

## CLIENT AGREEMENT

1. This is our standard client agreement upon which we intend to rely. It explains the services you are being offered, the manner in which these services will be carried out and our costs. For your own benefit and protection you should read these terms carefully. If you do not understand any point please ask for further information.
2. The provisions of this Client Agreement will take effect immediately that they are provided to you and will continue in force until they are cancelled by you or us, or they are replaced by an updated Client Agreement.

### **Our Status**

3. We are authorised and regulated by the Financial Services Authority ("FSA") as Independent Financial Advisers. The FSA is the independent watchdog that regulates financial services. We are listed on the FSA register and our Registration Number is 452261. You can check this, and our address, on the FSA's Register by visiting the FSA's website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 606 1234.
4. The FSA can also be contacted at the following address: 25 The North Colonnade, Canary Wharf, London, E14 5HS.

### **Your Investment Objectives**

5. Before we provide any advisory or discretionary management services to you, we will carry out an investment fact find and your objectives will be agreed. Where any recommendations are presented to you, these will be reconfirmed in a subsequent Suitability Report.

### **Our Services**

6. There are normally no restrictions relating to the advice we may give you concerning the types of investment or markets in which you may wish to invest. Where you confirm that you wish us to impose such restrictions, details of any restrictions will be confirmed to you within a personalised Suitability Report.
7. We will advise you on life assurance, pensions, investments and pure protection contracts from the whole of the market and carry out any investment instructions you give us to effect such contracts. Where we deem it appropriate to meet your objectives, our services may include advice on investment in units in unregulated collective investment schemes.
8. In undertaking these services for you we will rely upon the information you provide to us.
9. We have classified you as a "retail client". This means that you are afforded the greatest level of protection available under the Financial Services and Markets Act (FSMA). You have the right to request a different categorisation; however this may

result in the loss of some of the protections available under the FSMA such as the right to refer complaints to the Financial Ombudsman Service and the right to receive specific information in respect of any investments we recommend or arrange on your behalf.

10. Our registered address, and the address from where we will provide our services to you, is shown at the foot of this Client Agreement.
11. Where any recommendation we make, or transaction we undertake for you, results in a right to cancel the policy under certain conditions, we will advise you of these rights. We will also tell you if you do not have a right to cancel the arrangement.

#### **Our Remuneration**

12. In respect of investment business we offer the following payment options :
  - Payment by Fee
13. Our fee options for investment business are covered in Appendix 1 at the end of this client agreement. We will discuss your payment options with you and answer any questions you have. We will not charge you until we have agreed with you how we are to be paid.
14. Any Schedule of Fees we may issue to you will contain details of how payment is to be made and is deemed to form part of these Terms of Business. Notification of any change to the level of fees will be given in writing. These fees may be in addition to any other income received by us in connection with transactions carried out on your behalf and, where appropriate, these and the method of payment will be set out in our Guide to Equilibrium Charges.
15. You should be aware of the possibility that other taxes or costs relating to the services that we provide for you may exist even though they are not paid through us or imposed by us.
16. In respect of insurance business we will agree a fee with you before we arrange any policies for you.

#### **Communicating with You**

17. We will review your investments covered by this Client Agreement, subject to our agreed arrangements with you, at regular intervals from the date of the first investment you make with us. This will be by letter to you with a statement of the current value and our recommendation for any changes or by arranging an interview with you to discuss them. At our discretion and unless we hear from you to the contrary we may telephone you from time to time between the hours of 9am to 9pm without your further prior consent to such contact.
18. We like to keep our customers informed of products and services we offer which may be of interest to them; therefore from time to time we may forward marketing material to you or contact you by telephone.

#### **Conflicts of Interest**

19. When offering independent financial advice occasions can arise where we, or one of our other clients, will have some form of interest in the business that we are transacting for you. If this happens, or we become aware that our interests conflict with your interests, we will inform you in writing and ask for your consent before we carry out your instructions. If we can continue to act for you, we will tell you how we will ensure your interests are protected. On occasion we may have to cease acting for you, but we will help you find advice from elsewhere, if you want us to.

20. We maintain a Conflict of Interest Policy which enables us to identify and manage conflicts and potential conflicts of interest. This policy is designed to ensure that you are provided with an appropriately independent level of service by putting in place appropriate procedures, supervision and monitoring techniques. Further details of the Policy are available upon request.

### **Quality of Service**

21. If you have any complaint about the advice you receive or a product that you have taken out through us please write to the Debbie Jukes, Compliance Officer, Equilibrium Asset Management, Brooke Court, Lower Meadow Road, Handforth Dean, Wilmslow, Cheshire, SK9 3ND, or telephone her on: 0161 486 2250. If, after we have reviewed your complaint you remain dissatisfied, you have the right to refer your complaint to the Financial Ombudsman Service. Copies of our complaints procedures are available on request.

### **Risk Factors**

22. We will notify you separately of any specific risk factors that apply to the service we provide for you, and whether the cost of our service depends on fluctuations in financial markets that are beyond our control. You should be aware that past performance of investments is no indicator of future performance.
23. Before entering into any investment agreement, we will explain the risk, but you must tell us if you do not understand the risk associated with the product or if you do not wish to accept that level of risk.

### **Compensation**

24. If you make a valid claim against us in respect of the investments we arrange for you, and we are unable to meet our liabilities in full, you may be entitled to redress from the Financial Services Compensation Scheme. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered up to a maximum limit of £50,000. Pure protection and private medical insurance contracts are covered for 90% of the claim, without any upper limit. Further information about compensation arrangements is available from the Financial Services Compensation Scheme.

### **Instructions**

25. We require our clients to give us instructions in writing. We will accept oral instructions at our discretion, which must be confirmed in writing. We can refuse your instructions at our discretion.

### **Money Laundering**

26. Where we are required to verify your identity in accordance with the FSA rules, no investment will be made until such verification has been obtained. If the required verification is not forthcoming within a reasonable period we will not arrange any investment for you.
27. We may use and search the records of credit reference or fraud prevention agencies to check your identity to satisfy the requirements of the UK Money Laundering Regulations 2007, the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Anti-terrorism, Crime and Security Act 2001 and FSA rules. Such searches will not affect your credit rating. Where such searches prove unsatisfactory for this

purpose, we may ask you to supply at least one document to verify your identity and / or address.

### **Documentation**

28. All investments will be registered in your name unless otherwise agreed in writing. Unless you instruct us in writing to the contrary, we will forward to you all contract notes and documents showing ownership of your investments as soon as practicable after we receive them. Where a number of contract notes and documents of title are involved we will await arrival of all of them before sending them to you. Where a policy for a pure protection or private medical insurance contract is received, this will be checked immediately and forwarded to you promptly.

### **Your Money**

29. We are not authorised to handle client money. We cannot accept cash or cheques payable to ourselves other than for fees. All cheques for premiums or investment monies can only be made payable directly to the product provider.
30. No premiums or investment monies of any kind should be paid or made payable to anyone else.

### **Personal Information**

31. Equilibrium Asset Management LLP will observe the Data Protection Act in full. We maintain a Data Protection Policy reflecting the principles of 'good data handling'. This policy is subject to frequent reviews to ensure the continued protection of your information held on our records.
32. Personal information provided may be maintained on computer records and will not be disclosed to other parties except other businesses within the same group, representatives of our compliance advisers, our auditors, and any organisation requiring access to such information for regulatory purposes only, or any person having a legal entitlement to access.
33. All cheques, documents of title, etc, may be sent by post to your last known address and shall be sent at your own risk. The Recorded Delivery service will not normally be used.

### **Future Changes**

34. In accepting this Client Agreement, you agree that we may change the future content without receiving your prior consent to do so, but we will not conduct any investment business for you following any change unless we have given you at least 10 business days notice, unless it is impractical to do so.

### **Cancellation**

35. This Client Agreement may only be cancelled and our authority to act on your behalf may only be terminated in writing, at any time, without penalty, by either party and with immediate effect without prejudice to the completion of transactions initiated prior to receipt of such notice. Other than as stated in this paragraph, there are no cancellation rights that apply to this Client Agreement.
36. Any business currently being transacted will be completed unless we receive your instructions to the contrary. Any fees outstanding at the date of termination will be due within four weeks of the termination date.

**Law**

37. English law will be the basis of this contract and the language in which this contract will be interpreted, and in which all communications will be conducted, will be English.
38. The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Client Agreement.

**Registered Office**

Our registered office is: Brooke Court, Lower Meadow Road, Handforth Dean, Wilmslow, Cheshire, SK9 3ND.

## **APPENDIX 1**

### **Our Remuneration – Investment Business**

As explained in the client agreement (point 12) above, we offer our clients the following payment options in respect of investment business:

- Payment by Fee

These options are explained in more detail below:

#### **Paying by Fee**

If you choose to pay by fee, you will be charged a fee for our advice and services whether you buy a product or not. This fee will become payable on completion of our work. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could reduce our fee; or reduce your product charges; or increase your investment amount; or refund the commission to you.

#### **Initial Charge**

Our initial charge is based on the value of your assets which we agree that we are able to manage, influence and add value to. It covers the cost of our detailed financial planning review and implementation actions, and is therefore due regardless of whether we recommend an immediate transfer of your investments to a different product provider, or a more incremental approach.

<u>Portfolio Values</u>	<u>Initial Charge</u>
Up to £1m	3% - first £100,000 (minimum £50,000 portfolio value applies) 2% - next £150,000 1% - on assets above £250,000 (Maximum £10,000 charge applies on portfolio values up to £1m)
£1m to £3m	0 – 1% depending upon complexity of existing portfolio
£3m+	Nil

#### **Example –**

<u>Portfolio Size</u>	<u>Initial Charge</u>	<u>Indicative Cost</u>
£100,000	3.0%	£3,000
£250,000	2.4%	£6,000
£500,000	1.7%	£8,500
£750,000	Maximum £10,000	£10,000
£1,000,000	1.0%	£10,000

## Ongoing Charges

<u>Portfolio Values</u>	<u>Ongoing Charge</u>
Up to £1m	1.5% per annum (minimum of £750 and maximum of £10,000)
£1m to £3m	1% per annum
£3m+	1% - first £3m 0.5% - next £3m i.e. £3-£6m 0.25% - next £4m i.e. £6-10m 0.20% - next £5m i.e. £10-15m 0.15% - next £5m i.e. £15-20m By negotiation for portfolios in excess of £20m

### **Example**

<u>Portfolio Size</u>	<u>Ongoing Charge</u>	<u>Indicative Cost</u>
£200,000	1.5%	£3,000
£1,500,000	1%	£15,000
£4,500,000	0.83%	£37,500

The above charges are the only fees that will be due to us for the services that we provide.

## Scope of Services

The above charges relate to our full service offering, which includes comprehensive lifetime financial planning, tax planning, discretionary portfolio management to the extent agreed, and all related administration.

If you require a more limited asset management service we will be happy to quote a reduced fee upon request.

## Our Promise to You

Five guiding principles define our approach to charges:

1. No Bias: at Equilibrium we want to be paid for managing your money, not moving it around. Our ongoing fees are therefore based upon a percentage of your portfolio value, rather than transaction-based commission, and a single fee covers all aspects of our service. As a result you can be confident that when we make a recommendation to change funds, stocks or providers, this is with the sole aim of improving your portfolio
2. Transparency: at each annual review meeting we will provide you with a detailed schedule of the fees we have received and commissions we have been paid during the year. All commission received by us will be returned to you or offset against your fees.
3. Added Value: we believe that fees should be justified by the results achieved. At each annual review meeting we will explicitly seek to demonstrate the ways in which we have enhanced your investment portfolio in both good and bad years.
4. Control: we have confidence in the quality of our advice and the value that we add, but we believe that it is critical that you share our confidence. Therefore at

each annual review meeting we will ask you to confirm that we may retain the fees that we have charged during the year. You will always be entitled to a refund of the year's fees if you are unhappy with any aspect of our service.

5. Consistently fair: we will be consistent with our fees; we will not offer a discount to one client that we would not be prepared to offer to every other client. Therefore you can always be sure that you are being treated fairly and paying no more or less than any other client for our services.

### **Your Promise to Us**

On becoming a client, we ask for your commitment in notifying us as soon as possible of any issues you might have with any aspect of our service and allow us the opportunity to rectify the problem. If, having done this, you are still not satisfied by the time of your next annual review, we will be happy to refund any fees that you have paid during that year.