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## Part (a) Ascentric Discretionary Investment Management Agreement

*This Agreement contains important information about the services that Cheviot Asset Management Limited (Cheviot) will provide to you. They affect your legal position and you should read them carefully. If you have any questions, please contact your Independent Financial Adviser (Adviser). You and your Adviser are requested to sign and return a copy of this Application Form that accompanies and forms part of this Agreement.*

*By signing this Application Form, you will be accepting our terms and conditions. Please note that we are providing the Discretionary Investment Management Service to you as a Private Customer as defined under the rules of our regulator, the Financial Services Authority. This means that you are entitled to the protections afforded to Private Customers under the Financial Services and Markets Act 2000.*

*All communication between you and Cheviot should be via your Adviser unless you have expressed a direct wish to be able to contact Cheviot directly.*

Cheviot Asset Management Limited is authorised and regulated by the Financial Services Authority and is a member firm of the London Stock Exchange.  
Registered in England Number 1754391. Registered Office: 90 Long Acre, London WC2E 9RA

### COMMENCEMENT

This Agreement will commence when we have received the completed Application Form signed by you AND your Adviser.

### 1. REGULATION

Cheviot Asset Management Limited is authorised and regulated by the Financial Services Authority (FSA).

### 2. SERVICES

We will provide a discretionary investment management service in the following types of investments, unless they are unavailable on the Ascentric platform.

- (i) Shares in British or foreign quoted companies.
- (ii) Debenture stock; loan stock; bonds; certificates of deposit; commercial paper; or other debt instruments, including government, public agency, municipal and corporate issues.
- (iii) Unit trusts, mutual funds and similar collective investment schemes in the United Kingdom or elsewhere.
- (iv) Warrants to subscribe to (i) and (ii) above.
- (v) Depository receipts or other types of instrument relating to investments under (i), (ii) and (iii) above.
- (vi) Derivatives in respect of (i), (ii) or (iii) above provided that the transaction has no contingent liability.

We will not, however, provide services in respect of (iv) and (vi) unless and until we have provided you with an appropriate risk warning as to those investments and you have signed and returned a copy of the warning.

We will have full discretion without reference to you or your Adviser to enter into transactions for your account provided that they conform to your investment objectives and do not breach any restrictions you have imposed.

### 3. INVESTMENT OBJECTIVES AND RESTRICTIONS

Your investment objectives must be set out in this Application Form in both Part (a) and Part (b) which must be completed and signed by you and your Adviser before we can provide our service. This Application Form also contains details of any types of or particular investments in which you are not prepared to invest, and any markets on which you are not prepared to invest. We must also be advised of any limit imposed on the amount of any one transaction or a series of related transactions; or the absolute value of any one investment held in your portfolio; or the percentage value that one investment or class of investments may form of your portfolio. In the absence of any such instructions, it is accepted that no such restrictions have been imposed.

You may amend your investment objectives and/or restrictions by providing your Adviser with written notice of such amendments. The Adviser agrees to advise us of material changes to the information provided to us concerning your personal and financial circumstances which might reasonably be considered to affect our assessment of the suitability of investments held by, or to be purchased for, you.

Incomplete or insufficient personal and/or financial information may affect the quality of the service or services we can provide and in certain circumstances, may delay the commencement of that service or those services.

#### 4. INVESTMENT PROCESS

We accept responsibility for exercising discretion over the management of your investments. You understand that each portfolio is entrusted to Cheviot and is managed on an individual basis. We will select such investments for inclusion in the portfolio as we consider appropriate. The selection of an investment for one portfolio or the portfolio of another client does not indicate that we consider the investment suitable for all of our clients including you or (in the case of more than one portfolio) each portfolio relating to you. Any performance level or benchmark which we may use as a measure of performance in relation to any particular portfolio is set only as a non-binding indication of Cheviot's performance and is not a representation or warranty that the performance level or benchmark selected will be achieved.

#### 5. NON-READILY REALISABLE INVESTMENTS AND PENNY SHARES

Unless you or your Adviser instruct us in writing to the contrary, we may via your Adviser give you advice about, and enter into transactions on your behalf, in non-readily realisable investments and penny shares.

In respect of non-readily realisable investments, there is a restricted market for such investments and it may therefore be difficult to deal in them or obtain reliable information about their value.

A penny share is a readily realisable security in relation to which the bid-offer spread is 10 per cent or more of the offer price, but not (a) a government and public security; or (b) a share in a company quoted on The Financial Times Stock Exchange 100 Index; or (c) a security issued by a company which, at the time that the firm deals or recommends to the client to deal in the investment, has a market capitalisation of £100 million or more (or its equivalent in any other currency at the relevant time).

You are advised that there is an extra risk of losing money when shares are bought in some smaller companies including penny shares. There can be a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may receive less than you paid for them and the price may change quickly and, like most investments, it may go down as well as up.

#### 6. INVESTMENT COMPANIES

Unless you or your Adviser instructs us to the contrary, we may undertake on your behalf, the purchase of securities forming part of investment companies (including investment trusts) that may use gearing as an investment strategy. The term 'gearing' describes the level of a company's debt compared with its equity capital and is usually expressed as a percentage. For example, a company with gearing of 60 percent has levels of debt that are 60 per cent of its equity capital.

In considering our actions on your behalf, in relation to such securities you should be mindful that:

- (i) movements in the price of such securities may be more volatile than those in underlying investments;
- (ii) such securities and the underlying investments may be subject to sudden and large falls in value; and
- (iii) you may get back nothing at all if there is a sufficiently large fall in the value of such securities.

#### 7. UNIT TRUSTS AND OTHER COLLECTIVE INVESTMENT SCHEMES AND PACKAGED PRODUCTS

When we deal for you in packaged products (unit trusts or open ended investment companies), we are not restricted to the products of any one product provider or marketing group and accordingly we will deal on an independent basis and will take account of the products of different companies.

In providing this service, we may buy or sell units or shares on your behalf in a product where we, or a connected or associated company,

are the trustee or operator (or investment adviser to the trustee or operator) of the scheme. When we purchase units for you or on your behalf in a unit trust or other packaged products, you will not have the right to cancel the transaction. Similarly, in the case of purchases of non-packaged products for PEPs and ISAs, you will not have the right to withdraw from the transaction under the cancellation rights that would apply had you bought them directly.

You agree that we are not required to provide you with key features in relation to packaged products.

We may deal for you in units in unregulated collective investment schemes but only enter into such schemes where we deem them suitable to your circumstances and subject to your written Agreement to the risks involved.

#### 8. COMMUNICATIONS AND INSTRUCTIONS

Communications between us and your Adviser, may be by letter, facsimile transmission, e-mail, or by telephone or other verbal communication with our authorised personnel and you hereby consent to such forms of communication. However, you and your Adviser accept that we will not be responsible for any delay in responding to instructions via e-mail or facsimile and you and your Adviser agree to indemnify us for any losses we incur as a result of reliance on such instructions. We may in good faith rely upon, and you and your Adviser will be bound by, any instruction which purports to be, or originates from, a person authorised by you to give such instructions.

All written communications from us to you will be sent via your Adviser to the address held on our records in accordance with this Agreement.

It is the obligation of either you or your Adviser to let us know should either you or your Adviser's postal address change and we accept no liability as a result of any failure on your part to notify us of any change. Telephone conversations between us may be tape-recorded and such records are and will remain our sole property and will be conclusive evidence of any orders or instructions given by you or your Adviser. We may at any time and without liability on our part refuse to act upon, execute or otherwise implement any instruction or request without giving any reason, provided that such refusal is notified to your Adviser.

We will not be responsible for sending confirmation of any transactions executed on your behalf. Confirmations of any transaction executed on your behalf will be sent by Ascentric. We will not accept instructions relating to the movement of your money. All money and/or asset transfer requests must be sent to Ascentric in accordance with Ascentric's terms of business.

#### 9. EXECUTION-ONLY ARRANGEMENTS

From time-to-time, you may wish to give us specific instructions via your Adviser to buy or sell an investment without seeking our advice. You should note that, in these circumstances, we will not advise you about the merits of a particular transaction if we reasonably believe that, when you give the order for the transaction, you are not expecting such advice and are dealing on an execution-only basis. In such circumstances, we will inform you or your Adviser at the time that your order has been accepted, and is to be executed, on that basis or in the confirmation for the transaction. It will be your responsibility to monitor such investments on an on-going basis.

We will not knowingly execute a transaction that would result in you having a short position; however, any losses or costs arising from any short position you hold will not be our responsibility. A short position arises where you have sold an investment that you do not already own or sold more shares or units in an investment than you own.

We have strict policies that, under no circumstances, will we accept stop loss orders; and limit orders will only be accepted from clients who we, in our absolute discretion, have explicitly agreed in writing, may give us such instructions. Where we have so agreed, such limit orders will only be accepted on a "good for the day" basis, unless otherwise explicitly agreed in writing with us.

Without prejudice to the generality of this term, you should be aware

that we may refuse to execute transactions if, by doing so, you would exceed any credit limit which we, in our absolute discretion, have set for your account.

## 10. CONFLICTS OF INTEREST

Your attention is drawn to the fact that, when we deal for you in the exercise of the discretion given to us or give you investment advice, we or an associated company or some other person connected with us may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned.

When we recommend a transaction to you or enter into a transaction for you, we, or one of our associated companies, could be:

- (i) dealing as a principal for its own account in the securities in question; or
- (ii) matching your transaction with that of another customer by acting on his behalf as well as yours; or
- (iii) sponsoring or underwriting a new issue or rights issue of the investment or involved in a similar transaction for the company whose securities we are recommending or dealing in for you; or
- (iv) holding a position in the relevant investment.

However, our employees are required to comply with a policy of independence and disregard any such interest when making recommendations to you.

## 11. UNSOLICITED CALLS

We shall only contact you directly if for a prolonged period of time, considered in this Agreement to be five working days, we are unable to make contact with your Adviser.

## 12. JOINT ACCOUNTS

You accept that, in the event an account is held in joint names, then each account holder is jointly and severally liable.

We may assume instructions received from one holder of a joint account or one trustee or one director, or one partner will be given on behalf of, and with knowledge of, all holders or trustees or directors or partners. Any action we take regarding such instruction will be binding on you.

In the event of the death of a party to a joint account, please inform us immediately. All property will be held for joint account holders as joint tenants and the assets will be owned jointly without any distinction between them regarding share ownership. On the death of one of the joint tenants, the holdings in the account pass to the remaining joint tenant(s) who, if a sole survivor, becomes automatically the sole owner of the assets.

## 13. THIRD PARTY RIGHTS AND ASSIGNMENTS

Your acceptance of these terms is personal to you and your personal representatives and your rights and obligations may not be transferred or assigned to any third party without our prior written Agreement.

This Agreement is intended to confer benefits and rights on you and your successors and assigns having regard to the provisions of the Contracts (Rights of Third Parties) Act 1999. It is not intended to confer any enforceable rights on spouses, siblings or other family members unless those rights arise under this Agreement as a matter of law to an individual as successor or assignee.

## 14. COMPLAINTS

Should you wish to complain about the services we provide to you, you should in the first instance write directly to our Compliance Officer at the address shown on page 1. If, after we have had a reasonable opportunity to deal with the complaint, you remain dissatisfied, you have the right to refer the complaint to the Financial

Ombudsman Service. This right and other regulatory requirements for the handling of complaints from clients is included in our written procedures, a copy of which will be provided to you if and when you first complain about our service or, in other circumstances, at your request.

## 15. CHANGES AND NOTICES

This Agreement will apply to any of your successors, personal representatives or permitted assignees. We may amend or modify this Agreement by giving your Adviser written notice of the relevant changes. Such changes will become effective on a date to be specified in the notice which will not be less than ten days from the date on which the notice was sent to your Adviser. You may only amend or vary this Agreement with the written consent of our Compliance Officer.

Our registered address is given on page 1 and notices may be sent to us at that address. We will send notices to your Adviser at the last address your Adviser supplied to us for correspondence or to your Adviser's registered address. Notice sent to your Adviser will be deemed as notice to you.

## 16. CONSENT

There are certain responsibilities under money laundering legislation and taxation treaties to verify the identity of clients; by signing this Agreement your Adviser confirms that these responsibilities have been carried out and you confirm that all information provided to your Adviser is accurate and that they may transmit such information as they consider necessary to comply with any reporting requirements.

## 17. TERMINATION

Either of us are entitled to terminate this Agreement by giving seven days written notice to the other. Such termination will not affect any legal rights or obligations which may already have arisen. In particular, termination will be without prejudice to the completion of transactions already initiated.

We reserve the right to terminate this Agreement forthwith and without notice if:

- (i) you admit to an inability to pay your debts as they arise or you enter into any scheme or composition with your creditors; or
- (ii) in the case of a company, you file or have filed against you a petition for winding up, pass a resolution for winding up or have a receiver, liquidator, administrator or like officer appointed over all or any part of your assets or undertaking; or
- (iii) in the case of an individual, a bankruptcy petition is presented or a trustee in bankruptcy is appointed or a protection order is made under the Mental Health Act 1983; or
- (iv) in our opinion, you are in material breach of any obligations owed by you under this Agreement or the rules and regulations of any regulatory authority or under applicable law.

Should we lose contact with you and consequent lack of movement on your account for a period of six years or over we will realise the full cash value of your portfolio and will cease to treat it as client money. The assets will remain with Ascentric and become subject to their terms of business.

This is subject to the exhaustion of all reasonable attempts to contact you at your last known address.

## 18. FORCE MAJEURE AND LIABILITY

We will not be liable to you in respect of any action or omission by us arising wholly or partly as a result of an event or state of affairs which was beyond our power to prevent and the effect of which was beyond our power to avoid.

Without prejudice to any liability or obligations under the Financial Services and Markets Act 2000 and/or the rules of the FSA, we will

not be liable for any loss suffered by you in connection with this Agreement and any service performed thereunder, including the giving of instructions to third parties in connection with any transaction entered or to be entered into by you or on your behalf or in connection with any Agreement which we enter into on your behalf, unless it arises from our proven negligence, wilful default or fraud. Except that the loss is due to our proven negligence, wilful default or fraud, you will indemnify us against all costs, losses, claims and expenses which may be incurred or made by us in connection with this Agreement.

### **19. MONEY LAUNDERING REGULATIONS**

With regards to any execution order you should be aware that we are obliged to report suspicious transactions to the authorities and we will not be able to notify you that such a report has been made. We may be obliged to refuse to execute transactions or instructions or operate your account(s). We will not be liable to you or any third party for damage arising from any action we reasonably believe we are required to take or not to take as a result of our legal or regulatory obligations.

### **20. APPLICABLE LAWS, REGULATIONS AND REPORTING**

All investment business undertaken by us is subject to the provisions of the Financial Services and Markets Act 2000 and the rules of the Without prejudice to the foregoing, all transactions will be subject to the laws, rules, regulations and customs of the exchange and/or clearing house in the United Kingdom or overseas on or through which they are executed and the applicable laws of the jurisdiction to which the exchange or clearing house is subject.

You should note that we or our associated companies may be required by law or the rules of the FSA or of other regulatory authorities and exchanges to perform or refrain from certain acts or report or disclose details of transactions effected with or for you or any other matters. You hereby authorise us to do or refrain from such acts and consent to such reporting or disclosure.

### **21. GOVERNING LAW**

This Agreement is governed by and shall be construed in accordance with English law and you hereby irrevocably submit to the non-exclusive jurisdiction of the English Court.

### **22. COMPENSATION SCHEME**

If we are unable to meet our liabilities in full for any valid claims in respect of investment business carried out with or for you, you may be entitled to compensation from the Financial Services Compensation Scheme. Payments under the scheme to clients are limited to 100% of £30,000 and 90% of the next £20,000 of an investor's total investments subject to a maximum payment to anyone investor of £48,000. We will be pleased, on request, to provide you with full details of this cover.

In addition to this cover, we hold professional indemnity insurance. A copy of the certificate is available on request.

### **23. DATA PROTECTION**

The information we hold about you is confidential and will only be disclosed outside in the following circumstances:

- (i) where the law or a regulatory rule permits, or it is in the public interest; or
- (ii) to investigate or prevent fraud or other illegal activity; or
- (iii) be disclosed to third parties for the purpose of initiating and settling transactions carried out by us on your behalf; or
- (iv) be disclosed to a third party who takes over our rights under this Agreement; or
- (v) at your request or with your consent

You consent to the transmittal of your data outside of the European

Economic Area where necessary, for the provision of services to you under this Agreement. You have the right to receive the personal information Cheviot maintains on you. A charge may be levied for this service.

