bonds traded on a regulated market such as the London Stock Exchange, gilts or corporate bonds and certain authorised unit trusts or UCITS funds (excluding structured UCITS)) we will not exercise any judgment on your behalf about the merits, suitability or appropriateness of any transaction. You are responsible for assessing the suitability or appropriateness of such transactions and this means that we will not assess whether:
- 5.2.1 the relevant Investment meets your investment objectives;
 - 5.2.2 you have the necessary knowledge and experience to understand the risks involved; or
 - 5.2.3 you will be able financially to bear the risk of any loss that the Investment may cause.
- 5.3 Where your instructions relate to an Investment not of the kind described in Term 5.2 (ie it is a complex instrument such as a warrant, a structured UCITS or a derivative) we shall owe you a duty under the FCA Rules to assess the appropriateness of the transaction by reference to your experience, knowledge and understanding of the risks involved. If we consider on the basis of the information that we hold about you, that the execution only transaction is not appropriate for you, we will warn you about this. If, notwithstanding that warning, you ask us to proceed with the transaction we reserve the right not to do so having regard to the circumstances.
- 5.4 We shall not owe you a duty to advise on the merits or suitability of any execution only transaction you enter into, contemplate or request us to carry out. You agree that you will rely on your own judgment for all decisions as regards execution only services.
- 5.5 Please let us know as soon as possible if there are any changes to the information you have provided us with in the Application Form (or subsequently) as we will use this in relation to transactions involving complex instruments to determine whether an investment or transaction is appropriate for you.
- 5.6 You acknowledge that the Administration Services Provider, and if applicable in respect of derivatives transactions and futures contracts, the Preferred Derivatives Provider will provide trade confirmations of executed orders to you. Since such confirmations are to be provided to you by another person or persons we are not required and will not send such trade confirmations to you.

6. Discretionary Investment management services

6. Discretionary investment management services

Where we have agreed in the Application Form to provide you with discretionary investment management services for your Portfolio, the provisions of this Term 6 shall apply.

6.1 Scope of our discretion

6.1.1 We will provide our discretionary investment management services having regard to your personal circumstances, knowledge and experience, your investment objectives and attitude to risk and to any restrictions we have agreed with you in the Application Form and the provisions of Term 9.

6.1.2 Subject to Term 6.1.1 above, normally acting as your agent, we will have complete discretion in respect of your Portfolio (without the need to check with you), to enter into any kind of transaction on your behalf, and to buy, sell, retain, exchange or otherwise deal in investments and other assets, make deposits, subscribe to issues and offers for sale of and accept placings, underwritings and sub-underwritings of any Investment listed in Term 10.1. We will have complete authority from you to select brokers and to enter into any documentation on your behalf that may be, in our reasonable opinion, necessary or desirable to properly effect any transaction for the Portfolio or to otherwise exercise our discretion in accordance with our Agreement with you.

6.2 Performance measurement

As required by the FCA Rules we will agree an appropriate method of evaluation and comparison with you as specified in the Application Form or as otherwise agreed in writing, in order to enable you to assess performance. If we do agree a benchmark we will provide you with its specification. However, this does not mean your Portfolio will be based on the investments making up that benchmark or will follow their asset allocation or performance and **we do not guarantee that your Portfolio will perform in line with any chosen benchmark or other measure.**

6.3 Corporate Actions and Voting Rights

We may (subject to your specific instructions) decide at our discretion whether or not to procure the exercise of any Voting Rights or Corporate Actions attaching to the investments of your Portfolio. Unless instructed otherwise, we shall be entitled to exercise such rights notwithstanding any conflicts of interest we may have in determining how to vote on such investments.

6.4 Trade confirmations

In the provision of our discretionary investment management services we are not required to provide you with trade confirmations. If you require trade confirmations of executed transactions you must agree this separately with the Administration Services Provider and, if applicable, the Preferred Derivatives Provider.

6.5 Lending, borrowing and underwriting

Unless we have specifically agreed with you to the contrary in writing and subject to Term 7, we may not make arrangements to:

6.5.1 lend your investments or documents of title to any third party;

6. Discretionary Investment management services

6.5.2 deposit your investments with a third party by way of collateral; or

6.5.3 borrow money on your behalf from a third party whether or not using investments as security.

6.6 You undertake that:

6.6.1 (unless you have notified us in writing to the contrary) the Investments and cash within your Portfolio are within your beneficial ownership and are and will remain, for the term of your Agreement with us, free from all liens, charges and any other encumbrances;

6.6.2 while the Agreement continues, you will not, except through us, the Administration Services Provider and, if applicable, Preferred Derivatives Provider, deal or authorise anyone else to deal in the Investments in your Portfolio; and

6.6.3 while the Agreement continues, you will not, either directly or indirectly, cause us to incur any liability to any third party which is not anticipated by the express terms of this Agreement.

7. Investment objectives and restrictions

7. Investment objectives and restrictions

- 7.1 We will discuss and agree with you your overall investment objectives in respect of your Portfolio and these will be set out in the Application Form (or otherwise in writing).
- 7.2 Please bear in mind that investment objectives are just that (objectives). Although we will exercise reasonable skill, care and diligence in managing your Portfolio or providing advice (as applicable), our selection of investments, changes in their value, or market conditions may prevent or hinder us from achieving those objectives and we cannot undertake that the investment objectives will be achieved. Past performance should not be seen as an indication of future performance.
- 7.3 We will comply with such restrictions, for example as regards the amount of or types of Investment or markets the Portfolio may be invested in or on which we should advise, as are set out in the Application Form or as notified by you to us from time to time in writing.
- 7.4 We will not have been deemed to have breached the investment objectives and restrictions we agree with you as a result of changes in the value of certain assets in the Portfolio which have been brought about solely by or through movements in the prices of the relevant assets or the market.

8. Suitability

8. Suitability

- 8.1 We will not effect or arrange a discretionary transaction with or for you or recommend a transaction unless the transaction is suitable for you and your Portfolio, having regard to facts disclosed by you and other relevant facts about you of which we are, or reasonably should be, aware.
- 8.2 You must let us know promptly if any of the information you have given us in your Application Form changes as we will rely on this information in order to assess whether a transaction or the advice is suitable for you. If you fail to provide us with updated information we may not be able to provide our advice to you or exercise our discretion in a suitable manner. The reason we carry out a suitability assessment is so that we act in your best interests.

9. Range of investments and scope of activities

9. Range of Investments and scope of activities

- 9.1 Depending on which of the Services you have selected and on any restrictions you have specified in writing in the Application Form, and subject to our obligations under these Terms and the FCA Rules we may provide services in relation to:
- 9.1.1 shares in UK and overseas companies;
 - 9.1.2 debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, local authority and corporate issues;
 - 9.1.3 warrants to subscribe for the above instruments;
 - 9.1.4 derivatives, including but not limited to futures, options, contracts for differences and swaps;
 - 9.1.5 depository receipts or other instruments relating to the above investments;
 - 9.1.6 unit trusts, open-ended investment companies, mutual funds, other collective investment schemes (including unregulated schemes) and similar Investments;
 - 9.1.7 cash deposits and near cash instruments; and
 - 9.1.8 all other securities/investments of any type, agreed specifically with you, in writing, from time to time.

9.2 Scope of activities

In relation to the above Investments we may, subject to these Terms and unless you specify otherwise in the Application Form:

- 9.2.1 invest any amount or proportion of the Portfolio in any type of transaction in any type of Investment in any market;
- 9.2.2 buy or sell Investments in any currency and place cash on, or withdraw it from, a bank account in any currency;
- 9.2.3 enter into foreign currency transactions on a spot or forward basis by reference to prevailing market rates, which are subject to constant fluctuation;
- 9.2.4 exercise voting rights attaching to Investments unless specifically requested by you to vote (or not to vote) in a certain way;
- 9.2.5 enter into transactions in units in regulated or unregulated collective investment schemes;
- 9.2.6 enter into transactions in unquoted Investments;
- 9.2.7 enter into transactions in non-readily realisable Investments;
- 9.2.8 enter into transactions in quoted Investments outside a regulated market or multilateral trading facility;
- 9.2.9 purchase Investments which are subject to stabilisation.

10. Best Execution

10. Best Execution

- 10.1 When we execute an order on your behalf we are under an obligation under the FCA Rules to take all sufficient steps to obtain the best possible result for you taking into account relevant execution factors. In order to comply with our obligations in relation to best execution we have in place a Best Execution Policy.
- 10.2 **Please note that specific instructions from you in relation to the execution of an order or part of an order (for example instructions as to execution venue, price, or timing) may prevent us from following our Best Execution Policy in respect of the elements of execution covered by the specific instruction. We will have satisfied our obligation under our Best Execution Policy to take all sufficient steps to obtain the best possible result for you in relation to that part of the order to which your instructions relate.**
- 10.3 We have provided at Appendix 2 a summary of our Best Execution Policy which describes the policy that we have adopted to obtain best execution for you and for acting in your best interests in relation to orders that we place with other parties on your behalf. You should read our Best Execution Policy and if there is anything in it which you do not understand you should ask us to explain it to you. By entering into this Agreement with us you consent to our Best Execution Policy, including us executing orders for you outside a Trading Venue.
- 10.4 We will review our Best Execution Policy on a regular basis and at least annually. We will notify you of any material changes to our Best Execution Policy.

11. Limit Orders

11. Limit orders

- 11.1 We may at our discretion accept client limit orders (in summary an instruction to buy or sell an investment at a specific price or better).
- 11.2 Limit orders will be filled on a best endeavours principle, and the rate achieved may differ from the strike price. Acceptance of an order by us does not represent a contract to deal at an agreed rate.
- 11.3 When a limit order price is reached the order is entered as a market order. This means that the trade will be executed, but not necessarily at or near the limit price, particularly when the order is placed into a fast-moving market, or if there is insufficient liquidity available relative to the size of the order. A sudden and material shift in the price from one level to another is called gapping. Gapping can result in a significant loss (or profit), and a limit order cannot protect against this risk. Limit orders will be placed with other market counterparts using their dealing platforms. When a limit order is triggered an order to close the position is issued, but such position may not be closed immediately. The price at which the order is filled depends upon the underlying market. In fast moving markets the specified price for the order may not be achievable or available, or the market might move quickly and significantly away from the limit before it is filled.
- 11.4 **We may make a charge for placing a stop loss and we will advise you of this cost before placing the order.**
- 11.5 Where we accept a client limit order in respect of shares admitted to trading on a Trading Venue which is not immediately executed under prevailing market conditions, you expressly instruct us not to make the limit order public where we consider it is appropriate not to do so.

12. Aggregation

12. Aggregation

We may combine transactions in respect of your Portfolio with those of other clients and of our employees or for our own account without asking you first. This process is known as aggregation. We will only carry out aggregation if it is unlikely that the aggregation of orders will work overall to the disadvantage of any client whose order is to be aggregated. You recognise that the effect of aggregation may on occasion work to your advantage or disadvantage in relation to a particular order. Where we aggregate orders we will allocate such transactions fairly in accordance with the requirements of the FCA Rules.

13. Counterparties

13. Counterparties

- 13.1 We will act in good faith and with reasonable skill and care when we choose and use counterparties for you and we will at all times comply with our Best Execution Policy.
- 13.2 Subject to our Best Execution Policy, we may deal for you on such markets and exchanges and with such counterparties as we think appropriate. Transactions that we enter into for you will be carried out in accordance with the rules and regulations of the relevant market or exchange and we will take such steps as may be required or permitted by these rules and regulations and/or appropriate market practice.
- 13.3 If any counterparty fails to deliver any necessary documents or to complete any transaction, we will take reasonable steps on your behalf to rectify the situation and, where appropriate, to obtain compensation for you. You agree that you will reimburse us for the costs and expenses that we properly incur in doing this for you.

15. Custody and Administration Services and Preferred Derivatives Providers

14. Custody and Administration Services and Preferred Derivatives Providers

14.1 You agree that:

14.1.1 where our Services relate to Investments other than derivatives or futures, you have or will enter into an agreement with an Administration Services Provider to provide you with Custody and Administration Services in respect of your Portfolio; and

14.1.2 where our Services relate to derivatives transactions or futures contracts you have or will enter into an agreement with a Preferred Derivative Provider.

14.2 We shall have no liability for Custody and Administration Services provided by the appointed Administration Services Provider or the services provided by your appointed Preferred Derivatives Provider and we will not be responsible for their selection or for ongoing monitoring or supervision of them.

14.3 Other than where the Administration Services Provider is GPP, in relation to the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider you must ensure that at all times the terms of your agreement with the appointed Administration Services Provider and/or the Preferred Derivatives Provider require them to:

14.3.1 comply promptly at all times with our instructions;

14.3.2 where we are providing discretionary investment management services, promptly notify us of all income received in respect of the Portfolio and of any other events affecting the investments or assets in the Portfolio;

14.3.3 where we are providing discretionary investment management services, give us timely notification of any Corporate Actions and Voting Rights with respect to investments forming part of your Portfolio as soon as possible on becoming aware of any such rights; and

14.3.4 promptly supply us on request with copies of all custody and settlement bank accounts, in order that we can perform our Services to you under the Agreement.

14.4 You authorise us to give and receive instructions on your behalf to the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider.

14.5 Investments and cash

14.5.1 All relevant Investments subject to our Agreement will be held by the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider and held in accordance with the terms of the applicable agreement between you and the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider. All relevant cash will be deposited with the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider.

14.5.2 Where necessary in order to provide the Services we have agreed to provide to you, you authorise us to operate all accounts opened by you with the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider in connection with the Portfolio.

14. Custody and Administration and Preferred Derivatives Providers

14.6 Settlement

All transactions for the Portfolio will be settled by payment to or delivery by the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider of cash or securities due to or from the Portfolio. We will advise the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider of all transactions which we have effected for the Portfolio. You must ensure that the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider can settle any transaction which may be effected by us.

14.7 You acknowledge that we are unable to provide our Services:

14.7.1 where our Services relate to Investments other than derivatives or futures if you do not have an ongoing contract with an Administration Services Provider; or

14.7.2 where our Services relate to derivatives transactions or futures contracts, if you do not have an ongoing contract with a Preferred Derivatives Provider.

14.8 Where your Administration Services Provider is, or includes, GPP the provisions of this Term 15.8 will apply to you.

14.8.1 We have entered into the GPP Agreement with GPP under which GPP has agreed to provide Custody and Administration Services for our clients. GPP may also provide additional services as we may from time to time agree with GPP.

14.8.2 GPP is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS and is entered on the Financial Services Register under registration number 533039. The Financial Services Register is accessible at www.register.fca.org.uk.

14.8.3 GPP is a private limited company registered in England and Wales with company number 06962351. GPP has its registered office at 101 Wigmore Street, London W1U 1QU. GPP's telephone number is +44 (0)207 399 9450.

14.8.4 The GPP Agreement covers us and you as one of our clients. When you become a client of ours by signing our Application Form you will also accept and be bound by the terms of the GPP Agreement. It is important for you to understand that this means you will be both our client for the Services and also a customer of GPP for the purposes of the Custody and Administration Services.

14.8.5 A summary of the terms of the GPP Agreement that apply to you are set out at Appendix 4. **You should read this summary carefully and if there is anything that you do not understand please ask us for an explanation.** In particular you should be aware that:

(a) GPP will pool your Investments with those of other clients. **This means that your Investments may not be separately identifiable from those of other clients.** In the event of the insolvency of GPP, the security of your Investments may depend on the reason for the insolvency and the arrangements made to hold them;

(b) GPP may appoint third parties, including overseas custodians, to hold your Investments. Unless GPP has acted fraudulently or with willful default **GPP will not be responsible for the acts and omissions of these third parties;**

14. Custody and Administration and Preferred Derivatives Providers

- (c) where GPP appoints a third party overseas to hold your Investments or where your Portfolio includes Investments that are subject to a law of a jurisdiction outside an EU Member State:
- (i) there may be different settlement, legal and regulatory systems to those applying in the United Kingdom;
 - (ii) there may be different practices for the separate identification of your Investments; and
 - (iii) your rights relating to those Investments may differ accordingly.

This means that your Investments may not be separately identifiable from the proprietary investments of the third party or other clients and in the event of the insolvency of the third party you may not get back all your Investments and you may have to share any shortfall with other clients; and

- (d) if you fail to pay cash or Investments when due to meet any settlement obligations or if you otherwise fail to meet any of your obligations to GPP there will be consequences for you as a result of such failure and in particular GPP will take a security interest over your Investments. These security interests are further described in clause 5 of Appendix 4.

14.8.6 The fees and charges payable by you in relation to the Custody and Administration Services are set out in our Rate Card.

15. Valuations, reporting and disclosures

15. Valuations, reporting and disclosures

- 15.1 You acknowledge and agree that the Administration Services Provider and, if applicable, the Preferred Derivatives Provider you have appointed will provide you with regular statements, as required under and in accordance with the FCA Rules, in respect of your Portfolio. As such statements are provided to you by another person or persons we are not required and will not provide statements to you.
- 15.2 Save where your Administration Services Provider is GPP the frequency of the statements will be as agreed between you and your Administration Services Provider and, if applicable, your Preferred Derivatives Provider.
- 15.3 Unless the Administration Services Provider or the Preferred Derivatives Provider has provided you with access to an online system where you can access up-to-date valuations, statements will normally be provided to you quarterly, or, where the Services we provide to you include the managed futures strategy or otherwise where your Portfolio is leveraged, at least monthly.
- 15.4 The valuations contained in the statements referred to in Terms 15.1, 15.2 and 15.3 will be based on information provided by the Administration Services Provider and/or if applicable the Preferred Derivatives Provider. Your Portfolio will normally be valued using the mid-market value of the Investments held within your Portfolio. However, Investments comprising the managed futures strategy will be valued using the underlying cash value. We will not be liable for any inaccuracies in the information or for any loss that you may incur arising from any reliance by you on such valuations and statements.
- 15.5 Where we provide you with a discretionary investment management service (including the managed futures strategy) we will inform you where the overall value of your Portfolio, (as evaluated at the beginning of each reporting period) depreciates by 10% and thereafter at multiples of 10%. Such reports will be provided to you no later than the end of the Business Day upon which the threshold is exceeded or (where the threshold is exceeded on a non-Business Day) the close of the next Business Day. You also expressly agree that where your Portfolio includes positions in leveraged financial instruments or contingent liability transactions we may report to you on the basis set out in this Term 15.5 rather than on an instrument-by-instrument basis.
- 15.6 Where you are a retail client and we are providing you with our advisory services and your Portfolio includes positions in leveraged financial instruments or contingent liability transactions your Administration Services Provider, or where applicable your Preferred Derivatives Provider, will report to you on the basis that you have agreed with the relevant Administration Services Provider or Preferred Derivatives Provider. Where GPP is your Administration Services Provider, you expressly agree that GPP may report to you on the basis set out in Term 16.5 rather than on an instrument-by-instrument basis.
- 15.7 Where the Services we provide you with include derivatives transactions or futures contracts you acknowledge that your Preferred Derivatives Provider will be responsible for reporting to you, if there is a 10 % fall in the value of a derivatives transaction or futures contract instrument included in your Portfolio since the start of the last reporting period and that we will only be responsible for reporting to you on the basis described in Terms 15.5 and 15.6 above. The arrangements for reporting to you will be as agreed between you and the Preferred Derivatives Provider.

15. Valuations, reporting and disclosures

- 15.8 Where we provide you with our advisory services we will normally provide you with a suitability report which will outline the advice and how the recommendation is suitable for you, including how the advice meets your preferences, investment objectives and other characteristics
- 15.9 Where it is not possible to provide you with a suitability report before a transaction is concluded because the agreement to buy or sell the Investment is concluded by means of a distance communication:
- 15.9.1 we will give you the option to delay the transaction; and
 - 15.9.2 you agree that we may provide the suitability report immediately after the relevant transaction.
- 15.10 We will not provide you with a suitability report if you are a professional client.
- 15.11 We will not be responsible for any disclosures that you may be required to make to any regulator or other authority, including, but not limited to, disclosure requirements under the Companies Act 2006 or the FCA's disclosure and transparency rules or similar overseas rule or legislation. Any and all such disclosures will remain your sole responsibility.

16. Notices and communicating with each other

16. Notices and communicating with each other

- 16.1 Any instructions or requests that you need to give us under our Agreement may be given by telephone or in writing, unless we have expressly agreed for such notice to be given in writing. Our contact details are set out in Term 2.2. Communications from us to you in writing may be by letter delivered by hand or sent by post or email to the address set out in the Application Form or such other address as may be otherwise notified to us in writing. Please note the contents of Terms 16.2 and 16.6 regarding the use of email.
- 16.2 Where you have indicated in the Application Form that you would prefer us to communicate with you by email we will send information to you to the email address you have specified in the Application Form, or as subsequently changed by you and notified to us in writing. Even where you have indicated that we may contact you by email, you acknowledge that we may also contact you by other means, including by post.
- 16.3 Where we need to communicate with you we will write to, telephone or email you and/or, as appropriate, a third party authorised by you, at the address(es) specified in the Application Form or any other address(es) you notify to us in writing.
- 16.4 Provided that the communication or notice is correctly addressed it shall be deemed to have been received:
- 16.4.1 if sent by personal delivery, upon delivery at the address of the relevant party;
 - 16.4.2 if sent by post, two Business Days after the date of posting; and
 - 16.4.3 if sent by email, during business hours on a Business Day when received, and if sent out of business hours at 9.00 am on the next Business Day.
- 16.5 We do not accept communications or instructions via any social networking account or by SMS text message and those communications or instructions will not be acted upon.

16.6 Email communications

- 16.6.1 You accept that there may be a delay in responding to correspondence received via email. You acknowledge that urgent, time-sensitive and confidential communications should not only be sent by email. Where a communication is urgent and/or time critical and we have not acknowledged its receipt, you agree that you will telephone us to notify us that you have sent the communication to us. Similarly, where we communicate an urgent or time-critical matter by email and you have not acknowledged its receipt, we will telephone you to notify you that we have sent the communication to you.
- 16.6.2 You acknowledge and accept the risks inherent in email, particularly of its unauthorised interception, of its not reaching, or of a significant delay in reaching, the intended recipient, for example, when the recipient is out of the office, and that in such circumstances your email communication may not be accessed for a number of days. Please notify us in writing if you do not consent to the use of email as a means of communication in relation to this Agreement and its subject matter.

16. Notices and communicating with each other

16.7 Telephone and electronic communications

- 16.7.1 Where we act upon instructions received by telephone we cannot accept any responsibility for any inconsistency between telephoned instructions and any subsequent written confirmation.
- 16.7.2 We may contact you by telephone or any other means during normal business hours or in the case of an emergency at any other time.
- 16.7.3 Telephone calls to and from our place of business, including mobile phone conversations, and electronic communications with you will be recorded. A copy of the recording of such conversations and communications will be available upon request for a period of up to five years and where requested by the FCA for a period of up to seven years.

16.8 Communication to us by a third party authorised by you

If you authorise us to accept the instructions from a third party we will do so until we receive notice to the contrary from you. The same rules set out in this Term 16 apply to written, telephoned or emailed instructions received from an authorised third party as they do to instructions received from you and you must ensure that your authorised third party complies with these provisions.

16.9 Reliance and acting on instructions

- 16.9.1 Provided that we act reasonably and in accordance with the terms of our Agreement with you, we may rely on and act on any instruction or communication given by telephone, email or otherwise in writing which purports to have been given by you, or a person authorised by you to give instructions in respect of the Portfolio. We may continue to rely on such instructions until we are notified in writing to the contrary.
- 16.9.2 We will acknowledge instructions that we receive from you by acting upon them unless we reasonably believe that acting on those instructions may:
- (a) not be practicable or in your best interests; or
 - (b) might involve either you or us in a contravention of any law, rule or regulation; or
 - (c) might run the risk of us suffering financial loss.

We will endeavour to advise you promptly where such circumstances arise, subject to our legal obligations.

16.10 Records

We will keep a record of the Services we provide to you and all communications we make to or receive from you for five years or the duration of our relationship with you, whichever is the longer.

17. Your obligations to us

17. Your obligations to us

17.1 Acceptance and authority

You agree to accept and to be bound by the terms of this Agreement and you confirm that you have full power and authority to enter into, and to instruct us, on the terms of this Agreement.

17.2 Information

17.2.1 You confirm:

- (a) that all the information you have supplied to us or (where relevant) any competent authority is complete and accurate and that you will notify us promptly if there is a material change to such information;
- (b) you will provide us with such information as we may reasonably need or request, in order that we may comply with our obligations under any applicable relevant foreign securities and/or tax legislation, including applicable US legislation;
- (c) you will notify us or (where relevant) any competent authority promptly of any material change to the information supplied by you or otherwise;
- (d) you will supply us with all information, documentation or copy documentation that we require in order to allow us to carry out our account-opening procedures; and
- (e) you will provide us with any additional information which we may from time to time reasonably require in order that we can fulfil our legal, regulatory and contractual obligations in connection with or relating to this Agreement.

17.2.2 You acknowledge that a failure to provide information requested by us may adversely affect our ability to provide the Services under this Agreement and the quality of the Services we may provide.

17.2.3 You acknowledge that we will rely on the information you have supplied to us in order to act in your best interests when providing our Services to you, in particular for the purposes of assessing the suitability or appropriateness of a transaction for you.

17.3 Documents

You undertake to sign and/or produce, within a reasonable timeframe, any documents we reasonably need to enable us to carry out our duties under this Agreement.

17.4 Losses

17.4.1 You (and, where you are an individual or individuals, your personal representatives) agree to reimburse us on our written demand against all direct losses suffered by us including proceedings, actions, costs and expenses, claims, demands and/or other liabilities incurred by us or our agents as a consequence of:

- (a) the provision of the Services to you; and/or
- (b) any breach by you of any of the terms of this Agreement.

17.4.2 The provision of Term 17.4.1 shall not apply to the extent of any liability caused by a breach of this Agreement by us or by the fraud, negligence or wilful default of us or our agents.

18. The extent of our responsibility for our actions and the actions of others

18. The extent of our responsibility for our actions and the actions of others

- 18.1 We cannot give any warranty, undertaking or assurance as to the performance or profitability of your Portfolio or any part of it.
- 18.2 Neither we nor any agent or officer or employee employed by us shall be liable to you for any loss except to the extent that such loss arises directly as a result of our material breach of this Agreement or our negligence, wilful default or fraud. For the avoidance of doubt, we shall not in any circumstances be liable for any consequential special, indirect or speculative loss or damage (including but not limited to lost profits or loss of opportunity) suffered by you.
- 18.3 We will not be liable for any loss that arises from a default by any Administration Services Provider, Preferred Derivatives Provider, counterparty, bank, sub-custodian or any other person or entity which holds money or Investments or other documents of title on your behalf.

18.4 Events outside our reasonable control

We cannot accept responsibility for losses you suffer as a result of our (or our agents or others appointed by us) failing to comply with the terms of our Agreement as a result of circumstances outside our (or their) reasonable control. These circumstances would include, but are not limited to, acts of God, any change to the law, order or regulation of a governmental, supranational or regulatory body, currency restrictions, devaluations, any act of terrorism, market conditions affecting the execution or settlement of transactions or the value of assets, failure or breakdown in communications not reasonably within the party's control and the failure of any relevant exchange or clearing house and shall include any event or circumstances that the party is unable, using reasonable skill and care, to avoid.

18.5 Tax status

- 18.5.1 We will use reasonable endeavours to avoid taking or omitting to take any action that to our knowledge would prejudice your tax status as notified to us. However, you and your other professional advisers remain responsible for the monitoring and management of your own tax affairs.
- 18.5.2 We will not advise you on any tax or regulatory matters and, in particular, we will not provide any such advice in relation to your circumstances.

18.6 Regulatory system

Nothing in our Agreement with you will limit our liability under the regulatory system nor limit any liability we may have to you that cannot be limited by law.

19. Client protections

19. Client protections

19.1 Material interests and conflicts of interests

19.1.1 As an organisation which provides a number of services to a range of clients, there may be times when there is a conflict between our interests and the duty we owe to a client, or a conflict between the differing interests of two or more clients to whom in each case we owe a duty. In accordance with the FCA rules we will take all appropriate steps to identify and prevent or manage conflicts of interest that may arise between you and us or you and another client of ours when we provide Services to you. We will also operate arrangements to take reasonable steps to prevent conflicts of interest adversely affecting you.

19.1.2 We have in place a conflicts of interest policy to identify and manage our actual or potential conflicts of interest, which is regularly reviewed, as well as a supporting register of conflicts. A summary of our Conflicts of Interest Policy is set out at Appendix 3 and further details are available on request.

19.1.3 Where the arrangements that we have in place are not sufficient to ensure with reasonable confidence that risks of damage to you will be prevented we will disclose to you the general nature or sources of conflicts of interest or both and the steps taken to reduce those risks before we undertake the business for you.

19.2 Personal Account Dealing

In accordance with the FCA Rules, we will maintain adequate arrangements aimed at preventing our staff from entering into (or procuring that others enter into) personal transactions and preventing our staff from disclosing information or opinions which might lead to market abuse or insider dealing.

20. Confidentiality

20. Confidentiality

20.1 We will use reasonable endeavours to ensure that all confidential information relating to you and your Portfolio is kept confidential. However, you authorise us to disclose information (confidential or not):

20.1.1 to our officers and employees or the officers and employees of our agents or other persons appointed by us in connection with your Portfolio on a need to know basis;

20.1.2 to the Administration Services Provider, any appointed Preferred Derivatives Provider and any market counterparty or broker in relation to transactions undertaken for the Portfolio, in all cases to assist or enable the proper performance of our Services to you;

20.1.3 to our professional advisers where reasonably necessary in the performance of their professional services;

20.1.4 to the FCA and any other regulatory authority where disclosure is required or requested by them;

20.1.5 to any relevant tax authority, in accordance with our obligations;

20.1.6 otherwise as may be required by law, best investment business practice, industry regulations or codes of practice; and

20.1.7 in the circumstances described in Term 21 below.

20.2 We are not obliged to disclose to you or to take into consideration information either which:

20.2.1 if we disclosed to you would or might be a breach of duty or confidence to another person; or

20.2.2 comes to the notice of an employee, officer or agent of ours but which does not properly come to the actual notice of an individual providing the Services in relation to your Portfolio.

21. Data Protection

21. Data Protection

- 21.1 We shall record information about you and your Investments in physical and electronic form and will hold, use and otherwise process the data in accordance with the Data Protection Legislation and as set out in this Term 21.1. We In some cases, the FCA will ask us to keep your data for up to seven years, however, normally we will destroy or erase data after five years from the end of our Agreement with you and we reserve the right to destroy such data in accordance with our normal document destruction policies.
- 21.2 You acknowledge that we will process your data in accordance with our Privacy Policy. A copy of our current Privacy Policy is available on our website.
- 21.3 If you are a UK national or a national of another EU Member State or other prescribed territory and you are or become resident in the European Union outside the UK, you agree to inform us of the fact. We are obliged to supply information to HMRC when income is received for such residents.
- 21.4 If you are or become a US Person you will inform us of the fact and complete all relevant forms, documentation and procedures on request, and supply your taxpayer identification number. If we have information which gives us reason to believe you are a US Person we will treat you as one. In accordance with our legal obligations we will supply information to the appropriate tax authorities about US Persons who are our clients. If those persons have not completed the relevant forms, documentation and procedures please be aware that we may be obliged to account to the relevant tax authorities for withholding tax deducted from income and sale proceeds arising on US Persons' US Investments.
- 21.5 All personal data about you that we acquire may be stored and used by us as set out in our Privacy Policy, including in the following ways:
- 21.5.1 to confirm your identity and carry out background and credit checks. We may use credit reference agencies to do this and they may record that a search has been made and share the results with other organisations;
 - 21.5.2 to enable us to provide the Services to you;
 - 21.5.3 to respond to requests for information from you, to follow up with you after you request information to see if we can provide any further assistance and to send details of other products and services available from us to you;
 - 21.5.4 to comply with any requirement of any applicable statute, regulation and/or FCA Rules;
 - 21.5.5 to fulfil our obligations under any reporting agreement entered into with any tax authority or revenue service(s) from time to time;
 - 21.5.6 for our own administrative purposes (including maintaining our records) and compliance purposes (including crime prevention and detection);
 - 21.5.7 to prevent or detect abuses of our services or any of our rights and to enforce or apply these Terms and/or other agreements or to protect our (or others') property or rights;
 - 21.5.8 to share information with relevant third parties in the context of a sale or potential sale of a relevant part of our business, subject always to confidentiality obligations;

21. Data Protection

- 21.5.9 where you give us your consent to the use and/or processing involved; and
- 21.5.10 to bring to your attention (in person or by post, email or telephone) information about additional services offered by us unless you indicate that you do not wish us to do so.
- 21.6 We will not provide your personal data to third party organisations to use for their own marketing purposes without your consent but we may disclose your personal data outside of our organisation:
- 21.6.1 to other organisations such as your Administration Services Provider and, if applicable, the Preferred Derivatives Provider, in connection with our provision of the Services to you;
- 21.6.2 to other organisations that we engage to assist in the performance of the Services or to advise us (including in relation to the performance of credit checks). We shall endeavour to ensure that any such organisation is required to have in place appropriate security measures in respect of your personal data;
- 21.6.3 in circumstances in which we may be required or authorised by law (including, but not limited to, the Data Protection Legislation), court order, regulatory or governmental authorities to disclose your personal data; and/or
- 21.6.4 to fulfil our obligations under any reporting agreement entered into with any revenue service(s) from time to time.
- 21.7 Personal information in our possession may be transferred to other countries (which may include countries outside the EEA), such as: jurisdictions where Investments are held; jurisdictions in which and through which transactions are effected; jurisdictions from which you regularly receive or transmit information about your Investments and jurisdictions where underlying managers conduct their activities. You accept that these countries may have differing (and potentially less stringent) laws relating to the degree of confidentiality afforded to client information and that that information can become subject to the laws and disclosure requirements of such countries, including disclosure to governmental bodies, regulatory agencies and private persons, as a result of applicable governmental or regulatory inquiry, court order or other similar process. In addition, a number of countries have agreements with other countries providing for exchange of information for law enforcement, tax and other purposes.
- 21.8 We will take appropriate security measures against the loss/destruction and/or the unauthorised use of your personal data. These will include ensuring that:
- 21.8.1 any support service provider provides sufficient security guarantees in relation to any data processing it undertakes on our behalf; and
- 21.8.2 an adequate level of protection is achieved in relation to any transfer of your personal data outside the EEA in each case as required by the Data Protection Legislation.
- 21.9 We may make use of cookies on any website we set up. Cookies are small text files that are placed on your computer by websites that you visit.

22. Anti-money laundering and identity verification

22. Anti-money laundering and identity verification

In order to comply with our obligations under anti-money laundering legislation we are required to verify the identity of all clients and obtain other information (including but not limited to details of any nationality, citizenship or rights of residence you hold) to satisfy our regulatory obligations. We may do this using an electronic verification system that we consider suitable or by asking you for documentary evidence. We may not be able to provide any Services to you should you fail to provide this information.

23. Risk warnings

23. Risk warnings

- 23.1 In the context of your Portfolio and the Services we provide, you should appreciate that there are risks involved. Set out below are some general risk warnings you should be aware of:
- 23.1.1 the value of investments, and the income from them, may go down as well as up, and you may not get back the full amount of your Investments;
 - 23.1.2 levels of income may fluctuate;
 - 23.1.3 past performance is not an indication of future performance;
 - 23.1.4 where an investment is denominated in a currency other than the currency of your Portfolio, changes in exchange rates may cause the value of your Investment and/or income to go down or up;
 - 23.1.5 the tax regime applicable to investments and investors depends on individual circumstances and may change;
 - 23.1.6 Investments in your Portfolio may become illiquid or unrealisable as a result of market activity or other circumstances beyond our control;
 - 23.1.7 financial instruments which involve a degree of leverage such as contracts for differences, futures and options, and spread bets, carry significantly greater risk than unleveraged financial instruments; and
 - 23.1.8 the managed futures strategy carries substantial risk. Please read the risk warnings applicable to this strategy in Appendix 1.
- 23.2 We have provided, at Appendix 1, information on the risks involved in relation to types of investments and strategies which may be relevant to the Portfolio and the Services we provide. Please read Appendix 1 carefully and if you have any questions please contact us for an explanation.

24. Complaints and compensation

24. Complaints and compensation

24.1 Complaints

24.1.1 If you have a complaint in respect of our Services you should contact our Compliance Officer in writing. Your complaint will be handled in accordance with FCA Rules and our complaints policy.

24.1.2 Details of our complaints policy are available on request. You may also have a right to complain directly to the Financial Ombudsman Service. Further information is available on request from us and from www.financial-ombudsman.org.uk or contact the Financial Ombudsman Service on 0800 023 4567 or 0300 123 9123 or by email at complaint.info@financialombudsman.org.uk.

24.2 Compensation

If we are unable to meet our financial obligations to you, you may be able to claim compensation from the Financial Services Compensation Scheme (FSCS). In respect of investments, an eligible investor is currently entitled to claim up to £50,000. For further information about the FSCS (including amounts covered and eligibility to claim) please see the FSCS website at www.fscs.org.uk or telephone the FSCS on 0800 678 1100 or contact us for further information.

25. Delegation and use of agents

25. Delegation and use of agents

25.1 Delegation

We may delegate any of our responsibilities under this Agreement to a third party provided we are satisfied that such person is competent to carry out such responsibilities and has all relevant authorisations and permissions. We will give you prior written notice of any delegation of the exercise of our discretionary investment management services and will not, without your written consent, delegate the whole or substantially the whole of such powers. Our liability to you for all matters so delegated will not be affected by such delegation.

25.2 Agents

We may employ agents to carry out ancillary services necessary to enable us to perform our obligations under our Agreement with you. We will act in good faith and with due diligence in our choice and use of such agents.

25.3 Assignment or transfer

25.3.1 The Agreement is personal to you and you may not assign or transfer any of your rights or responsibilities under it.

We may assign/transfer any of our rights and responsibilities under this Agreement to a person connected to us or a successor company upon giving written notice, provided that such company is competent to undertake such rights and responsibilities and has all relevant authorisations and permissions.

26. Fees and expenses

26. Fees and expenses

26.1 Fees

- 26.1.1 You agree to pay us the fees for our Services in full, without set off or deduction, as set out in the Rate Card (or as otherwise agreed in writing between us from time to time).
- 26.1.2 Details of our fee structure are contained in the applicable Rate Card. In summary:
- (a) in respect of our discretionary investment management services (excluding a managed futures strategy) we charge an annual management fee calculated by reference to the value of your Portfolio;
 - (b) in respect of our discretionary investment management services involving a managed futures strategy we charge a performance fee, payable quarterly at the end of March, June, September and December. Details of how this fee is calculated are available on request. Dealing commission is payable in addition;
 - (c) in respect of our advisory services we charge dealing commission only; and
 - (d) in respect of our execution only services we charge dealing commission only.
- 26.1.3 In accordance with the FCA Rules we will provide you with information relating to costs and charges before providing our Services to you. Where this is not included in the Rate Card it will be provided separately and in good time before we provide the relevant Services to you.
- 26.1.4 In relation to an ongoing Service the Administration Services Provider and, if applicable, the Preferred Derivatives Provider will provide you with aggregated information on our costs and charges on a regular basis and at least annually, during the life of an Investment.
- 26.1.5 In addition, if any Service or transaction requires us to incur any fees, costs and charges which are not set out in our Rate Card, we shall provide you with information on any fees, costs and charges which will apply in good time, before carrying out the relevant transaction or providing the relevant Service.
- 26.1.6 Where the information we have provided to you relating to our fees, costs and charges has been aggregated you may also ask for us to provide you with an itemised breakdown of the information.
- 26.1.7 Where we provide you with information relating to fees, costs and charges before providing our Services and information relating to actual costs are not available to us, we may need to use reasonable estimates and assumptions in order to provide you with this information. While we take care to ensure our estimates are reasonable and review any assumptions used on an ongoing basis, fees, costs and charges incurred may vary from the information initially provided.
- 26.1.8 Where there is a material change to the information we have provided to you under this Term 26 which is relevant to the Services we are providing to you we will notify you of this.

26. Fees and expenses

26.2 Expenses

You agree to reimburse us for all the costs and expenses we incur in the carrying out of our Services. The costs will include, but not be limited to:

26.2.1 any costs and expenses referred to in the Application Form, Rate Card or as separately agreed with you in writing;

26.2.2 transaction costs; and

26.2.3 commissions, transfer fees, registration fees, taxes and similar liabilities and costs.

26.3 Payment of fees and expenses

26.3.1 Any fees and expenses due in relation to the provision of our Services under our Agreement with you and, where applicable, the Custody and Administration Services provide by GPP, may be deducted from your Portfolio.

26.3.2 You authorise the Administration Services Provider and, if applicable, the Preferred Derivatives Provider to pay our fees and expenses.

26.4 Other fees and expenses of an Administration Services Provider other than GPP and/or a Preferred Derivatives Provider

We will not be responsible for payment of such other fees and expenses as agreed directly between you and an Administration Services Provider or where applicable, your Preferred Derivatives Provider.

26.5 Receipt of payments from others

26.5.1 In the course of providing our Services to you we will not accept or retain any fee or commission. We may accept and retain minor non-monetary benefits where this is permitted by the FCA Rules, for example, the provision of product-specific information from a product provider, participation in training events on the benefits and features of investments and de minimis hospitality or training facilities. We will only accept and retain minor non-monetary benefits where such acceptance would not prevent us acting in your best interests.

26.5.2 For the avoidance of doubt, any third party investment research that we receive and retain (apart from any such research capable of constituting a minor non-monetary benefit) will be paid for by us directly from our own resources and we will not operate a research payment account

27. Termination

27. Termination

27.1 The Agreement has no minimum duration but may be terminated in the circumstances set out below.

27.1.1 Either party may terminate the Agreement at any time by giving the other party written notice.

27.1.2 Without prejudice to Term 27.1.1, we may terminate our Agreement immediately in the event that your agreement with an Administration Services Provider and/or, if applicable, a Preferred Derivatives Provider is terminated.

27.1.3 We may terminate our Agreement with you with immediate effect if we need to do so for regulatory reasons.

27.2 Consequences of termination

27.2.1 Where you have terminated your Agreement with us and where we provide you with discretionary investment management services, we will endeavour to arrange for the liquidation of your Portfolio or for the transfer of the management of your Portfolio to your new manager as soon as reasonably practicable on receiving appropriate instructions from you.

27.2.2 If you give us notice to end the Agreement and ask us to sell your investments with immediate effect, you should be aware that this could result in losses and that we may not be able to arrange for the sale of illiquid investments within the timeframe you have requested.

27.2.3 Termination will be without prejudice to the completion of transactions already initiated, which we or your or our agents are committed to and which will be completed expeditiously.

27.2.4 Termination will not affect accrued rights, indemnities, existing commitments or any contractual provision intended to survive termination.

27.2.5 You agree to pay:

- (a) our periodic fees and expenses which have accrued to the date of termination; and
- (b) any additional expenses necessarily and reasonably incurred by us in terminating the Agreement and you will bear any losses necessarily realised in settling or concluding outstanding obligations.

27.2.6 On termination, we may direct the appointed Administration Services Provider and, if applicable, the Preferred Derivatives Provider, to retain and/or realise any assets of your Portfolio as may be required to settle transactions already initiated and to pay any outstanding fees or liabilities owed to us by you, in each case without prior notice to you.

28. Provisions relevant to particular types of client

28. Provisions relevant to particular types of client

28.1 Death and mental incapacity

28.1.1 Where we provide you with discretionary investment management services (including discretionary services in the form of the managed futures strategy) as part or all of the Services we provide to you, on your death:

(a) we shall cease to manage your Portfolio from the date on which we receive notification of your death and we may arrange to close any open positions which carry a future contingent liability. We will not accept instructions in relation to your Portfolio until such time as we are instructed otherwise by your properly appointed executor(s), or similar;

(b) we will not be liable for any loss incurred on your Portfolio between the date of your death and the date on which we receive written notice of your death or for losses between the date of your death and the receipt by us of a certified copy of the grant of probate or letters of administration or similar. Fees will continue to accrue until your Portfolio has been liquidated or transferred.

29.1.2 Where we provide you with advisory services or execution only services this Agreement will terminate on receipt of written notification of your death.

29.1.3 Upon our receipt of written notice of your legal incapacity our Agreement with you will terminate automatically unless you have granted a power of attorney under which we can continue to act. We reserve the right to require further proof or details of your legal incapacity.

28.2 Joint individuals

If you are individuals owning the assets in the Portfolio jointly, on the death of any one of you during the term of the Agreement, this Agreement will not terminate and we may treat the survivor(s) as the only person(s) entitled to or interested in the Portfolio. Should all of you die during the term of this Agreement the provisions of Term 28.1 shall apply.

28.3 Trusts

If you are trustees the following additional terms apply:

28.3.1 Trustee Act 2000

If you are required to make a policy statement under the Trustee Act 2000 we undertake to you that we will, in the discretionary management of your Portfolio, comply with that policy statement or any revised or replaced policy statement provided to us by you.

28.3.2 Changes in trustees during the term of the Agreement

At our option, this Agreement shall continue in full force and effect notwithstanding any change in the composition of the trustees whether by death, retirement or addition of trustees or otherwise.

28.3.3 Liability

Save in respect of liability arising directly or indirectly from fraud or wilful default, the liabilities of the trustees under the terms of this Agreement shall be limited to the assets of the trust from time to time.

29. General

29. General

29.1 Joint and several liability

Where there is more than one of you, each of you accept joint and several liability for the obligations accepted by you under our Agreement with you and any notice given by or to one of you will be deemed to be given by or to all of you.

29.2 Amendments

29.2.1 You must notify us in writing of any proposed amendments to the Agreement (which will take effect only when accepted by us) and we will notify you in writing as to whether we are prepared to accept the proposed amendments or not.

29.2.2 We may amend this Agreement, including these Terms, where there is a change in regulation, law, practice or custom or as a consequence of how we are structured or authorised or do business. We will give you at least 30 calendar days' notice in writing of a proposed amendment to these Terms unless it is impractical to do so or circumstances (such as legal or regulatory requirements) dictate a shorter period of time.

29.3 Force Majeure

We will not be liable to you for any loss suffered by you which results from a failure or delay in us performing our obligations under these Terms where the delay or failure resulted from circumstances beyond our control including, but not limited to, acts of God or governmental acts, flood, fire, explosion, accident, civil commotion or industrial dispute (a Force Majeure Event). If an event of this kind occurs, we will take such steps as are reasonable and practicable in the circumstances with a view to minimising the effect of the event on you.

29.4 Miscellaneous

29.4.1 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.

29.4.2 Nothing in our Agreement with you and no action taken by you or us under it will be deemed to constitute a partnership between us.

29.4.3 You agree that our services are not exclusive to you and that we may provide the same or similar services to others.

29.4.4 If any provision of these Terms is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction, such provision shall be severed without effect to the remainder of the provisions. If a provision of our Agreement with you, which is fundamental to the accomplishment of the purpose of the Agreement, is held to any extent to be invalid, both parties shall immediately commence good faith negotiations to remedy such invalidity. Neither party shall unreasonably withhold or delay their agreement to any such matters.

29.4.5 No failure by any party to exercise or assert or claim any right or entitlement shall be construed (in the absence of a written agreement to waive or a written confirmation of a past waiver) as a waiver of that right or entitlement. No waiver of any breach of any term of our Agreement with you shall (unless expressly agreed in writing by the waiving party) be construed as a

29. General

waiver of a future breach of the same term or as authorising a continuation of the particular breach.

29.4.6 Each party to this Agreement agrees that it shall have no remedies in respect of any representation or warranty (whether made innocently or negligently) that is not set out in the Agreement.

29.4.7 Each party to the Agreement shall pay its own costs, charges and expenses incurred in the preparation, completion and implementation of this Agreement and the documents referred to in it.

29.4.8 The Agreement is supplied in English and all communications from us to you for the duration of this Agreement shall be in English.

29.4.9 Neither party will act in a manner that constitutes a breach of applicable laws, regulations, codes and sanctions relating to anti-bribery and anti-corruption, including the Bribery Act 2010. Furthermore we will comply with such policies and procedures that we have in place from time to time governing anti-bribery and in performing our duties under the Agreement we will not induce or improperly reward any third party to act improperly. For the purposes of this Term, to act improperly, shall be interpreted in accordance with the Bribery Act 2010.

29.4.10 You must disclose to us the name of any listed company or any other investment where you are or may be an “insider” and you must obtain all necessary clearances to deal prior to instructing us to deal in such investments for you.

29.4.11 The Agreement is governed by and shall be construed in accordance with the laws of England and the parties agree that the Agreement and all dealings between us and you, shall be subject to the exclusive jurisdiction of the English courts.

Risk Warnings

This Appendix supplements the general risk warnings in Term 24 of the Terms and Conditions. Please read it carefully. If there is anything in it which you do not understand please contact us for an explanation.

In this Appendix, we provide a general description of the nature and risks inherent in a range of investments and strategies that (depending on the investment objective and services that we have agreed with you) we may advise you on or purchase for your Portfolio.

Please note however, that this Appendix cannot disclose all the risks associated with the investments described and is therefore not an exhaustive list.

Different investments carry different levels of risk. The risks involved in financial instruments that involve a degree of leverage such as contracts for difference (CFDs), Financial Spread Bets, Futures trading and

Options trading are greater than the risks associated with unleveraged transactions. If leverage is used it is possible that you could lose more than the entire amount you invested. Before embarking on a strategy that uses leverage you should carefully consider your ability to sustain such a loss.

For investors in our managed futures service there is a specific risk warning which is in addition to, not in place of, the main section of this warning notice.

1. General risk factors

1.1 Introduction

We can operate in an execution only, advisory or discretionary management capacity. Based on the information you provide us, we can give you advice as to which financial instruments to buy or sell or you can give us authority to invest on your behalf without reference to you. You can also operate your account with us without taking any advice from us at all.

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

If when we give you advice you are unsure as to any aspect of the advice given or the specific risks involved please inform us of this fact and we will seek to give you additional information.

If you are still unsure of the risks involved you should not invest.

1.2 Market risk

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. We refer to the spread of possible returns as volatility.

If your attitude to risk is that you are not prepared to take any risks with your capital you should instead consider investing in a deposit account or a guaranteed return investment.

Some markets are expected to be more volatile than others, for instance the volatility in companies with a relatively small market capitalisation may be greater than for companies with a larger market capitalisation.

1.2.1 Foreign markets

An overseas investment or one with an overseas element will be subject to the risks of the overseas market which may differ from the investor's home market. Risks may be greater with the investment's return being subject to currency fluctuations.

1.2.2 Emerging markets

Price volatility in emerging markets can be extreme and sudden. Price discrepancies may be common and unpredictable movements are not uncommon. These markets may lack the transparency, liquidity, efficiency, market infrastructure and regulation found in more developed markets. They may also be subject to a greater degree of political risk than is common in more developed markets.

1.2.3 Currency risk

Any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency, other than that in which your account is denominated, are subject to the impact of changes in exchange rates. These changes in rates may have a favourable or unfavourable impact. There is a risk, particularly in emerging markets that exchange controls could be imposed which could limit your ability to convert your assets back into sterling.

1.3 Interest rate risk

Interest rates can rise as well as fall. A risk exists with interest rates that the relative value of a security, in particular a bond, will worsen due to an interest rate increase. There can also be a negative impact on other products.

1.4 Inflation risk

The effective value of your investments can be eroded by inflation. Even if you invest in an instrument with a guaranteed return, unless that guarantee also includes an inflation element the real value of your investment may fall.

1.5 Liquidity risk

Some investments may be very illiquid, meaning that they are infrequently traded, hence it may be difficult to sell them on, within a reasonable time-frame or at a price which reflects 'fair' value. In extreme cases an investment may be non-readily realisable. In this case there may be no secondary market available, and it may be difficult to obtain any reliable independent information regarding the value and risks associated with such an investment.

The liquidity of an investment can change over time due to either general market conditions or factors specific to the individual investment. Investments may become subject to suspensions of trading which will make it difficult or impossible to liquidate a position.

1.6 Taxation risk

There can be no guarantee that the nature, basis or incidence of taxation may not change during the lifetime of an investment. This may potentially cause current or future tax liabilities. Patronus does not give tax advice and if you are uncertain about any aspect of how an investment might relate to your own tax position please seek professional tax advice.

UK stamp duty does not currently apply to contracts for differences (CFDs) or spread betting because CFDs and Spread Bets are derivative products which mean you do not actually own the underlying instrument. This can mean a saving of 0.5% on purchases of UK listed shares.

In addition to this, gains on Spread Betting transactions are currently free of UK capital gains tax but equally, you are unable to offset any losses against gains that you may have elsewhere.

All tax issues highlighted here are applicable to UK residents only. This information is based on our understanding of current legislation which may change at any future date. In addition the tax treatment of any instrument may differ from client to client. Clients should seek professional tax advice if they are unclear as to the tax status of any of their investments or investing styles with us. This particularly applies to the tax status of spread betting.

2. Risks due to the impact of leverage

The use of borrowing to invest increases both the volatility and the risk of an investment. The impact of interest costs could lead to an increase in any rate of return required to break even.

2.1 Leverage embedded within an investment

Leverage may be embedded within an investment, if a company has significant borrowings, or if an investment vehicle otherwise allows an investor to gain much greater economic exposure to an asset than is paid for at the point of sale.

2.2 Covered leverage

There may be times when we deem it appropriate to invest via CFDs (these are more fully explained below) or other instruments that allow leverage but where the cash that would have been used to purchase the instrument is earmarked as though the instrument had been paid for in cash. This strategy has an element of interest rate exposure but the market risk profile is the same as if the instrument had been purchased for cash.

2.3 General leverage

When trading in a derivative product such as futures, options, CFDs or spread bets, you will usually only be required to place a relatively small deposit with the firm who holds your positions.

THE DEPOSIT IS NOT THE AMOUNT YOU CAN LOSE, YOU CAN LOSE A MULTIPLE OF THE AMOUNT INVESTED

Transactions in derivative products may involve significant leverage as a relatively small fluctuation in the price of the underlying instrument can have a proportionately greater impact on the amount invested. This can work for and against the investor.

2.4 Risk of margin calls

If you trade on a margined basis there is a risk of margin calls. We do not make margin calls, these are subject to separate agreement between you and the institution where you hold your account(s). The institution where you hold your account(s) will have given you details of how their margining process works. The warnings here are generic and are in addition to any warning that may have been given to you by the institution where you hold your accounts.

Margin calls may be made because of market movements specific to your investments or due to changes in general market conditions or the credit policies of the institution where you hold your accounts.

If the market moves in an unfavourable direction, the investor may not only lose more than the full amount of the initial margin deposit, but also have to pay an additional margin in order to meet margin calls. To maintain the investor's position, new margin payments can be requested on very short notice, occasionally during a market session. If the investor does not meet margin calls within the required time limit, its position may be liquidated and the investor will be liable for any debit balance on its account.

3. Investment specific risks

3.1 Orders aimed at limiting a loss

In certain circumstances we may advise or execute the placing orders with a stop-limit price and orders with a trigger threshold, which are also referred to as "stop orders". These orders are designed to limit losses that could occur as a result of market fluctuations. The use of such orders does not provide a guarantee that losses will be limited to the intended amounts since market conditions on the exchange where the order is placed may make it difficult or impossible to execute such orders.

3.2 Equity securities

Ownership of an equity security represents a direct stake in the company concerned. Such an investment will participate fully in the economic risk of the company and its value can therefore fall as well as rise. The price volatility of equity markets can change quickly, and cannot be assumed to follow historic trends. In adverse market conditions irrecoverable capital losses could be incurred. In the worst case, a company could fail and if this happens its equity can become worthless. Examples of company characteristics which could increase equity investment risks are:

3.2.1 a low market capitalisation;

3.2.2 a product set that is undiversified or reliance on single markets as a major source of income;

3.2.3 a significant reliance on borrowing as a source of finance;

3.2.4 a significant level of fixed costs to pay, irrespective of output, production or turnover levels;

3.2.5 major income sources which are seasonal or 'cyclical' in nature;

- 3.2.6 companies trading primarily in emerging markets particularly during poor market conditions, or in countries where legal property rights may be difficult to enforce;
- 3.2.7 equities with very low prices may involve a proportionately large difference between the market buying and selling price. The effect of this difference means that an immediate sale may realise significant losses;
- 3.2.8 if the company is not subject to the rules of a Listing Authority or is traded on a market with listing requirements which are less onerous than mainstream exchanges. Such companies are likely to be high risk ventures and may have an unproven trading history or management team.

3.3 Debt securities

Ownership of a debt security represents an ownership of the liability for a company, government or other organisation to pay an amount of interest and to return the capital at a future date. The value of a bond can be adversely affected by a number of factors such as:

- 3.3.1 the issuers credit rating, which reflects the credit ratings assessment of their ability to repay the amounts payable when they fall due;
- 3.3.2 the failure of an issuer to repay the bond or any other debt they have issued on the due date;
- 3.3.3 the market expectations about future interest and inflation rates;
- 3.3.4 amount of interest payable (the coupon);
- 3.3.5 the length of time until the debt falls due for repayment (the duration);
- 3.3.6 the seniority of a bond within the capital structure of a company, and the quality of any security available; or
- 3.3.7 the currency denomination of the bond.

3.4 Futures and forwards

Transactions in futures or forwards give rise to a legal obligation to either buy ('long') or to sell ('short') a specified amount of an asset at expiry at a price determined today. These transactions usually carry a high degree of risk, which arises because an investor is exposed to the movement of a proportionately large amount of the underlying in return for a small upfront payment. This can either work in favour of or against an investor, depending upon the difference between the current market price of the underlying and the price at which the contract was entered into. Futures can either be cash settled; that is on expiry of the contract, a cash amount is determined being the difference between the transaction price and the settlement price or the futures contract can become an obligation to buy or sell the underlying instrument. For bought futures or forwards an investor will profit from rising market prices, and vice versa for sold futures or forwards. Please also note that the current price at which an asset can be traded in the futures market may differ from the price at which it can be bought or sold immediately at the time of dealing. This can work either in favour of or against the returns experienced by an investor.

Futures or forwards are contingent liability investments, 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 if they fall due.

3.5 Options or warrants

The risks associated with options or warrants are significantly different depending on whether you are buying or selling the option or warrant.

3.5.1 Purchased options or warrants

These contracts offer a time limited right to subscribe for or to dispose of a defined amount of an asset in the future at a price specified now. An investor will pay an upfront premium to purchase the option to buy or sell the asset at a time ('expiry') and price ('strike') specified in the contract. An option to buy is referred to as a 'call' and an option to sell is referred to as a 'put'. Options can be cash up front, that is the full amount of the maximum loss is paid up front or for certain options contracts a smaller amount is payable immediately but the maximum potential loss remains the price that is agreed. The premium is usually small in comparison to the value of the asset to be traded on expiry or exercise of the option. It will be lost in its entirety if the option is exercised or reaches expiry when the price of the underlying is above the strike price of a bought put option or below the strike price of a bought call option. A relatively small movement in the price of the underlying security can therefore result in a disproportionately large movement, unfavourable or favourable, in the price of options or warrants.

3.5.2 Written or sold options

Selling options involves significantly greater risk than buying options. This is because the seller of the option usually accepts a relatively small premium in return for the possible legal obligation to either buy or sell a much larger amount of an asset at exercise or expiry at a price determined now if the buyer chooses to exercise. The potential losses involved in writing an option are therefore usually much greater than the initial premium received. This means they are contingent liability investments, which could require an investor to pay additional funds when the contract is exercised. 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 should they fall due.

In the case of written call options, already owning sufficient of the underlying to deliver on exercise may limit the potential risk involved. As an example, if you own shares in XYZ Ltd that are worth 180p each and you sell a call option with a strike of 200p, in the event the shares were to rise above 200p you would not economically benefit from such a rise, you would however have received the premium which means that if the shares do not rise above 200p plus the amount of premium you received this strategy would be more profitable than simply holding the shares.

An investor may be liable to post cash margin payments during the life of a written options contract to cover potential losses.

3.6 Contracts for difference

A CFD is a contract between two parties, typically described as "buyer" and "seller", stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (If the difference is negative, then the buyer pays instead to the seller). In effect CFDs are financial derivatives, that allow traders to take advantage of prices moving up (long

positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets. For example, when applied to equities, such a contract is an equity derivative that allows traders to speculate on share price movements, without the need for ownership of the underlying shares. CFDs usually only require a percentage of the underlying contract value to maintain the contract hence are leveraged instruments. This leverage magnifies the gains and losses on price movements in the underlying asset.

If CFDs are used to acquire a long position in equities and an equivalent amount of cash is set aside this may be a covered leverage transaction as defined in paragraph 2.2 above.

CFDs are margined or leveraged transactions, that is the counterparty to your trade will only require a relatively small amount of collateral in order to undertake the trade. You are exposed to similar risks as in futures and forwards as set out above. As with all margined transactions leverage brings additional risks as set out in paragraph 2 above.

3.7 Spread bets

A financial spread bet is a bet on the future price of a financial instrument in that it allows you to speculate on whether you think the market or underlying instrument will rise or fall without having to physically buy or sell the underlying asset. Spread bets carry the same market risk profile as a contract for difference.

With each market or underlying asset, you are given a 'buy' and a 'sell' price either side of the underlying price – this is also known as the “spread”, you specify an amount you wish to stake on each point that the price of the asset moves. If you think that a certain asset will rise in value, you 'buy' the product or 'go long' and aim to close the trade out at a higher price. If you think the asset will fall in value, you 'sell' the product or 'go short' and aim to close the trade out at a lower price.

How much you make or lose is determined by the movement in the price of the asset when the bet expires or is closed.

Spread bets are margined or leveraged transactions that can lead to large gains or losses (potentially multiples of your original deposit) as set out in paragraph 2 above.

3.8 Tax on CFDs and spread bets

There are potential tax benefits associated with dealing in spread bets and CFDs as described in paragraph 1.6 above but all investors should be aware of the potential risk of changes in tax legislation and seek professional tax advice if they are unsure as to the impact of this on them.

4. Concentration Risks

The risks of investment can be reduced by diversifying your portfolio that is by investing in a range of instrument classes and within those classes in a range of instruments. If you decide you wish to have a concentrated portfolio this can be expected to mean that your portfolio is more volatile and more risky than it would be in a diversified portfolio. This concentration can work both against you and in your favour depending on the performance of the specific investments in your portfolio.

5. Credit risks

We do not hold your money or your assets. Your money and assets are held at the institution where you hold your account, your appointed Administration Services Provider and/or, if applicable, Preferred Derivatives Provider. You may have exposure to the credit of the institution where you hold your account and/or to exchanges or counterparties to your transactions. The institution will have separately notified you about such risks and the client protection policies that they operate.

6. Risks specific to our managed futures product

Our managed futures fund invests using derivatives, specifically by using futures (as described above) and related instruments with similar risk characteristics. Our managed futures product invests on a leveraged basis and as such it is possible for you to lose a multiple of the amount invested.

Purpose of this document

This document is designed to inform our clients of our policies when seeking to achieve the best possible result (“best execution”) for clients when we execute trades in financial instruments (including spot foreign exchange which technically is not a financial instrument) on your behalf either in the case where you give us instructions to execute trades or where we have discretionary authority over your portfolio.

Words in italics are defined in the glossary at the back of this document.

What is best execution/what are the execution factors?

The overarching objective is that we take all sufficient steps to obtain the best possible result for our clients. In order to achieve this we take into account a number of execution factors. The factors we take into account are:

any restrictions that may exist on your account as to where your trades can be executed;

total consideration to the client of the transaction after all fees and commissions have been taken into account;

- i. size of the transaction;
- ii. speed of execution and settlement;
- iii. likelihood of execution;
- iv. likelihood of settlement; and
- v. any other factor we consider is relevant to the transaction.

In determining the applicability of the factors we consider:

- i. Market information;
- ii. The details we hold about you, our client; and
- iii. the nature of the transaction including the specific financial instrument and the markets that the specific financial instruments trade on.

The application of these factors is a matter of judgement. Other firms may exercise their judgement differently and reach a different conclusion as to how to achieve the overarching objective. In most cases the factors other than total consideration to the client will not be applicable and thus this execution factor will be the determining factor. The remaining factors are not listed in any order of priority. The factors may be interlinked such that for example, in fast moving markets, particularly for large orders, the way we would seek to achieve best total cost/revenue may involve giving the order to a broker who we believe can execute the entire order in a timely manner even if part of the order could be filled at a more advantageous price from another broker.

What are our obligations?

Under the second Markets in Financial Instruments Directive (“MiFID II”), we, as a firm that is subject to MiFID II must take all sufficient steps to obtain, when executing orders, the best possible result for our clients. How we assess the “best possible result” is set out under “What is best execution?” above.

Execution Venues (Competing Markets)

For some financial instruments there are a range of execution venues where the trade could be executed. We regularly assess the execution venues available and may add or delete venues in accordance with the

overall objective. If you have instructed us to use a particular venue and we have accepted that instruction the transaction will be executed on the venue of your choice. We will issue instructions to executing brokers where we deem such instructions to be appropriate, in other cases we will leave the decision as to the most appropriate venue to the executing broker. Unless you instruct us otherwise, whilst adhering to this policy, we shall have complete discretion as to the choice of venues including trading outside a trading venue if we believe that trading in that way is likely to achieve the overall objective.

A list of the execution venues we may use will be available in hard copy on request. Some financial instruments may only be traded on one venue, (notably if we purchase units/shares of a collective investment scheme (CIS), the venue will be the fund manager/CIS operator itself).

Execution outside of *regulated markets, multi-lateral trading facilities and organised trading facilities* (each a trading venue)

Unless you instruct us otherwise, where we consider it to be in your best interest we will allow the brokers to whom we pass execution instructions to trade outside of regulated markets, multi-lateral trading facilities and organised trading facilities. The broker will still be bound by their own best execution policies which we will review.

Investment into funds

When we invest into funds or other collective investment vehicles the price that we are able to execute at is usually determined by the fund manager based on published prices and we will execute at those prices.

Commencement Date

This policy will apply from 3 January 2018 (the date that MiFID II comes into force).

How do we execute

We are not a member of any exchange.

We seek to ensure we have deep relationships with high quality counterparties with the aim of maximising execution quality in terms of total consideration.

In cases when we transmit your order to another broker or dealer the same criteria for selection apply as when we execute your trades ourselves. When passing a trade to a third party for execution we may:

- Determine the ultimate execution venue ourselves by accessing specific execution venues through such third parties; or
- Instruct the other broker or dealer accordingly (having already satisfied ourselves that they have arrangements in place to enable us to comply with our Best Execution Policy).

For financial instrument that are traded on an exchange e.g. shares in companies, we pass the order relating to your account to a broker for execution. In the case of a broker in the European Economic Area or Switzerland that broker will have their own best execution policy and will be under the same requirement as we are under MiFID II to seek to achieve best execution for our clients. In the case of brokers outside the EEA and Switzerland those brokers may or may not be subject to local best execution rules. In all cases the selection of a broker is based upon the execution factors.

For quote driven markets e.g. most bonds, foreign exchange and OTC derivatives and for overseas markets,

the firm that we pass your order to may not be under a best execution obligation as historically in those markets firms operate as principal (that is taking the position onto their own book) rather than as agent. Our selection of broker in this case will reflect the fact that the broker is not under his own best execution obligation and thus the level of monitoring that we will apply is more extensive than in cases where the broker is under such an obligation.

In all cases we will act in your best interests when passing orders to other entities for execution.

Specific client instructions

If you provide us with a specific dealing instruction it may prevent us from following our Best Execution Policy as we would usually do but, under FCA rules we will be deemed to have complied with the best execution requirement to the extent of that instruction.

Execution broker selection where your custodian limits our choice of execution broker

Where we have a mandate and / or Power of Attorney, over an account at a custodian, with whom you have a direct contractual relationship, the terms of your relationship with that firm may prevent us from passing on your order to any firm other than the firm where you hold your account or restrict our choice of broker to firms approved by them. The firm where you hold your account has their own best execution policy which they will have separately advised you. As our mandate with you only permits us to use that firm for custody of your assets we treat any limitation in our selection of executing brokers as a specific client instruction from you.

Order Execution Timing

Usually orders will be executed in a prompt, fair and expeditious manner. If an order is of a large size or we wish to try to achieve an average price over a time period the order may be split into sub-orders before being passed for execution.

Unless we have combined an order in accordance with paragraph 11 below client orders will be carried out sequentially unless the characteristics of the order or prevailing market conditions require otherwise.

Clients will be informed of any difficulty in the prompt execution of orders.

Order Aggregation

We may combine (or 'aggregate') an order for our clients with orders of other clients. Patronus would only aggregate a client order if it was unlikely to work to the overall disadvantage of the client. However, the effect of aggregation may on some occasions work to the client's disadvantage and may on occasions result in our clients obtaining a worse price than if their order was executed separately.

Allocation of aggregated orders

Any orders that are aggregated will be allocated according to a pre-defined allocation policy that is designed to achieve a fair result for all clients. Where permitted by the rule of the relevant trading venue all client will be allocated the same price, where such pricing is not permitted the allocation policy will be used to allocated orders and we will monitor the effectiveness of that allocation policy.

13 Monitoring

We will monitor both our compliance with our Best Execution Policy, and the quality of execution of third parties to whom we have passed orders on the following frequency:

- i. Real time – on a sample basis – account executive level but subject to compliance review;
- ii. Monthly compliance review; and
- iii. Quarterly board level review.

Limit orders

If you give us an investment instruction at a specified price limit and for a specified size (a “limit order”), then it may not always be possible to execute that order under the prevailing market conditions. We would be required to make your order public (i.e. show the order to the market) unless you agree that we need not do so. We believe it is in your best interests if we exercise our discretion as to whether or not we make your order public. By agreeing to the Best Execution Policy you agree to us not making your orders public, unless we consider it is in your best interests for us to do so.

What information about best execution will we report to you and how will we report it?

As required by MiFID II we will report to you:

- i. The top five brokers we have used for each asset class in terms of volumes (this excludes instances where you, our client have instructed us to use a particular broker including, in accordance with paragraph 9 where your custodian arrangements mean we can only execute via your custodian; and
- ii. Information on the quality of our execution

These will be reported on our website www.patronuspartners.com

Further Information

If you would like any further information about our best execution policy, please contact your usual account executive.

Amendments to this policy

We may amend our Best Execution Policy from time to time. A formal review will take place at least annually but this may not result in any changes to the policy. When we make a material change to the Policy we will notify you of the changes before such changes come into force.

Glossary

MiFID II

MiFID II comprises Markets in Financial Instruments (MiFID II) - Directive 2014/65/EU and Markets in Financial Instruments (MiFIR) - Regulation (EU) No 600/2014 together with the relevant regulatory technical standards (RTS)

Multilateral trading Facility

A multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract.

Organised Trading Facility

An OTF is a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of the Directive.

Trading Venue (TV)

EU trading venue = Regulated Market, Multilateral Trading Facility or Organised Trading Facility.

Recognised non-EU trading venue = Non-EU trading venues that are recognised by ESMA as third-country venues for the purpose of transparency under MiFID II / MiFIR.

Patronus Partners Ltd

Introduction

Patronus Partners Limited (“Patronus”) is authorised and regulated by the Financial Conduct Authority under number 653541. This policy sets out in summary how Patronus identifies, seeks to eliminate and where elimination is not possible to effectively manage and disclose conflicts. This policy is a public document and supplements further internal policies and procedures. Your attention is drawn to section 8 of this document where we identify the most significant conflict we face.

Basis of the Policy

Patronus believes the success of its business depends on clients’ confidence in the integrity and professionalism of its personnel. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

The FCA has a series of overarching principles that set out at a high level how firms are expected to operate. Under the FCA’s Principle for Business, Principle 8 (Conflicts of Interest) Patronus are required to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between itself and its clients and between a client and another client. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) section of the FCA rules.

Changes due to the introduction of MiFID II on 3 January 2018

Under MiFID II regulated firms such as Patronus are required to consider all risks rather than material risks associated with conflicts of interest. MiFID II places a greater emphasis on the management of/elimination of conflicts rather than disclosure. As stated in paragraph 2, Patronus has always sought to manage any conflicts of interest fairly and pay full regard to our clients’ best interests and as such we believe our actual behaviour is in accordance with the MiFID II standards. Nevertheless this document includes additional detail on the conflicts that we face and how those are managed.

What does our conflict of interest policy aim to achieve?

Identify any potential circumstance which may give rise to conflicts of interest, and which pose a material risk of damage to clients’ interests:

- (i) consider whether it is possible to eliminate the conflict;
- (ii) establish appropriate mechanisms and systems to manage those conflicts;
- (iii) maintain systems in an effort to prevent actual damage to clients’ interests through the identified conflicts; and
- (iv) where conflicts cannot be avoided to make sufficient disclosure to the client such that the client is able to make an informed decision based on the conflict.

What is a Conflict of Interest?

Conflicts of interest appear in situations where Patronus:

- (i) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (ii) has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client’s interest in that outcome;
- (iii) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (iv) carries on the same business as the client;

Appendix 3 - Summary of Conflicts of Interest Policy

- (v) manages a cost on behalf of a client e.g. if we manage investments that incur commissions or other costs which are borne by the client;
- (vi) if our management or staff trade in the same or similar financial instruments as our clients;
- (vii) advises you to invest in a fund managed by us; or
- (viii) receives (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 commission or fee for that service.

What do we do about conflicts?

Patronus has sought to identify conflicts of interest that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on its clients. Patronus has adopted numerous internal policies and procedures, often set out in its Compliance Manual, in order to manage recognised conflicts of interest. Patronus monitors and regularly evaluates the adequacy and effectiveness of its systems, internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies

a) Dealing on own account

Patronus does not deal on its own account. The firm is never a counterparty to any trade with a client, we always act as a broker. We never have any positions in financial instruments we are trying to exit by selling them to a client nor are we ever trying to build up a position in financial instruments for our own benefit by buying shares or other instruments from a client.

b) Commission

When we act as a broker we charge our clients commission on trades. We have a clear conflict when advising clients to trade in that we benefit, in the form of commission income, from such trades. Given the nature of our business this conflict is unavoidable. Our policy is that we will never consider the potential benefit to Patronus as part of our decision to advise a client to trade. We have implemented compliance review processes that review the levels of commissions paid by each client with a view to monitoring the levels of commission paid by any client and examining any cases where commission levels appear unusual or excessive.

c) Client Orders

In order to ensure as fair treatment as possible for clients, the Patronus Best Execution Policy requires Patronus to take all reasonable steps to achieve the best overall trading result for clients. Where we believe it to be in the best interests of our clients, orders will be aggregated across client accounts. We will seek to achieve fair treatment of clients by use of a pre-determined order allocation system. Where possible we will seek average price fills such that all clients are filled at the same price. In markets where that is not possible we will allocate fills in way that is designed to achieve fair treatment across clients over time.

d) Personal Account Dealing

Patronus operates a personal account dealing regime and the rules are signed off as understood by all relevant employees regardless of their position within the company. Where we have management authority, staff may open an account in the same way as a client. From that point onwards staff accounts are treated the same as any other client account. Allocations to staff accounts are on the same basis as allocations to equivalent client accounts. Staff may not deal the same way for personal accounts as a client order or potential order before it is executed or where a client's interest could be adversely affected.

e) Investment Research and Advice

Patronus takes reasonable care to ensure that any research recommendation produced or disseminated by it is fairly presented and that all authors remain objective and impartial in all written communications. Patronus does not deal on the financial markets on its own account. Patronus will disclose the interests of its staff in any transaction.

f) Gifts and Entertainment

We have rules regarding the receipt of gifts and entertainment. Employees are not allowed to accept gifts, entertainment or any other inducement from any person which might lead them to benefit one client at the expense of others when conducting investment business. In order to achieve this we have a policy whereby all gifts and entertainment above preset limits have to be approved by the compliance officer. The compliance officer will only sanction occasional items above the preset limits if he is satisfied that the acceptance of the gift or entertainment does not generate a conflict.

g) Chinese Walls

Where appropriate we will manage conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information within the Firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from (or not to be used by) persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a Chinese Wall and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.

h) Remuneration Policy

We have a remuneration policy that is designed to reward staff for their performance. We regard the fair treatment of clients as critical to our success and when deciding how to reward staff. The compliance of staff with our compliance processes and their commitment to the fair treatment of client are a key part of the remuneration decision.

i) Disclosure

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in Patronus' opinion, sufficiently protect the interests of the client, the conflict of interest will be disclosed to the client to enable an informed decision to be made by the client as to whether they wish to continue doing business with Patronus in that particular situation. The key disclosures of conflicts between Patronus and its clients are made in paragraph 8.

j) Declining to Act

Where Patronus considers it is not able to manage the conflict of interest in any other way, it may decline to act for the client.

Managed Futures

Where appropriate, we offer our clients a managed futures product. In this product we have management responsibility for the clients money. Each client has a separate account at a financial institution. We seek to achieve the same level of return for each client, subject to the fact that the size of the contracts traded and the inability to allocate part of a contract may mean that some client accounts have different performance to other client accounts.

The staff of Patronus may invest in this strategy alongside our clients. We aim to achieve the same result for our staff as for our clients. For this strategy clients are charged the costs charged to us by third parties for execution but we do not add any margin, instead we are remunerated by way of performance fees if the strategy is successful. The conflicts that arise due to the existence of performance fees are disclosed in paragraph 8 below.

Disclosure of conflicts

This entire document details the conflicts that exist between our clients and between Patronus and a client. The key conflicts between us and our client which are inherent in our business are set out below.

When we act as a broker we charge our clients commission on trades. We have a clear conflict when advising clients to trade in that we benefit, in the form of commission income, from such trades. Given the nature of our business this conflict is unavoidable. Our policy is that we will never consider the potential benefit to Patronus as part of our decision to advise a client to trade. We have implemented compliance review processes that review the levels of commissions paid by each client with a view to monitoring the levels of commission paid by any client and examining any cases where commission levels appear unusual or excessive.

In respect of the managed futures strategy we are remunerated by way of a performance fee. The performance fee aligns Patronus' interests with those of the client. However, this also creates an asymmetric profile which could encourage excessive risk taking. This conflict is managed by:

- i. High Watermark
- ii. Personal Investment in Strategy by the shareholders in Patronus
- iii. Monitoring of return profile and activity relative to market conditions

1. Definitions and interpretations

1. Relationship with GPP

- 1.1 We have entered into an agreement (**GPP Agreement**) with Global Prime Partners Ltd., (**GPP**), under which GPP has agreed to provide clearing and settlement, safe custody and associated services for our clients (**Clients**). GPP may also provide additional services such as investment dealing services as we may from time to time agree with GPP. The GPP Agreement covers us and you as one of our Clients. When you become a Client, by signing our Application Form, you will also accept and be bound by the terms of the GPP Agreement. It is important for you to understand that this means you will be both our client and also a customer of GPP for settlement and safe custody purposes.
- 1.2 So that you understand your rights and obligations under the GPP Agreement we have summarised the main terms below. If there is anything that you do not understand you should ask us for an explanation before you sign our Application Form.
- 1.3 GPP, with company number 06962351, has its registered office at 101 Wigmore Street, London, W1U 1QU. GPP is authorised and regulated by the Financial Conduct Authority (FCA) which is at 25, The North Colonnade, Canary Wharf, London E14 5HS.
- 1.4 In consideration of GPP making their services available to you, you agree that:
- 1.4.1 we are authorised to enter into the Agreement on your behalf as your agent;
- 1.4.2 you are bound by the terms of the GPP Agreement as summarised in this Appendix and acknowledge that the GPP Agreement constitutes a contract between you and us and also between you and GPP;
- 1.4.3 we are authorised to give instructions to GPP on your behalf (as provided for in our terms of business (Terms) and the GPP Agreement) and to provide information concerning you to GPP and GPP shall be entitled to rely on any such instructions or information without further enquiry;
- 1.4.4 GPP is authorised to hold cash and Investments on your behalf and is authorised to transfer cash or Investments from your account to meet your settlement or other obligations to GPP.
- 1.5 GPP will not provide you with investment advice nor give you advice or offer any opinion regarding the suitability or appropriateness (as appropriate) of any transaction or order and relies on information provided to it by us in respect of all such matters. In the same way we are not responsible for GPP's actions, omissions or any obligation they may owe you under the FCA Rules or the regulatory system.

2. Communication and Instructions

- 2.1 GPP shall only accept instructions concerning your account(s) from us and not directly from you. GPP shall be entitled to rely upon and act in accordance with any instruction which GPP reasonably believes to have been given by us. GPP will not be responsible for any delays or inaccuracies in the transmission of any instructions or other information due to any cause outside GPP's reasonable control.
- 2.2 GPP may, in its absolute discretion, refuse to accept any order or other instruction for your account(s).
- 2.3 You should direct all enquiries regarding your account to us and not to GPP.
- 2.4 Any communications (whether written, oral, electronic or otherwise) between you, us and/or GPP shall be in English.

3. Custody

- 3.1 GPP will register your Investments either:
- 3.1.1 in an account designated with your name, if this has been requested by us; or
 - 3.1.2 in the name of our nominee (Global Prime Partners Nominees Ltd).
- 3.2 All Investments held in custody will be pooled and allocated between Clients in accordance with the FCA Rules in particular the FCA custody rules. Accordingly, individual entitlements may not be identifiable by separate certificates, documents of title or entries on the issuers register. **In the event of an irreconcilable shortfall following a default by any custodian or any third party holding or delivering your Investments, you may not receive your full entitlement to your Investments and you may share in any shortfall on a pro rata basis with other Clients.**
- 3.3 GPP will be responsible for receiving and claiming dividends and interest payments to be credited to you. GPP will also credit any trail, renewal or similar commission it receives for your account. All dividends, interest and commission credited to your account or paid to you will be net of any withholding tax and other deductions required to be made by GPP and/or the payee in accordance with applicable legal or regulatory requirements. GPP will provide details of all such deductions required to be made by it and will pass on such information in relation to such deductions by others as it may receive. We will be responsible for any costs and expenses GPP may incur in receiving and claiming dividends, interest payments and commission. GPP, its nominee and any relevant custodian will not be responsible for reclaiming any withholding tax and other deductions but nonetheless may do so.
- 3.4 GPP shall not be responsible for informing us of any Corporate Actions or events concerning Investments held in custody including take-over offers, capital reorganisations, company meetings, conversion or subscription rights but will nevertheless do so, so far as reasonably practicable. GPP will take up or participate in such events as instructed by us provided that such instructions are received within such time as GPP may stipulate. All entitlements relating to Corporate Actions in connection with investments held in pooled accounts will be allocated as far as is reasonably possible on a pro-rata basis, however, GPP may if this is not possible adjust the allocation of entitlements in such a way as appears to them to achieve a fair treatment for all participants in the pool.
- 3.5 GPP may appoint agents, nominees and custodians (whether in the United Kingdom or overseas), to hold Investments held in custody. GPP may also appoint sub-custodians (including sub-custodians overseas) being qualifying custodians for the purposes of the FCA Rules, to hold Investments for your account or us (as the case may be) on such terms as GPP considers appropriate.
- 3.6 GPP will exercise all due skill, care and diligence in the selection of agents, nominees and custodians and before nominating a custodian it will undertake a risk assessment of that custodian in accordance with the FCA Rules. GPP may from time to time notify us of its arrangements for holding securities in its own name or the name of its nominees and, **by accepting the terms of the GPP Agreement, you agree that any such arrangements as so notified shall be binding on you.**
- 3.7 GPP will be responsible for the acts and omissions of any nominee, wholly owned or controlled by GPP, however, **in the absence of fraud or wilful default, GPP shall not be responsible for the default of any agents, other nominees and custodians, securities depository, intermediate broker, clearing or settlement system or participant in such a system.**

- 3.8 **In the case of any Investments held overseas there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the United Kingdom and there may be different practices for the separate identification of Investments.**

4. Client Money

- 4.1 Any identifiable money (in any currency) received by GPP for the account of any Client (**Client Money**) will be received and held by GPP in accordance with the FCA Rules, in particular the FCA client money rules. Your Client Money will (unless we instruct GPP to pay such money into an individual client account) be pooled with Client Money belonging to our other Clients and will be held in an omnibus Client Money account with a bank, appointed by GPP in accordance with the FCA Rules (**Approved Bank**).
- 4.2 In the event of an irreconcilable shortfall in the omnibus Client Money account following a default of an Approved Bank or any third party holding money Client Money (such as a clearing house, settlement or money transfer system) **you may not receive your full entitlement and may share in any shortfall on a pro rata basis with other affected Clients.**
- 4.3 GPP may, from time to time, hold Client Money in a client bank account with an Approved Bank outside the United Kingdom. In such circumstances, the legal and regulatory regime applying to the Approved Bank with which such money is held will be different from that of the United Kingdom and, in the event of a default of the Approved Bank, such money may be treated differently from the position that would apply if the money was held by an approved bank in the United Kingdom and **the rights and protections under the FCA Rules will not be available to you in respect of these overseas Approved Banks.**
- 4.4 GPP may pay interest on Client Money at such rate as it may specify and interest will be credited pro-rata to each individual client.
- 4.5 GPP reserves a right to retain all cash, Investments or other assets of any description paid or delivered (or which are due to be paid or delivered) to GPP for your account.

5. Security

- 5.1 As security for the payment of all sums due to GPP from you, you agree to grant GPP:
- 5.1.1 a first fixed legal charge over all Investments held for your account in respect of which legal title has been transferred to GPP, its agents, nominees and custodians;
 - 5.1.2 a first fixed equitable charge over all certificates or documents of title relating to Investments held for your account by or to the order of GPP;
 - 5.1.3 a first fixed charge over your rights in respect of any Investments which are held by GPP (or to its order) for your account;
 - 5.1.3 a pledge, lien and right of set-off over and in respect of, all and any Investments, documents of title to property, documents representing property and all money, Investments and other assets of any nature held by or subject to the control of GPP (its nominees and custodians) for your account (including, without limitation, the benefit of all rights and obligations and any proceeds of sale), (together, the "**Charges**").

Appendix 4 - Summary of Terms of the GPP Agreement

- 5.2 By granting the Charges to GPP, you agree that GPP shall have all of the rights of a secured party with respect to any money or other assets charged to it and you confirm that you will, at the request of GPP, take such action as may be required by GPP to enable them to enforce the Charges.
- 5.3 You represent and warrant to GPP that:
- 5.3.1 you are the sole and beneficial owner of all money, Investments or other assets of any nature transferred to or held by GPP, their nominees and custodians; or
- 5.3.2 the legal and beneficial owner unconditionally consents to the transfer to and holding by GPP, their nominees or custodians, the money, Investments or other assets. Any money, Investments or other assets of any nature transferred to or held by GPP, their nominees or custodians will be free and clear of any lien, charge or other encumbrance and that you will not charge, assign or otherwise dispose of or create any interest in the same.
- 5.4 If you fail to comply with any of your obligations to GPP, GPP may enforce the Charges. GPP may without prior notice to you or us, sell, charge, pledge, deposit, realise, borrow or otherwise deal, with any Investments or other assets GPP, their nominees and custodians are holding for your account on any terms it considers appropriate. GPP will use the proceeds of any sale or realisation of such Investments or other assets and any moneys from time to time deposited with or held by GPP their nominees and custodians for you under this Agreement, towards the satisfaction of your liabilities to GPP.
- 5.5 If GPP is required to enforce the Charges and provided GPP has acted reasonably, GPP shall have no liability to you for any cost, loss, liability and expense, including without limit any loss of profit or loss of opportunity incurred or suffered by you as a consequence.
- 5.6 In enforcing the Charges, GPP is authorised to convert any foreign exchange currency balances into GBP and/or combine your accounts (if you have more than one at GPP), as GPP may, in its absolute discretion, determine.
- 5.7 We are not obliged to enquire as to the validity of any actions by GPP under Clause 5 of this Appendix.

6. Liability

- 6.1 Neither GPP, nor any of its directors, employees or agents, shall be liable for any loss or damage sustained by you as a direct or indirect result of the provision by GPP of its services, save that nothing in the terms set out in this Appendix exclude or restrict any liability of GPP resulting from:
- 6.1.1 death or personal injury;
- 6.1.2 breach of any obligation owed to you under the regulatory system; or
- 6.1.3 the negligence, fraud or wilful default of GPP.
- 6.2 GPP shall not in any event be liable for loss of profits, loss of opportunity, loss of business, loss of savings, loss of goodwill, claims by third parties, loss of anticipated savings (whether direct or indirect) or for any type of special, direct, indirect or consequential loss howsoever caused, even if caused by GPP negligence and/or breach of contract and even if such loss was reasonably foreseeable or GPP had been advised of the possibility of the Client incurring the same.

7. Conflicts of Interest

- 7.1 GPP or its associates may provide services or enter into bargains in relation to which GPP, or its associates, has, 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. GPP or any of its associates may, for example:
- 7.1.1 be the Client to a transaction that is executed by GPP (whether or not involving a mark-up or a mark-down by GPP or its associates);
 - 7.1.2 be the financial adviser to the issuer of the investment to which any instructions relate;
 - 7.1.3 have a (long or a short) position in the investments to which any instructions relate; or
 - 7.1.4 be connected to the issuer of the investment to which any instructions relate.
- 7.2 GPP may receive remuneration from fund managers in connection with GPP providing services to them. These payments are calculated by reference to the value of assets that GPP holds in custody for its customers.
- 7.3 GPP has adopted conflict of interest policies in accordance with the FCA's requirement for authorised firms to pay due regard to the interests of their customers, treat them fairly and manage conflicts of interest fairly, both between themselves and their customers and between different customers.
- 7.4 You acknowledge that neither GPP nor any of its associates is required to disclose or account to you for any profit made as a result of acting in any manner described above.

8. Complaints

- 8.1 In the event of any complaint regarding GPP's services you should contact the Head of Compliance (compliance@globalprimepartners.com) of GPP.
- 8.2 The Head of Compliance will, as soon as is practicable, investigate the matter with any employees who may be directly concerned to determine the appropriate course of action. After investigating the Head of Compliance will write to the complainant detailing the results of the investigation and offering, where appropriate, redress.
- 8.3 GPP will consider a complaint to be closed in any of the following circumstances:
- 8.3.1 If at any time a complainant has accepted in writing an offer of redress or has written to GPP confirming that he/she is satisfied with GPP's response to the complaint (or simply confirms in writing that he/she wishes to withdraw the complaint). The Head of Compliance will write to the complainant acknowledging receipt, making redress (if appropriate) and confirming that the complaint has been closed; or
 - 8.3.2 If the complainant has not replied to an initial or interim letter offering redress having been invited to do so within eight (8) weeks of the date of the letter.

9. Investor Compensation

GPP is covered by the UK Financial Services Compensation Scheme. Depending on the type of business and your circumstances, compensation, may be available from that scheme if GPP cannot meet its obligations to you. Most types of investment business are covered for up to £50,000 per eligible investor. Further information about compensation arrangements is available from the Financial Services Compensation Scheme., www.fscs.org.uk

10. Amendment

You agree that GPP has the right under the GPP Agreement to alter these Terms at any time, upon giving prior notice to us unless it is impracticable in the circumstances to give such notice. We are unable to influence any such amendments.

11. General

- 11.1 GPP's obligations to you shall be limited to those set out in these Terms and GPP shall, in particular, not owe any wider duties of a fiduciary nature to you.
- 11.2 No third party shall be entitled to enforce these Terms in any circumstances.
- 11.3 Any failure by GPP (whether continued or not) to insist upon strict compliance with any of the Terms set out this Appendix shall not constitute nor be deemed to constitute a waiver by GPP of any of its rights or remedies.
- 11.4 The terms of the GPP Agreement shall be governed by English law and by accepting them you submit to the non-exclusive jurisdiction of the courts of England.