ALBERT E SHARP

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# NO RISK OF DEFAULT OR INFLATION PORTFOLIO

## 17 November 2011

## Proposal for Risk Rating 1

**Mandate**
Albert E Sharp understands that your client has approximately £250,000 to be invested into a portfolio with no risk of default or risk of inflation eroding the spending power of the assets by purchasing UK index linked government bonds and cash equivalents for the long term (over five years). The portfolio benchmark is FTSE Index Linked Gilt All Stocks Index.

**Portfolio Management**
Albert E Sharp is the trading name of Quotidian Investments, an FSA authorised manager of segregated investment accounts for wealthy individuals, pension funds, charities, trusts and companies. Our goal is to maximise the portfolio value and to protect the assets against inflation, within given constraints. We attempt to minimise the downside risk and reduce the volatility by imposing strict controls on the exposure to individual securities, asset classes and market sectors. We select securities and construct portfolios by employing a disciplined investment process, empowering highly skilled investment managers and using the best available tools in the industry.

**Security**
Client assets are held at an independent third party custodian (TD Waterhouse Corporate Services). TD Waterhouse is the UK leader in providing outsourced settlement and administration services to a wider range of corporate clients including stockbrokers, wealth managers, fund managers and institutions. TD Waterhouse is part of the Toronto-Dominion Bank, Canada's second-largest bank, credit rated by Moody's as "Aaa" (the highest rating) with a market value on the New York and Toronto stock market of approximately USD66 billion. The clients' assets are ring fenced from both Albert E Sharp and TD Waterhouse's balance sheet. In the unlikely event that either company fail all client assets would be safeguarded, unlike a deposit with a bank where the government deposit insurance scheme only covers the first £85,000. Finally, both

companies are regulated and authorised by the Financial Services Authority (FSA) and comply with stringent financial and operating procedures.

**Management Charges**

Albert E Sharp charge a simple management fee based upon the value of the asset class. For equities, commercial property and alternative assets the annual fee is 1.5% of the asset value, for corporate bonds the annual fee is 0.75%, for government bonds the fee is 0.50% and no charge for cash. Management fees are subject to VAT charged at the current rate (20.0%).

Albert E Sharp does not charge trading commission for discretionary managed portfolios. Our management fee aligns our interest to our clients' performance unlike charging trading commission which could create a conflict of interest.

There is an annual performance fee of 10% levied on any returns over 10% (net of fees) in a twelve month period ending 31st December. The return is measured from the higher of any previous year end values or the initial investment. Should the investment drop in value then Albert E Sharp must bring the value back above the previous highest year end value before we can receive a performance fee again (a high water mark). An example of the fee is shown below.

*Example of Performance Fee*

| Examples | A | B | C | D |
|---|---|---|---|---|
| 12 Month Return Net of Fees | 5.0% | 10.0% | 15.0% | 20.0% |
| Return Over 10% Hurdle | 0.0% | 0.0% | 5.0% | 10.0% |
| **Performance Fee (10% of Return Over Hurdle) as % of Portfolio Value** | **0.0%** | **0.0%** | **0.5%** | **1.0%** |

*Summary of Management Charges (plus VAT)*

| Asset Class | Security Type | Management Fee |
|---|---|---|
| Equities | Collectives, ETFs & Stocks | 1.50% |
| Commercial Property | Collectives, REITs & Syndicates | 1.50% |
| Alternative Assets | Derivatives, Hedge Funds & Structured Products | 1.50% |
| Fixed Income | Corporate Bonds | 0.75% |
| Government Bonds | Gilts & Index Linked Gilts | 0.50% |
| Cash | Cash & Money Market Funds | 0.00% |

**Investment Process**

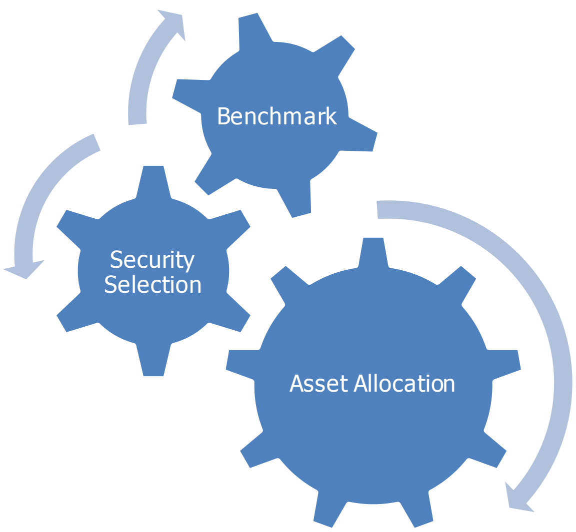
The foundation of our investment philosophy is to understand each client's needs, risk/reward preferences, time horizon and tax position, and to use this understanding to create an individual asset class position for each individual portfolio.

Our investment style is both top-down asset/industry allocation and bottom-up stock selection. We rely predominantly on fundamental analysis although we do utilise technical analysis for short-term timing of investment decisions.

We believe that equity type investments (alternative assets, commercial property and stocks & shares) will reflect economic growth over a long period, and will consequently provide the best long term investment return for those clients able to take a sufficiently long term investment view. Our stock selection philosophy favours companies with solid management, healthy balance sheets, leading market positions, strong cash flows and well positioned brands. These criteria can be met both by leading blue chips and by smaller companies with niche positions, and they are to be found in a range of international equity markets.

Fixed income securities will enjoy some periods of positive price performance, when, for example, interest rates are declining and we will select these during these periods. They can also be used to lower volatility and so provide stability and income to those portfolios where the individual asset class model includes fixed income. Our selection philosophy utilises our view on the development of the yield curve and analysis of the relationships between the various classes of securities, for example government and corporate bonds. For UK based clients we will usually use sterling denominated securities.

Our process begins with the selection of the client's ***benchmark*** to which we apply our ***asset allocation*** model. Once we have determined the exposure to each asset class we implement the ***security selection*** to identify the investments with the highest potential return. In order to control risk and volatility, the exposure to each security is restricted to a limit over the weight in the benchmark.



**Asset Allocation**
Our investment process starts with our view on the outlook for the world economy, which is reassessed continuously and formally reviewed monthly. From this view we formulate our forecasts for the world's security markets and generate our asset allocation policy for those portfolios where holdings of multiple asset classes are appropriate.

**Benchmark**
Each portfolio is allocated a benchmark for risk control and performance measurement purposes. The portfolio benchmark is the FTSE All Index Linked Gilts Index. The current index allocation, minimum and maximum exposures and representative indices (selected by Albert E Sharp) for each component of the benchmark is shown below.

| | FTSE ALL Gilt | Min Weight | Max Weight | Representative Index |
|---|---|---|---|---|
| **Monetary Type Assets** | | | | |
| Index Linked Gilts | 100.0 | 70.0 | 100.0 | FTSE Index Linked Gilts All Stocks |
| Cash | - | 0.0 | 30.0 | 7-Day LIBOR -1% |
| **Monetary Type Assets** | **100.0** | **100.0** | **100.0** | |
| **Total** | **100.0** | | | |

**Historic Performance**
The chart below shows the five year historic percentage change of the FTSE Index Linked Gilt All Stocks Index, the portfolio benchmark.

Source: Bloomberg

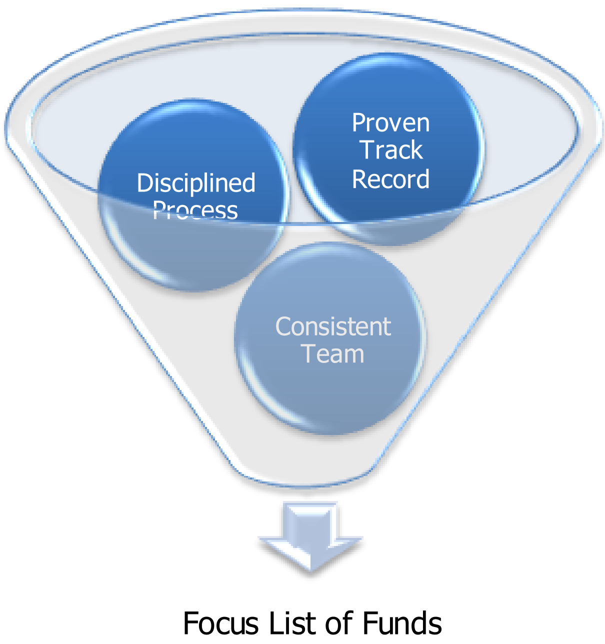
In the Security Selection paragraphs overleaf we discuss the index linked gilt component of the benchmark and the recent investment performance.

**Security Selection**

*Open-Ended Collectives, Investment Trusts & Exchange Traded Funds*

Collectives or funds offer the exposure to a multitude of markets at a relatively attractive price and provide diversification. There are now more collectives in the UK than there are listed companies on the London Stock Exchange. An open-ended fund creates and redeems units, at a price based on the underlying assets, as money flows in or out of the fund. An investment trust is a closed-ended fund in which secondary units trade on an exchange at a market price, which may be at a premium or discount to the underlying asset value. Investment trusts can use leverage and tend to have lower management fees than an open-ended funds. In periods when a market is out of favour, investment trusts tend to trade at a discount to their underlying value and therefore offer better value. An exchange traded fund (ETF) has the advantage of being both open-ended and closed ended and always trade near to parity in the underlying assets. Most ETFs are passive funds and track a particular market index. This reduces the risk of underperformance by the manager although conversely the manager does not have the opportunity to significantly outperform.

Our fund selection process is top-down and starts with our asset allocation to each market segment. We then run the screening processes for each market to determine a universe of funds for further investigation. This universe is re-run on a monthly basis and refined, using our in house systems and external research to the funds that we will hold for our clients' portfolios. We analyse funds by screening for managers with long term consistent out-performance with assets of over £10m. Then we look to understand the managers disciplined investment process to achieve the consistent returns. Finally we look to ensure the stability of the investment team and compliance with the regulatory environment. From our filters we create a focus list of 10-15 funds. The composition of portfolios is formally reviewed monthly.



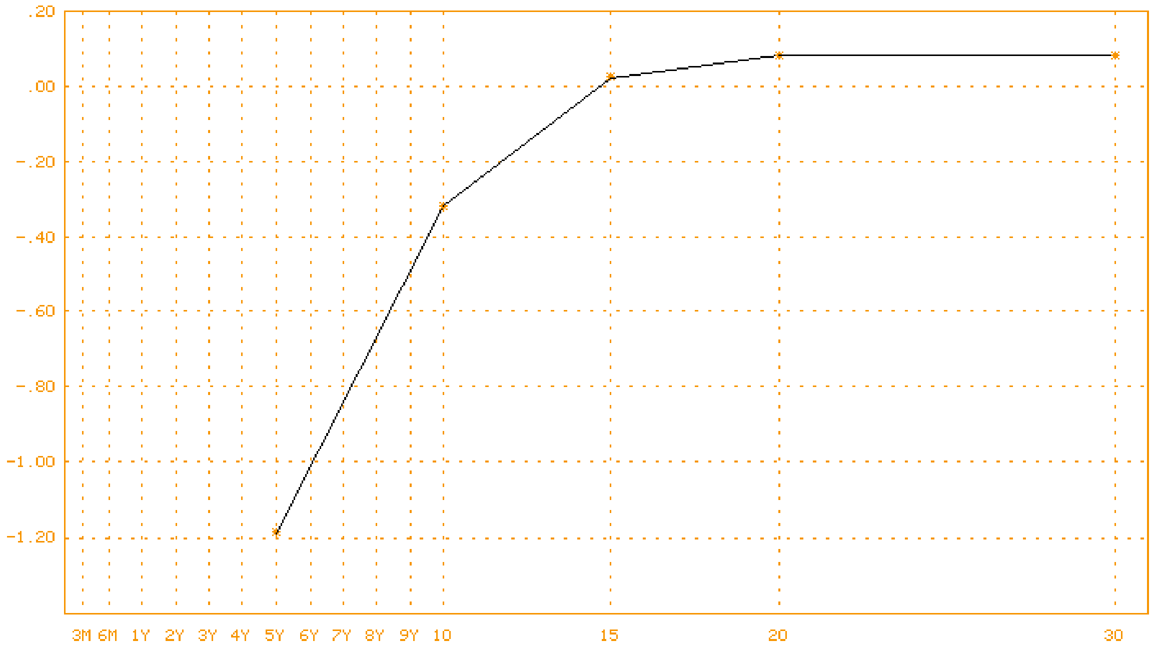
*Index Linked Gilts*

Index linked gilts are loans to the UK government in return for a rate of return above inflation. The bulk of the return is the inflationary element, in the form of capital appreciation which is free of capital gains tax. There is no risk of default on any index linked gilt because they are guaranteed by the UK government. As billions of pounds trade every day in the gilt market, investors can buy or sell gilts without concerns of liquidity. The settlement period is one working day.

The primary return from an index linked gilt is the inflationary gain. These gilts pay a semi annual income (coupon) payment and return the original capital (redemption value) on the maturity (redemption) date. Both the coupon payment and redemption value vary in line with the RPI index (a measure of inflation). The gain in the redemption value is free of capital gains tax. Below is a five year chart of the RPI Index.


Source: Bloomberg

The second part of the return is the real return above inflation. The chart overleaf shows the current real yield (return above inflation) of all index-linked gilts, if held to maturity. The y-axis (vertical axis) shows the real return and the x-axis (horizontal axis) shows the various maturities of gilts, from two to thirty years.




Source: Bloomberg

There are two measures of inflation, Consumer Price Index (CPI) and Retail Price Index (RPI). The CPI index is used by central banks for controlling inflation and the RPI index is used by Debt Management Office to calculate index linked gilt payments. The Bank of England's primary role is monetary stability which means stable prices (low inflation). Stable prices are defined by the Government's inflation target of 2% year on year (as measured by CPI index). Inflation is currently 5.0% year on year as measured by the CPI Index and 5.4% year on year as measured by the RPI Index. We believe there is considerable risk of high inflation over the medium term from a combination of sterling weakness, no further falls in mortgage payments, a large monetary stimulus (low interest rates and quantitative easing) and excessive government borrowing. Therefore index linked gilts are a particularly secure investment.

The chart below shows the historic five year percentage change of index linked gilts (FTSE All Index Linked Gilt Index).


Source: Bloomberg

*Cash*
We hold all of our client cash in nominee bank accounts spread over five different deposit banks. For large deposits or long term cash investments we utilise money market funds. These are funds which invest into short term money market investments to generate a daily return of the prevailing short term interest rate. Some funds have a credit rating of "AAA" due to the low risk nature of the underlying investments.

**Investment Team**
**Bill Roden** has over 18 years of investment management experience and worked for a number of years in the City for AXA, one of the world's largest investment managers. Prior to Albert E Sharp, Bill was the Chief Investment Officer and founder of an investment boutique which he sold prior to the market collapse in 2008. In 2002 he was nominated for Investment Manager of the Year by Investment Week for the performance of a flagship Emerging Market fund. Bill is a Chartered Financial Analyst, the highest industry qualification, and an Associate of the Institute of Investment Management and Research.

**Alan Henson** has over 30 years of investment experience and has been a senior executive for several large city institutions. He qualified as Associate of the Pensions Management Institute in 1979 and as an Associate Member of the London Stock Exchange in 1977. Earlier roles include that of Chief Investment Officer at a subsidiary of ABN-AMRO and senior posts at UK investment institutions including Managing Director of UK Activity for Hill Samuel Investment Management. He won a Micropal Award for the performance of a UK Equity Income Unit Trust. Additionally he served on the National Association of Pension Funds Investment Committee, while managing large UK institutional pension fund portfolios. Alan graduated from the University of Oxford in 1969.

**Rupert Neal** studied economics at the University of East Anglia. He has over 20 years investment experience. He worked for the Rio Tinto pension fund managing UK and US equity portfolios as well as running the direct property assets. He then moved to Britannic Assurance where he managed global equities winning awards for the performance of the unit linked funds under his control. He also has experience working with private clients having spent six years working for firms specialising in that area. He is a member of the Securities Institute and has an MBA from Cranfield School of Management.

**David Richards** graduated from Cardiff University in 2006 with a degree in accountancy and economics. He started his business career with an accountancy firm based in Manchester and for the last two years has focused on developing a career in investment management. He qualified as an Investment Manager in 2008.

**Market Outlook**
In the three months to 31st October 2011 commodities and equities were weak and fixed income securities strong. Oil and Base Metals lost -2.6% and -18.6% in US$ while agricultural commodities returned -5.8% also in US$. The MSCI AC World Index lost -

5.21%, the FTSE All Share Index -4.5% and the MSCI Emerging Markets Index -10.3% all in £ Sterling terms. UK government securities achieved positive returns of +6.1% from conventional gilts and +3.0% from Index Linked Gilts. UK corporate bonds returned +1.5% and the FTSE All Commercial Property Index was slightly negative returning -0.8%.

Equity markets fell over the quarter for four reasons, the Eurozone's sovereign debt situation, the US sovereign debt situation, a slowdown in the growth of the world's developed economies and worries about the pace of growth in China.

The Eurozone sovereign debt issue centred around the provision of bail-out funds for Greece and the threat that the funding difficulties of the smaller peripheral economies, Greece Ireland and Portugal, would spread to Spain and Italy.

Near the end of the period on the 27th October the leaders of the Eurozone governments announced plans to increase the effective capacity of the European Financial Stability Facility (EFSF) to over 1 trillion Euros to recapitalise European banks and effect a 50% write off of Greek debt held by banks. The effect of the announcement was quickly eclipsed by the news on the 31st of October that Greece would hold a referendum on the acceptance of the terms of the bailout. By November 4th the referendum plan was withdrawn and by November 6th the Greek prime minister had agreed to resign to allow an interim coalition government to be formed. The pattern was repeated in Italy, where after securing the passage of an austerity package through parliament Silvio Berlusconi resigned to permit the formation of a unity government.

The US sovereign debt crisis took a different form. The US political parties were unable to reach an agreement about how to reduce the US deficit until almost the last moment before the US government would have been compelled to stop paying some of its bills. A compromise was reached late on Sunday 31st July two days before the deadline. It received a muted welcome from markets principally because, although an actual default had been avoided by an increase in the debt ceiling, the specific expenditure reductions remain to be determined in future by a joint committee of Congress which is due to report on the 23rd November 2011. In the absence of any agreement automatic expenditure reductions to key programmes will be applied.

Furthermore the announcement was quickly followed by a downgrade of US sovereign debt to AA+ by the Standard & Poor's rating agency. In reaction to these developments the Federal Reserve announced in August that it expected to keep interest rates low till mid 2013 and in September announced 'Operation Twist' a plan to switch $US400bn of assets from short dated to longer dated government bonds.

Apart from the fact that the prospect of continuing issues around the funding of both the Eurozone and US government debt is likely to be a negative factor for growth, reported economic statistics have indicated slower growth in many areas of the developed world. In September the OECD issued an interim assessment which saw a growth slowdown across the world's major economies. Developed economies were near to static and emerging economies were still growing but at a slower pace.

The Chinese administration has been tightening monetary policy with the aim of controlling inflation, but this has produced some slowing in the growth of real GDP which stood at 9.1% in the third quarter compared with a high point of 14.0% in the first quarter of 2007 and an average over the past 5 years of 10.1%.

In addition to the Fed's efforts the ECB and the Bank of England announced measures to support their respective economies in early October. The ECB announced a Euro 40bn of covered bond purchases and the bank of England a £75bn quantitative easing programme of gilt purchases.

While the European debt issue is far from resolved the ability to resolve it remains and we anticipate that a combination of closer policy co-ordination, political change and movement on the strengthening of support mechanisms will lead to a solution eventually. Though world GDP growth is slow there is not yet a double dip recession and recent reports from the US and Japan suggests that it will be avoided. Furthermore, despite inflationary pressures and slowing growth in China and India, the main emerging markets are still maintaining growth rates high enough to compensate for the more sluggish performance of the developed economies.

The third quarter US earnings season is now 88% complete and shows an average increase of 16.3% and a positive surprise of 4.8%. Consensus earnings forecasts for next year have fallen somewhat from their earlier levels as the view of the growth outlook has deteriorated. They nonetheless continue to indicate double digit earnings growth for the average of world developed and emerging markets. The UK equity market has a forecast for high single figure earnings growth.

This year's prospective 2011 price to earnings ratios for the main developed market indices are below their 5 year averages as are other value measures, such as price to book value and price to sales ratios. The same is true of emerging markets. This suggests that markets are now outstandingly cheap if the forecast increases in earnings materialise. Even if earnings grow more modestly than currently forecast present equity market ratings are discounting a recession, which we think too pessimistic a view. We continue to expect therefore that the next 12 months should see a recovery in equities and we will continue to overweight this asset class.

UK property prices have held up better than UK equities during the quarter. Rents rose through 2010, but at a decelerating rate, with only a very small increase in the last three quarters. The excess yield over 10 year gilts offered by property looks attractive after the fall in gilt yields and prime property yields remain fairly close to their long term average. Further price strength depends on rises in rental levels for which there may be still be some scope, but finance is still a constraint and will continue to be so until banks have fully rebuilt balance sheets. We therefore continue to expect some further price appreciation from this sector but on a modest scale. We will continue to even weight the sector.

Conventional gilts with a 10 year maturity now yield less than equities and look dear relative to equities on a historic yield basis. Expected dividend growth will move this comparison still further in favour of equities on a one year view. Furthermore the yield offered by 10 year gilts is now well below its 5 year average and substantially below the rate of inflation. We think that gilt prices are very dear and will continue to underweight the sector.

Index linked gilts look undervalued relative to conventional gilts on a yield comparison and with the trend of inflation remaining stubbornly high their value as an inflation hedge has increased. We still continue to consider this the most secure investment, though with the prospect of only moderate 12 month returns. We are still overweighting this class.

UK corporate bonds rose a little in the last three months and the yields therefore fell very slightly. The positive yield spread over gilts, which exceeds its 5 year average, is still high enough for us to consider that this asset class is undervalued. We will overweight this asset class where relevant.

In summary we continue to favour equities after their recent fall. We still consider conventional gilts to be dear. We still consider the best defensive asset class to be index linked gilts and expect these and property to produce small positive returns. We expect some further recovery in corporate bonds and will overweight this class where appropriate.

**ISAs**

Each year we would recommend utilising your £10,680 2010/2011 ISA allowance. ISA accounts are only subject to 10% withholding tax on dividend income and free of capital gains tax. Over time clients can build up significant sums in ISA accounts.

**Tax Considerations**

Each year we aim to utilise your capital gains tax allowance (£10,600 per individual in 2010/2011) and attempt not to incur any additional capital gains tax. However in some instances capital gains tax is unavoidable although there is the benefit of a realised capital gain. Both pension funds and ISA accounts are free of capital gains tax and have no tax considerations in managing the portfolios. Dividend income from equities is taxed at source (10% withholding tax). For a Basic Rate tax payer there is no additional tax to pay, for a Higher Rate tax payer (earnings over £37,400) there is only 22.5% of additional tax liability and for Additional Rate tax payer (earnings over £150,000) there is 32.5% of additional tax liability.

**Income**

The purpose of most investments is to generate an income stream at some future date. We recommend to all of our clients to only spend the income from their portfolio unless they intend to consume their capital over time. Income from equities, property and index linked gilts will increase over time as corporate profits, rental income and inflation respectively grow. For clients requiring income, we can arrange to either pay a fixed sum or an amount equal to the income received on a monthly, quarterly or annual basis. Alternatively we can pay ad-hoc amounts from your portfolio as instructed.

**Review Process**

Each quarter we will send you the portfolio statements which contain your valuation, cash movements, transaction summary, performance report and current asset allocation. There is also a letter from your manager explaining the performance, transactions, market outlook and confirmation of your benchmark.

**Website Access**

You can log-in to our website (www.albertesharp.com) at anytime and view your entire portfolio, valued on a daily basis.

**Proposed Asset Allocation Model**

Below is our current asset allocation model compared to FTSE Index Linked Gilt All Stock benchmark with minimum and maximum asset class exposures.

| | FTSE ALL Gilt | Min Weight | Max Weight | Client Portfolio | +/- Benchmark |
|---|---|---|---|---|---|
| **Monetary Type Assets** | | | | | |
| Index Linked Gilts | 100.0 | 70.0 | 100.0 | 100.0 | +0.0 |
| Cash | - | 0.0 | 30.0 | - | +0.0 |
| **Monetary Type Assets** | **100.0** | **100.0** | **100.0** | **100.0** | **+0.0** |
| **Total** | **100.0** | | | **100.0** | **+0.0** |

**Proposed Portfolio & Security Selection**

The portfolio overleaf would substantially reflect your portfolio once fully invested. The securities in the portfolio will change as the manager finds alternative investment opportunities which offer higher potential risk adjusted return. These changes will be implemented at the manager's discretion and reported to you on a quarterly basis.

**Proposed Portfolio**

| | Industry Group | Value £ | Income £ | Weight % | Yield % |
|---|---|---|---|---|---|
| **Fixed Income Assets** | | | | | |
| **Index Linked Gilts** | | | | | |
| TSY 2 1/2% 2016I/L STOCK | Sovereign | 166,750 | 3,522 | 66.7 | 2.1 |
| TSY 2 1/2% 2020I/L STOCK | Sovereign | 83,250 | 1,653 | 33.3 | 2.0 |
| **Index Linked Gilts Total** | | 250,000 | 5,175 | 100.0 | 2.1 |
| **Fixed Income Asset Total** | | 250,000 | 5,175 | 100.0 | 2.1 |
| **Grand Total** | | 250,000 | 5,175 | 100.0 | 2.1 |

**Regulatory Information**

Investments entail risks, the value and income can go down as well as up and you may not recover the amount of your original investment. Past performance is not a guide to future performance. Where an investment involves exposure to a foreign currency, changes in exchange rates may cause the value of the investment to go up or down. Opinions and recommendations are given in good faith, but without legal responsibility and are subject to change without notice. Albert E Sharp is the trading name of Quotidian Investments LLP. Quotidian Investments is authorised and regulated by the Financial Services Authority.

# INVESTMENT MANAGEMENT AGREEMENT

**THIS INVESTMENT MANAGEMENT AGREEMENT** is made on ________________ 2011 **BETWEEN:**

**(A)** ______________________________________________________________________

______________________________________________________________________

(the "Client");

***(B)*** **QUOTIDIAN INVESTMENTS LLP** trading as Albert E Sharp of Number Seven Elm Court, Arden Street, Stratford-upon-Avon, Warwickshire, CV37 6PA (the "Investment Manager");

**(C)** **TDWCS LLP ("TDWCS") -** of Canterbury House, 85 Newhall Street, Birmingham, B3 1LH. TDWCS LLP is authorised and regulated by the Financial Services Authority (number 214206) and is a member of the London Stock Exchange.

**IMPORTANT INFORMATION:**

The Investment Manager is authorised and regulated by the Financial Services Authority "FSA" (number 488822). The contact address of the FSA is 25 The North Colonnade, Canary Wharf, London E14 5HS.

By signing the Investment Management Agreement, the Client accepts that they will be treated by the Investment Manager as an "Retail Client" as defined in the rules of the FSA for all services and transactions with the Client. In accordance with FSA rules you have the right to request a different categorisation; however we may not agree to such a request.

Any investment entered into under this Investment Management Agreement carries a high degree of risk including, but not limited to, the risks referred to in Schedule 4. No assurance can be given that Clients will realise a profit on their investment. Moreover, Clients may lose some or all of their investment. The risks referred to in Schedule 4 do not purport to be exhaustive. The Client should review Schedule 4 carefully in its entirety.

**The Client should review this Investment Management Agreement carefully and in its entirety and consult with their professional advisors before signing the agreement.**

**IT IS HEREBY AGREED AS FOLLOWS:**

**1. Appointment and Powers of the Investment Manager**

1.1 (a) The Client hereby appoints the Investment Manager, and the Investment Manager hereby accepts such appointment, as the Client's discretionary investment manager of a portfolio of its investments (the "Portfolio"). The initial composition and value of the Portfolio is set out in Schedule 1.

(b) The Client acknowledges and agrees that all investment business regulated by FSA which the Investment Manager carries on under the terms of this Agreement is carried on for or with the Client in its capacity as a Retail Client as defined in the rules and guidance of the FSA (the "FSA Rules").

1.2 (a) The Investment Manager will manage the Portfolio within the investment guidelines specified in Schedule 2 and will act in good faith and with due diligence. Subject to the Guidelines, the Investment Manager will have complete discretion as the agent of the Client to buy, sell, retain, exchange or otherwise deal in investments and other assets, make deposits, subscribe to issues and offers for sale and accept placings of any investments, effect transactions on any markets, borrow money, lend cash and assets, enter into derivatives and contingent liability transactions, take all day to day decisions and otherwise act as the Investment Manager judges appropriate in relation to the investment and reinvestment of the Portfolio. The Investment Manager shall provide such services and undertake all and any such actions as are (in the Investment Manager's opinion) incidental to any of the forgoing services. The Investment Manager may provide other services to the Customer, including investment advice, together with related research, valuation and other services agreed between the parties.

(b) The Guidelines will not be breached as a result of changes in the price or value of assets of the Portfolio brought about solely through movements in the market.

(c) The Investment Manager shall exercise any voting and other rights and privileges attaching to investments in the Portfolio as it shall think fit unless it shall have received prior specific written instructions from the Client.

1.3 The Client hereby constitutes and appoints the Investment Manager, and any persons nominated in writing by its officers, its true and lawful agent with full power and authority in its name and on its behalf to buy, sell, retain, exchange or otherwise deal in investments and other assets, make deposits, subscribe to issues and offers for sale and accept placings of any investments, effect transactions on any markets, take all day to day decisions and otherwise act as the Investment Manager judges appropriate in relation to the investment and reinvestment of the Portfolio and to perform all acts and execute all documents which the Investment Manager considers reasonably incidental thereto, including (without limitation) to execute and deliver all applications, requests, or claims for refund, reduction, repayment or credit of, or exemption or relief from, any withholding tax or similar taxes in any jurisdiction in which such applications, requests or claims may be made.

1.4 (a) The Client expressly authorises the Investment Manager to delegate any of its functions under the Agreement to any Associate (as defined in the FSA Rules) (each a "Delegated Firm") and may provide information about the Client and the Portfolio to any Delegated Firm but the Investment Manager's liability to the Client for all matters so delegated shall not be affected thereby. References in this Agreement to the Investment Manager shall apply also to any Delegated Firm. To avoid any misunderstanding the Investment Manager may also employ third party custodians, brokers and administrators to execute transactions and provide services to the Client who shall not be a Delegated Firm.

(b) The Investment Manager may, where reasonable, employ agents (including Associates) to perform any administrative, dealing or ancillary services required to enable the Investment Manager to perform its services under the Agreement.

1.5 Any advice by any of the Investment Manager's directors, officers, employees or agents to the Client in relation to any transaction shall be given in good faith without any obligation to communicate to the Client the basis on which he or it has made the judgement leading to such advice.

1.6 Unless the context requires otherwise references in this Agreement to any statute or statutory provision, regulations made thereunder or the FSA Rules include any modification or re-enactment thereof or replacement for the time being in force.

**2. Custody**

2.1 The Client shall arrange for the Portfolio to be transferred into such accounts in the name and on behalf of the Client (each an "Account") with **TDWCS** as may be agreed between the Client and the Investment Manager. The Client will make arrangements to enable TDWCS to act in accordance with the Investment Manager's instructions and promptly to receive or deliver cash or investments and to deliver or cause to be delivered such certificates (or other documents constituting or evidencing title), instruments of transfer, powers of attorney and other documents as the Investment Manager may require in order to transfer title to any investments and/or funds in the Portfolio. The Client may arrange for further assets and/or funds to be transferred from time to time to an Account.

2.2 All proceeds and income arising from the investment or reinvestment of the Portfolio by the Investment Manager shall be credited to the Account.

2.3 The Account may have interest credited on any uninvested cash held with a relevant sub-custodian or bank at a rate related to prevailing market levels for such amounts as agreed between the Investment Manager and TDWCS.

**3. Fees and Charges**

3.1 In consideration of the services to be provided by the Investment Manager, the Client shall pay to the Investment Manager the fees calculated in accordance with the provisions contained in Schedule 3 and in

Schedule 5, subject to any subsequent increases in fees that the Investment Manager may notify to the client.

3.2 The Fees are payable monthly in arrears and those specified in Schedule 3 are based on the market value (which will include accrued income and investments in the course of settlement), as determined by the Investment Manager, of the Portfolio for the month and shall be notified to the Client. The Client authorises the Investment Manager to instruct TDWCS to retain (either out of the assets in the Portfolio or out of assets otherwise provided by the Client) fees due to the Investment Manager (together with Value Added Tax thereon, if applicable) and to debit the Client's account.

3.3 The Client will be liable for any costs properly incurred under this Agreement, including reasonable commissions, transfer and registration fees and for taxes and other fiscal liabilities.

**4. Fund Transfers**

Except for the purposes of this Agreement, and subject to Clause 3.2, withdrawal of investments and/or funds from the Account shall be made only upon the instructions of the Client (in accordance with Clause 12 below) by transfer to accounts specified by and in the name of the Client.

**5. Records and Reports**

5.1 The Investment Manager will keep accurate and detailed records with respect to all receipts, investments, sales, disbursements and other transactions carried out by the Investment Manager for or with the Client.

5.2 All records held pursuant to Clause 5.1 by the Investment Manager shall be open to inspection by the Client and the Investment Manager shall provide the Client with such access as it itself has to records held by any relevant third party, in each case at reasonable times during business hours and upon the giving of reasonable notice by the Client.

5.3 The Investment Manager shall, not later than 10 working days following the end of each calendar quarter, furnish to the Client a statement showing all transactions that have occurred in the Portfolio and a quarterly listing of all investments and cash balances held as of the end of such quarter.

5.4 The quarterly statement will show the cost or amount realised (in the case of any relevant new purchase or sale) and, where available, the current value (where applicable) of each investment held in the Portfolio and any income arising on the Client's account during the relevant calendar quarter, and, unless otherwise agreed in writing between the parties, the quarterly statement will not include a statement showing the measure of Portfolio performance. The basis of all valuations will be as stated in the first quarterly statement, unless otherwise agreed.

5.5 The Investment Manager will not provide the Client with an individual trade confirmation of each portfolio transaction unless the Client has specifically requested the Investment Manager to do so.

**6. Exclusion and Restriction of Liability**

6.1 (a) Neither the Investment Manager nor any of its employees, officers or directors shall be liable for loss resulting from any act or omission made under or in relation to or in connection with this Agreement except where such loss results from the negligence, wilful default or fraud of the Investment Manager or its employees, officers or directors.

(b) No warranty is given by the Investment Manager (i) as to the performance or profitability of the Portfolio or any part of it, or (ii) that the Guidelines or any investment objectives or performance of the Portfolio by reference to any express or implied benchmark (including any target tracking error) will be achieved.

6.2 In no event shall the Investment Manager or its employees, officers or directors be liable for any consequential, indirect or special damage.

6.3 The Investment Manager shall use all reasonable efforts to assess the suitability of any counterparty, broker, dealer, market-maker, bank, custodian or sub-custodian, with whom it transacts business on the Client's behalf in accordance with the FSA Rules but shall not be responsible to the Client for the actions, omissions or solvency of any counterparty, broker, dealer, market-maker, bank, custodian or sub-custodian.

6.4 Except in so far as the same may result from the negligence, wilful default or fraud of the Investment Manager or its employees, officers or directors, the Client shall indemnify the Investment Manager its employees, officers and directors (on demand) against all and any costs, losses, claims and expenses either (i) as a result of any party claiming to be entitled to investments which form part of the Portfolio or (ii) in consequence of any breach by the Client of any term of this Agreement or (iii) arising out of or in connection with the exercise by the Investment Manager of the powers and discretions conferred upon it under this Agreement or the services provided by the Investment Manager to the Client.

6.5 Nothing in this Agreement shall exclude or restrict any liability which the Investment Manager has for death, personal injury or any obligation owed to the Client under the regulatory system as defined in the FSA Rules or any other liability which may not be lawfully excluded or restricted by the Investment Manager.

## 7. Force Majeure

The Investment Manager shall not be liable to the Client for the non-performance of any of its obligations hereunder by reason of any cause beyond its reasonable control, including any breakdown or failure of transmission or communication or computer facilities, postal or other strikes or similar industrial action and the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations.

## 8. Dealing and Counterparties

8.1 (a) The Investment Manager will act in good faith and due diligence in its choice and use of counterparties.

(b) The Investment Manager will secure best execution of all Portfolio transactions in accordance with its execution policy and the execution policies of any third parties it may use to execute transactions on behalf of the Client. Subject thereto, the Investment Manager may deal on such markets or exchanges and with such counterparties (including any Associate) as it thinks fit. All transactions will be effected in accordance with the rules and regulations of the relevant market or exchange and the Investment Manager may take all such steps as may be required or permitted by such rules and regulations and/or by appropriate market practice.

(c) If any counterparty should fail to deliver any necessary documents or to complete any transaction, the Investment Manager will take all reasonable steps on behalf of the Client to rectify such failure or obtain compensation therefore. All reasonable costs and expenses properly incurred by the Investment Manager shall be paid by the Client.

8.2 The Investment Manager may enter into arrangements from time to time with counterparties who pay for or provide the Investment Manager with research, and research related services in return for a minimum level of business. These research related services will be such that they will not conflict with any obligations the Investment Manager owes the Client and may include market intelligence data, stock pricing and rating information and specialised computer hardware and software which will assist the Investment Manager in the provision of investment services to the Client and other clients. The Investment Manager will secure best execution on all such transactions disregarding any benefit arising from such service, and will ensure that no client suffers any comparative price disadvantage or additional execution or commission costs as a result of using such service. The Investment Manager will provide the Client with a general commission statement at the end of each calendar year showing the amount of soft commissions paid by the Investment Manager as a percentage of the total commission paid during the year, the total commission paid from the Client's portfolio together with a description of the research and research related services received during the year.

8.3 The Investment Manager may combine the Client's orders with orders of other clients (whether or not connected with the Investment Manager). The Client is aware that the combining of its orders with those of other clients may result in the Client obtaining on some occasions a more favourable price, and on others a less favourable price, than if such orders had not been combined.

## 9. Material Interests

9.1 The Investment Manager (who will normally act as agent), and any Associate may, subject to the overriding principles of suitability and Best Execution and without prior reference to the Client, effect transactions in which the Investment Manager or Associate has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with the Investment Manager's duty to the Client. The Investment Manager will deal with all conflicts generally in accordance with its Conflicts Policy. The Investment Managers Conflict policy is not legally binding and does not impose any obligation on the Investment Manager which is not set out in this Agreement. To avoid any misunderstanding neither the Investment Manager nor any Associate shall be liable to account to the Client for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Manager's fees, unless otherwise provided, be abated. For example, such potential conflicting interests or duties may arise because:

(a) the Investment Manager or Associate undertakes investment business for other clients;

(b) any of the Investment Manager's or Associate's directors or employees is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of the Client;

(c) the transaction is in securities issued by an Associate or the client of an Associate;

(d) the transaction is in relation to an investment in respect of which an Associate may benefit from a commission, fee, mark-up or mark-down (whether payable by the Client or otherwise), an Associate may also be remunerated by the counterparty to any such transaction;

(e) the Investment Manager deals on behalf of the Client with an Associate;

(f) the Investment Manager may act as agent for the Client in relation to transactions in which it is also acting as agent for the account of other clients and/or an Associate;

(g) the Investment Manager may effect transactions involving placings and/or new issues with an Associate who may be acting as principal or receiving agent's commission. Associates may retain any agent's commission or discount or other benefit (including directors' fees) that accrues to them;

(h) the transaction is in the securities of a company for which an Associate has underwritten, managed or arranged an issue or offer for sale within the previous 12 months;

(i) an Associate may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held by the Client.

(j) the transaction is in units or shares of a collective investment scheme (regulated or unregulated) of which the Investment Manager or any Associate is the manager, operator, banker, adviser, custodian or trustee: and

(k) the transaction is in securities in respect of which an Associate, or any of their directors, officers or employees, is contemporaneously trading or has traded on its own account or has either a long or short position.

9.2 The Investment Manager will normally act as the agent of the Client, who will therefore be bound by its actions under this Agreement. Nevertheless, nothing in this Agreement, none of the services to be provided hereunder nor any other matter shall oblige the Investment Manager or any Associate to accept responsibilities more extensive than those set out in this Agreement or shall give rise to any fiduciary or equitable duties which would prevent or hinder either (i) the Investment Manager or any Associate performing investment management or other services for any person or entity other than the Client or from making investments on their own behalf and the performance of such services for others or investment on their own behalf will not be deemed to violate or give rise to any duty or obligation to the Client; or (ii) the Investment Manager effecting any transaction with or for the Client with an Associate; or (iii) such Associate acting both as market-maker and broker, principal or agent, dealing with other Associates and other clients and generally effecting transactions as provided above nor from retaining any remuneration received in respect thereof.

## 10. Taxation Matters

10.1 The Client shall at all times be fully responsible for the payment of all taxes due (including stamp duty) whether of a capital, income or other nature, and the making of all claims in relation thereto whether for exemption from withholding taxes or otherwise, for filing any and all tax returns and for providing any relevant tax authorities with all necessary information in connection with the Portfolio.

10.2 Subject to Clause 10.2, the Investment Manager shall use its reasonable endeavours to forward to the Client (or to such other person as the Client may designate in writing) any tax documents which the Investment Manager receives relating to the Client or the Portfolio and which come from a tax authority or which concern any tax deductions on investments in the Portfolio.

**11. Client's Warranties**

11.1 The Client hereby warrants that:-

(a) the Client has and will have full power and capacity to enter into and perform its obligations pursuant to this Agreement and to confer on the Investment Manager and (as the case may be) its Associate the authorities contained in or given pursuant to this Agreement and that the terms and conditions contained in this Agreement will be legally binding upon the Client;

(b) the Portfolio will be at all times free from all liens, charges and encumbrances other than those in favour of TDWCS or which may arise in the Investment Manager's favour or in favour of its Associate; and

(c) the Client and/or any person designated by the Client shall have due authorisation to act in all respects on the Client's behalf in connection with this Agreement and shall obtain and maintain in effect all necessary consents or approvals of any governmental or other regulatory body and shall comply with the terms of the same and with all applicable laws, regulations or directives of such bodies and authorities and shall provide the Investment Manager with copies of such consents or approvals as it may reasonably request.

11.2 The Client undertakes not to deal, except through the Investment Manager, with any of the assets in the Portfolio nor to authorise anyone else so to deal.

11.3 The Client will notify the Investment Manager promptly if there is any material change in any of the information contained in Clause 10 above or this Clause 11.

**12. Authorised Instructions**

12.1 The Client shall furnish the Investment Manager with a certificate, signed by a duly authorised officer or officers of the Client, designating the officers or employees of the Client ("Authorised Persons") having authority to act in all respects for and on behalf of the Client in connection with this Agreement. The Client agrees that, until the Investment Manager is otherwise advised in writing by a duly authorised officer or officers of the Client, the Investment Manager shall be authorised and entitled to rely and act upon any notice, instruction, request, order or other communication, by whatever means transmitted, and reasonably believed by the Investment Manager in good faith to be given by any Authorised Person or by any other person whom the Investment Manager reasonably believes in good faith to be acting on behalf of the Client (whether or not the authority of any Authorised Person or other such person shall have been terminated).

**13. Recording of Telephone Conversations**

13.1 Telephone calls with the Client may be recorded or monitored by the Investment Manager.

**14. Notices**

14.1 All notices and written communications shall be sent to the address or facsimile number of the relevant party set out below:

(a) to Albert E Sharp
Number Seven Elm Court
Arden Street
Stratford upon Avon
Warwickshire, CV37 6PA

Facsimile: 01789 404001
Attention: Bill Roden

(b) to the Client at the Client's address shown on page 1 of this Agreement or any new address notified to the Investment Manager in writing

14.2 Unless the Client notifies the Investment Manager to the contrary, the Investment Manager may take the Client's correct address and facsimile transmission to be those shown on any communication it receives which it reasonably believes to come from the Client.

14.3 Any notice shall be sent by prepaid first class or express mail or facsimile (subsequently confirmed by a written hard copy of the facsimile). Any notice delivered by hand is deemed to have been served immediately and any notice sent by post will be deemed to have been served forty-eight (48) hours after despatch. Any communication by facsimile transmission will be deemed to have been served by the close of business on the same business day on which it was transmitted if transmitted within normal business hours (9.00 am till 5.00 pm) or if not, on the next business day after the same was transmitted. Failure to receive any confirmation of any notice duly given by facsimile transmission will not invalidate such notice. Evidence that the notice was properly addressed, stamped and put into the post will be conclusive evidence of posting.

**15. Effective Date**

15.1 This Agreement will come into force on the date set out above or, if later, on receipt by the Investment Manager of a copy of the Agreement duly executed by the Client.

**16. Complaints & Compensation**

16.1 The Investment Manager maintains procedures in accordance with FSA's Rules for the effective consideration and handling of Client Complaints. Complaints will be considered promptly by the appropriate supervisory manager who is not personally involved in the subject matter of the complaint. Complaints can be sent to the Compliance Officer at the address in section 14.1. Where appropriate the client may refer their complaint to the Financial Ombudsman Service. The Investment Manager and TDWCS participate in the Financial Services Compensation Scheme. The Client may be entitled to compensation from the scheme if the Investment Manager or TDWCS cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered with a compensation limit of £50,000 per person payable to qualifying investors in the event of the Investment Manager or TDWCS being unable to meet its liabilities to the Client. Further details are available on request or are available from the Financial Services Compensation Scheme.

**17. Entire Agreement**

17.1 This Agreement represents the entire terms on which the Investment Manager will undertake discretionary or related investment business with the Client.

**18. Assignment**

18.1 Neither party may assign its rights or transfer its obligations under this Agreement without the prior written consent of the other party, such consent not unreasonably to be withheld.

**19. Termination**

19.1 Each of the Client or the Investment Manger may terminate the arrangements under this Agreement by giving notice in writing which will take effect on the last business day of each month, either following thirty days after the date on which such notice is despatched to the other party or on such later date as such notice specifies.

19.2 Termination shall not affect accrued rights or any commitment already entered into by the Investment Manager for or with the Client or any provision of this Agreement which is intended to survive termination. The Client will pay (a) any fees due to the Investment Manager pro rata to the date of termination; (b) any additional expenses necessarily incurred by the Investment Manager in terminating the Agreement; and (c) any losses necessarily realised in settling or concluding outstanding obligations.

19.3 Upon termination, the Investment Manager shall be entitled to direct TDWCS to retain such securities and cash as may be required to settle transactions already initiated and to pay any outstanding liabilities of the Client. Where insufficient cash is available to settle such outstanding transactions and/or liabilities, the Investment Manager may at its discretion sell such of the Client's investments as it may select in order to realise funds sufficient to cover any outstanding amount, and/or cancel, close out, terminate or reverse any transaction or enter into any other transaction or do anything which has the effect of reducing or eliminating any outstanding amount or of reducing or eliminating liability under any contracts, positions or commitments undertaken on the Client's behalf.

## 20. Confidentiality and Disclosure

20.1 Except as required by FSA Rules, neither the Investment Manager nor any Associate is obliged to disclose to the Client or to take into consideration information either:

(a) the disclosure of which by it to the Client would or might be a breach of duty or confidence to any other person; or

(b) which comes to the notice of an employee, officer or agent of the Investment Manager or of an Associate, but properly does not come to the actual notice of an individual managing the Portfolio; or

(c) in respect of any investments, other than any price quoted and sufficient information to identify the class of investments concerned; or

(d) relating to the nature or extent of any interest the Investment Manager or any Associate has in any investments; or

(e) would otherwise benefit the Client.

20.2 Subject to 20.1 above, the Investment Manager and the Client undertake to keep private and confidential all information acquired in connection with this Agreement, and not to disclose such information to any person except to the extent that:

(a) the other party gives prior consent; or

(b) the Investment Manager is required to disclose the information by FSA, the Bank of England, the London Stock Exchange or any other recognised investment exchange, the City Panel on Takeovers and Mergers or any other regulatory authority having jurisdiction over the Investment Manager or the performance by it of its obligations hereunder or by English Law; or

(c) disclosure to the parties professional advisers is necessary for the performance of their services; or

(d) disclosure to a counterparty to a transaction effected for the Portfolio is required as a condition to such transaction; or

(e) disclosure is necessary to enable the Investment Manager to perform its obligations under this Agreement.

## 21. Miscellaneous

The Investment Manager is contracting on its behalf and, where relevant to things done or provisions expressed to be for the benefit of any Associate or its or their employees, officers or directors, as trustee for such Associate and its or their employees, officers and directors.

## 22. Governing Law

This Agreement shall be governed by and construed in all respects in accordance with English law (without reference to choice of law doctrine). The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of or in connection with this Agreement for which purpose both parties agree to submit to the jurisdiction of the English courts.

## 23. Contracts (Rights of Third Parties) Act 1999

This Agreement does not create any right or benefit enforceable by any person or persons not a party to it under the Contracts (Rights of Third Parties) Act 1999, but this does not effect any right or remedy of a third party which exists or is available apart from that Act. For the avoidance of doubt, any Associate of the Investment Manager or Delegated Firm appointed over all or any part of the Portfolio in accordance with the provisions of this Agreement shall be deemed to be a party to this Agreement.

## 24. TDWCS

24.1 The Investment Manager has entered into an agreement on behalf each of its clients with TDWCS in which TDWCS has agreed to provide execution, settlement, custody, nominee and associated services for the Investment Manager's clients. The current Terms and Conditions of TDWCS and the principal terms of the agreement with it (the TDWCS agreement) are summarised below.

24.2 Under these Terms & Conditions, the Client agrees that:

(a) The Investment Manager is authorised to enter into an agreement with TDWCS (the "TDWCS Agreement") on the Client's behalf as the Client's agent on the terms summarised below (and such additional terms as it may determine).

(b) The Investment Manager is authorised to give instructions to TDWCS and to agree any subsequent amendments to the TDWCS Agreement on the Client's behalf.

(c) TDWCS is authorised to transfer cash or investments from the Client's account to meet the Client's settlement or other obligations to TDWCS.

(d) The warranties and indemnities the Client give in these Terms and Conditions are given to both the Investment Manager and to TDWCS.

24.3 Under the TDWCS Agreement the Client will remain a client of the Investment Manager but will also become a client of TDWCS for settlement, safe custody and nominee purposes only. The Investment Manager retains responsibility for compliance and regulatory requirements regarding its own operations and the supervision of the Client's account. In particular, the Investment Manager remains responsible for approving the opening of accounts, money laundering compliance, accepting and executing securities orders, assessing the suitability of transactions when it has a duty to do so, providing any investment advice to the Client and for its ongoing relationship with the Client. TDWCS neither provides investment advice nor gives advice or offers any opinion regarding the suitability of any transaction or order. The Client should direct all enquiries regarding the Client's account to the Investment Manager and not to TDWCS. TDWCS will not accept instructions from the Client directly. TDWCS reserves the right to refuse to hold any securities on the Client's behalf in its safe custody and nominee service. Joint account holders will be jointly and severally liable to TDWCS (and all warranties and indemnities given to TDWCS are given jointly and severally) and TDWCS may discharge its obligations to make any payment or account to all such holders by making such payment or account to any one or more of them.

24.4 TDWCS LLP is authorised and regulated by the Financial Services Authority (number 214206) and is a member of the London Stock Exchange. TDWCS is registered in England, registered number OC301316, and has its registered office at Exchange Court, Duncombe Street, Leeds LS1 4AX Nothing in these Terms & Conditions shall seek to restrict or exclude any obligation, which the Investment Manager or TDWCS may have under the rules of the Financial Services Authority.

24.5 **Administration**

(a) All instructions regarding the administration of the Client's investments held by TDWCS on behalf of the Client, or concerning the Client's personal details such as change of name, address or any other material changes to the Client Account should be made in writing to the Investment Manager. The Investment Manager does not accept instructions from third parties unless a valid power of attorney has been established for this purpose. If the Client wishes to transfer monies from one account to another, i.e. husband to wife, the Investment Manager will only accept written instructions, bearing an original signature and each transaction will require a separate written instruction.

(b) All transactions will be due for settlement in accordance with market requirements (as shown on the relevant contract note or advice). The Client undertakes to ensure that TDWCS will receive all cash and securities when due with respect to any transaction which it is to settle on the Client's behalf and warrants that all cash or investments held by, or transferred to TDWCS will be and remain free of any lien, charge or encumbrance. All payments due to TDWCS will be made without set off, counterclaim or deduction. All cash and investments held or transferred to TDWCS (or its nominees) will be subject to a first fixed charge by way of security for the Client's obligations to TDWCS. It is the Client's responsibility to ensure that all money due to the Investment Manager and all documents are received by the Investment Manager or TDWCS by the due date to enable settlement of a transaction the Investment Manager executes on the Client's behalf.

(c) If the Client fails to pay an amount due to TDWCS or the Investment Manager, on an ordinary dealing account, interest will be payable by the Client at a rate of 9% over the Bank of England's Base Rate as from the due settlement date. This interest rate will be applicable to all debits arising on the Client's account. All securities must be under the control of TDWCS or held by acceptable third party custodians. Late delivery by any such custodian may incur charges.

(d) The Investment Manager shall not be liable for any price variance relating to transactions requiring non standard settlement.

24.6 Rights Issues, Takeovers, etc. Where the Client's investments are held by TDWCS in a nominee account, the Client authorise the Investment Manager and the Investment Manager shall have full discretion to act or refrain from acting on any matters arising in connection with the Client's account. This shall include, but is not limited to, instructing TDWCS to:

(a) Take up any rights issues

(b) Exercise conversion or subscription rights

(c) Deal with takeovers or other offers or capital changes

(d) Exercise voting rights

The Investment Manager will endeavour to exercise these rights in the Client's best interests, however the Investment Manager shall not be liable for any failure to do so.

24.7 Client Money

(a) Trust Status. The Client's money will be held by TDWCS as client money, in accordance with the rules of FSA, which among other things, require it to hold the Client's money in a client bank account, established with statutory trust status. The Client's funds will therefore be segregated from TDWCS's own funds at an approved bank, as defined in the FSA Handbook. The approved bank may hold such money with other clients' money in a pooled account in the name of TDWCS A/C Client. This means that client money is held as part of a common pool of money, so the Client do not have a claim against a specific sum in a specific account; the Client's claim is against the client money pool in general.

(b) Foreign Currency. Client money in a foreign currency may be held in the country of origin, or the Pound sterling equivalent protected in a United Kingdom bank. Money held in the country of origin will be held by an approved bank or depository, even though in a small number of countries, that bank or depository has failed to acknowledge that clients' funds will be afforded trust status, and as such has not accepted that it has no right of set off or counterclaim against money held in that client account, in respect of any sum owed on any other account of TDWCS. The legal and regulatory regime applying to such an approved bank or depository will be different to that of the United Kingdom or EEA State. In the event of a default or failure of that foreign bank or depository, the Client's money may be treated differently to the way in which it would be treated if it were held at an account in the United Kingdom.

(c) Unapproved Banks. In certain circumstances, TDWCS may hold the Client's money in a bank outside the United Kingdom, which does not meet the criteria of an approved bank. These circumstances are governed by strict conditions set out by the FSA. Any client money held for the Client at non-approved banks outside the United Kingdom must relate only to the settlement of transactions or the distribution of income. Client money will only be held in such banks because it is not possible to use approved banks due to the applicable law or market practice. In these circumstances, the Client's money will only be held in such banks for as long as it takes to effect the necessary transactions. Such a bank may have failed to acknowledge that clients' funds will be afforded trust status, and as such has not accepted that it has no right of set off or counterclaim against money held in that client account, in respect of any sum owed on any other account of TDWCS. The legal and regulatory regime applying to such a non approved bank will be different to that of the United Kingdom. In the event of a default or failure of that foreign bank, the Client's money may be treated differently to the way in which it would be treated if it were held at an account in the United Kingdom.

(d) Interest Payments. Uninvested money (i.e. money not immediately required to settle an investment transaction) will attract interest at a rate of 1% below the Bank of England's base rate, with a minimum of 0%. Interest will be calculated on a monthly basis and credited gross monthly.

(e) Third Party Money Transfers. The Investment Manager may undertake a transaction for the Client that involves the Client's money being passed by the Investment Manager or TDWCS to any third party in connection with that transaction, including (but not exclusively) an exchange, clearing house, intermediate broker, settlement agent or over the counter (OTC) counterparty located either in the United Kingdom, or in a jurisdiction outside the United Kingdom. In the event of the Client's money being passed to a third party, including (but not exclusively) an intermediate broker, settlement agent or OTC counterparty, outside of the United Kingdom, the legal and regulatory regime applying to the intermediate broker, settlement agent, or OTC counterparty may be different to that of the United Kingdom.

(f) Unclaimed Balances. In certain circumstances, TDWCS may hold client money for the Client, which has been allocated to the Client but has not been claimed by the Client. TDWCS will cease to treat as client money any unclaimed balances after a period of six years. However, this will only occur if TDWCS has taken reasonable steps to determine that there has been no movement on the balance during this period (notwithstanding any payments or receipts of charges, interest or similar items). The Investment Manager will attempt to contact the Client at the Client's last known address, and the Client will be given 28 days from the date of notification of the intention to cease to treat the balance as client money to make a claim. The Client should note that TDWCS undertakes to make good any valid claim against balances that were released from being treated as client money, upon the provision by the Client of information to evidence the validity of the Client's claim.

24.8 Custody of the Client's Investments

(a) Safekeeping and Registration. Acceptance of these Terms & Conditions provides authority for TDWCS to hold the Client's investments in safe custody, to transfer securities from the Client's account when the Client have sold them, to accept offers, or other matters covered by this agreement. United Kingdom registered securities which TDWCS are holding for the Client, will be held in either their physical possession, or in uncertificated form, and if so, will normally be registered in the name of TDWCS's nominee company in accordance with the rules of FSA.

(b) Overseas Investments. The Client consent to the fact that overseas investments may be registered or recorded in the name of an eligible custodian or in the name of TDWCS in one or more jurisdictions outside of the United Kingdom, where, due to legal requirements or the nature of market practice in the jurisdictions concerned, it is in the Client's best interests, or it is not feasible to do otherwise. As a consequence of this, the Client's investments will not be segregated from investments belonging to TDWCS and therefore, the Client's protection may be less should a default occur on the part of the person in whose name the investments belonging to the Client is so recorded. Investments belonging to the Client which are held overseas may be subject to different settlement, legal and regulatory requirements than those that apply in the United Kingdom or EEA. TDWCS will not be held liable in the event of a default by a custodian. However, TDWCS does not disclaim responsibility for losses arising directly from its own fraud, wilful default or negligence.

(c) Pooled Accounts. Investments registered or recorded in the name of a nominee or custodian (as outlined above) will be pooled with those of one or more other clients. Accordingly, the Client's individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register. In the event of an irreconcilable shortfall following any default of the eligible custodian responsible for pooled investments, the Client may not receive the Client's full entitlement and may share in that shortfall pro rata.

(d) Own Name Registration. The Client should note that, in extremely restricted circumstances, investments held by TDWCS on the Client's behalf may be registered in the Client's own name, usually where law or market practice dictates, or where it has been specifically agreed between TDWCS and the Investment Manager that the option for such registration will be provided.

(e) Bearer Investments. Please note that the Client's bearer investments may not be held by TDWCS, but by a third party. Such third party will be an eligible custodian in accordance with the rules of FSA. TDWCS does not accept responsibility, in the absence of its own fraud, negligence or wilful default, for the safe custody obligations of any third party, but prudence will be exercised in the selection of such agents.

(f) Nominee Responsibilities. TDWCS is responsible for the acts of its nominee to the same extent as for its own acts, including, for the avoidance of doubt, for losses arising from fraud, wilful default or negligence.

(g) Third Party Registrations. Should the Client send the Investment Manager written instructions that investments purchased through TDWCS be registered in the name of some other person (which must not be TDWCS or the Investment Manager, or an affiliate of TDWCS or the Investment Manager) whom the Client specify, the consequences of registration carried out in accordance with the Client's instructions, are entirely the Client's risk. The legitimacy of such registrations also remains the Client's responsibility.

(h) Effects of Pooling. Because the Client's investments are held on a pooled basis, additional amounts may arise that would not otherwise have occurred had such investments been registered in the Client's own name (for example, following certain corporate actions). Consequently, the Client is not entitled to these additional amounts. TDWCS allocates such shares to an account, which the Investment Manager administer and may use them to offset against any debits arising on dividends or other corporate events. A further effect of pooling can be that following an allocation or share issue that favours the small investor, the Client's allocation may be less than it otherwise would have been, had the Client's investments been registered in the Client's own name.

(i) Shareholder Benefits. Some companies provide benefits to shareholders relating to the nature of their business. These benefits will not necessarily be available to the Client automatically, as the Client's stock will be registered in the name of a nominee company. Should the Client wish to receive these additional benefits, the Client should make the necessary arrangements with the Client's adviser.

(j) Instructions. All instructions regarding the administration of investments held by TDWCS on the Client's behalf should be made in writing to the Investment Manager, for onward transmission to TDWCS. The Investment Manager does not accept from, or send instructions to, third parties, unless a valid power of attorney has been established for this purpose.

(k) Corporate Events. TDWCS will be responsible for claiming and receiving dividends, interest payments and other entitlements accruing. The Investment Manager will be responsible for instructing TDWCS to:

(i) Exercise conversion and subscription rights
(ii) Deal with takeovers, new issues or other offers or capital reorganisations
(iii) Exercise voting rights

The consequences of a failure on the Client's part to provide instructions to the Investment Manager by the stated time once notification has been given are entirely the Client's own responsibility. All corporate events incur a charge. Please refer to Schedule 5 (Other Charges).

(l) Lending or Pledging Collateral. The Investment Manager, or TDWCS, may pledge or charge to a third party collateral deposited with the Investment Manager (other than for safe custody), for the third party to use as collateral for its own obligations. Such collateral registered with a third party will not be in the Client's name. Collateral may be returned to the Client that is equivalent, but not identical, to collateral originally deposited with the Investment Manager.

(m) Conflicts of Interest. TDWCS provides a wide range of services to both retail clients and companies engaged in a variety of activities on behalf of individuals and institutional clients, including the management of client assets, transacting of deals and the custody of assets. As such we may at times have interests which conflict with those of our clients. Conflicts may arise between our interests, our associates and employees and our clients and also between clients.
TDWCS have in place a Conflicts of Interest Policy and procedures specifically designed to identify and manage such conflicts. These include organisational and administrative arrangements that are intended to restrict the flow of information and access to client data so as to protect the interests of clients and to ensure that the activities of employees are visible to senior management and are monitored. Further information on our Conflicts of Interest Policy is available on request.

(n) The Client will receive an annual custody statement from TDWCS detailing all investments held on the Client's behalf in safekeeping. This statement will also provide details of any cash balance held for the Client as client money by TDWCS. The value of any stock held as collateral is calculated using the mid-market closing price at the close of business on the date of the valuation. Holdings are reported on a trade date basis.

(n) Data Protection Act 1998. The Investment Manager or TDWCS may use, store or otherwise process personal information provided by the Client or the Investment Manager in connection with the provision of the services for the purposes of providing the services, administering the Client's account or for purposes ancillary thereto, including, without limitation, for the purposes of credit enquiries or assessments. The information TDWCS and the Investment Manager hold about the Client is confidential and will not be used for any purpose other than in connection with the provision of services to the Client. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Information of a confidential nature will only be disclosed outside the group of companies to which TDWCS or the Investment Manager belong, in the following circumstances:

(i) Where required by law or if requested by any regulatory authority or exchange having control or jurisdiction over the Investment Manager or TDWCS (or any respective associate)

(ii) To investigate or prevent fraud or other illegal activity

(iii) To any third party in connection with the provision of services to the Client by the Investment Manager or TDWCS

(iv) For purposes ancillary to the provision of the services or the administration of the Client's account, including, without limitation, for the purposes of credit enquiries or assessments

(v) If it is in the public interest to disclose such information

(vi) At the Client's request or with the Client's consent

Please be advised that, by signing the Investment Management Agreement, the Client will be consenting to the transmittal of the Client's data outside of the EU/EEA. In accordance with the Data Protection Act 1998, the Client is entitled, on payment of a fee, to a copy of the information TDWCS or the Investment Manager hold about the Client. In the first instance, the Client should direct any such request to the Investment Manager. The Client should let the Investment Manager know if the Client thinks any information the Investment Manager hold about the Client is inaccurate, so that TDWCS or the Investment Manager may correct it. In accordance with the record retention statement below, the Client will not be at liberty to request the destruction or deletion of any record pertaining to the Client unless the Investment Manager or TDWCS are required to do so by force of law or other regulatory requirement

(o) Record Retention. In accordance with legal and regulatory requirements, both TDWCS and the Investment Manager will retain the Client's records, for a minimum period of six years following the termination of any relationship between the Investment Manager and TDWCS. This period may be extended by force of law, regulatory requirement or agreement amongst the Investment Manager.

24.9 Governing Law and Variations

(a) Liability and Indemnity. In accepting these Terms & Conditions the Client agrees to indemnify TDWCS and its partners, directors, officers, employers, consultants and agents against any cost, loss, liability or experience (including legal costs) incurred by TDWCS directly or indirectly in connection with or as a result of the provision of its services in relation to the Client's account, for any breach by the Client of the provisions of this agreement or the TDWCS Agreement or any failure to make delivery or payment when due. TDWCS shall not have any liability for any circumstance or failure resulting from any event or state of affairs beyond the control of TDWCS including, without limitation, any failure of communication or computer systems or equipment or the suspension of trading by an exchange or clearing house. Furthermore TDWCS shall not be liable for any losses the Client incur if TDWCS fail, interrupt or delay performing its obligations under this agreement in order to avoid damage to TDWCS employees, property or reputation. TDWCS shall not be liable for loss arising other than as a result of its own negligence or wilful default or contravention of the FSA rules and, in any event, will not be liable for any indirect or consequential loss (including loss of profit) and TDWCS shall have no liability for any market or trading losses the Client may incur.

(b) Governing Law and Jurisdiction. Acceptance of these Terms & Conditions shall constitute the formation of a contract between the Client and TDWCS, who will provide execution, settlement, safe custody, nominee and associated services, entered into through the Investment Manager as the Client's agent. TDWCS is authorised and regulated by the FSA and is a member of the London Stock Exchange. The contract shall be governed by English law and subject to the jurisdiction of the English courts.

(c) Payment of Charges. Any money owed to the Investment Manager, TDWCS, or agents used by the Investment Manager or TDWCS, as stated in the relevant contract advice note, or any other applicable charges, may be deducted from money held in the Client's account by TDWCS, or paid directly by the Client if the Client prefers. For this reason, please note that TDWCS reserve the right to retain the Client's funds. The exception is ISA dealing charges, which must be met from funds available within the account. The Investment Manager may sometimes share dealing charges with its associates. If any dealing charge is shared with a third party who is not an associated company or person, the contract or advice note will make that clear.

(d) Default Provisions and Power of Sale. The Investment Manager and TDWCS shall have a power of sale, lien and right of set off over the Client's investments, money or other property including a combination/consolidation of all or any of the Client's accounts, in so far as there remains any outstanding amounts due from the Client to the Investment Manager and/or TDWCS. The Investment Manager and/or TDWCS will exercise this right in such manner as they may in their absolute discretion determine. The Client hereby charges, by way of first fixed charge, with full title guarantee and grants a pledge over and a general lien and right of set off with respect to, all securities, documents of or representing title to property, and all cash or other assets of any nature held by or subject to the control of TDWCS (or its nominees and custodians) for the Client's account (including, without limitation, the benefit of all contractual rights and obligations and any proceeds of sale) as continuing security for the performance of the Client's obligations hereunder and for the payment of all sums that become due to the Investment manager and/or TDWCS. The Client warrants to the Investment Manager and TDWCS (as separate and severable obligations) that all cash, securities or other assets of any nature transferred to or held by TDWCS or its nominees and custodians for the Client's account are the Client's sole and beneficial property or are transferred to or held by TDWCS their nominees and custodians with the legal and beneficial owner's unconditional consent and free of such owner's interest and, in any event, will be transferred to or held by TDWCS their nominees and custodians free and clear of any lien, charge or other encumbrance and undertake that the Client will not charge, assign or otherwise dispose of or create any interest in them. Therefore the Client confirms that in the event of TDWCS not receiving either cash or securities when due, in respect of any transaction which is due to be settled or executed, or in the event of the Client not taking all such steps as may be necessary to secure the due and prompt execution and settlement of any such transaction, the Investment Manager or TDWCS may cancel, close out, terminate or reverse all or any contracts and sell, charge, pledge or otherwise dispose of any investment held for the Client, at whatever price and in whatever manner the Investment Manager or TDWCS see fit in its absolute discretion (without being responsible for any loss or diminution in price or any resultant tax consequences) and may enter into any other transaction or do, or not do, anything (including the application of client money held for the Client) which would or could have the effect of reducing or eliminating any liability under any transaction, position or commitment undertaken for the Client. The Investment Manager will also exercise this right in order to meet the Client's liabilities, including normal dealing charges as set out in the Investment Manager's published fees and charges and any other related costs, to either of the Investment Manager and/or TDWCS. For the avoidance of doubt, any asset held for the Client can be retained or realised in order to discharge any obligation the Client have to the Investment Manager or TDWCS, including any investment held in safekeeping by TDWCS, and investments held in the course of settlement. The Investment Manager or TDWCS also reserve the right to close any open sold position should the Client fail to deliver the relevant securities, and to debit the Client's account with any loss incurred in the transaction. Should it be necessary to realise any assets as outlined, the Investment Manager or TDWCS will give the Client as the Investment Manager or TDWCS thinks fit such notice prior to taking such action. The Client shall be responsible for all fees costs and expenses (including with out limit legal fees) and any other associated costs involved in the exercise of the above powers. Neither TDWCS nor the Investment Manager shall be liable to the Client in respect of any choice made by TDWCS or the Investment Manager in selecting the investments sold in accordance with these default provisions. The proceeds of sale (net of costs) will be applied in or towards the discharge of the Client's liabilities and TDWCS or the Investment Manager will account to the Client for the balance. In the event that such proceeds are insufficient to cover the whole of the Client's liabilities, the Client will remain liable for the balance. In addition neither the Investment Manager nor TDWCS shall be responsible for the tax consequences as a result of taking any of the actions outlined above.

**25. Services**

25.1 The Investment Manager will arrange transactions and if requested advise the Client from time to time on the following investments:

(a) Shares in British and/or foreign companies;

(b) Debenture stock, loan stocks, bonds, notes, certificates of deposit, commercial paper or other debt instruments including government, public agency, municipal and corporate issues;

(c) Depository receipts; and

(d) Unit trusts, mutual funds and similar schemes in the United Kingdom or elsewhere.

**26. Advice**

26.1 The Investment Manager may provide the Client with investment advice. Advice given by the Investment Manager will be based on the information supplied by the Client, which the Client should update as necessary before the Investment Manager gives the Client advice on a particular transaction. If the Client does not inform the Investment Manager of any investment or types of investments which the Client do not wish the Investment Manager to recommend or purchase for the Client, the Investment Manager may recommend to the Client any investment listed in 25.1. However, under the rules of the FSA, the Investment Manager may recommend to the Client any investments which the Investment Manager have reasonable grounds for believing are suitable for the Client. While the Investment Manager take reasonable care in giving the Client advice, the Investment Manager can give no guarantee on the performance or profitability of the Client portfolio. No advice is given on the taxation or legal implications for the Client entering into this agreement or in receiving the Investment Manager's services.

**27. Execution Only**

27.1 In providing execution only services to the Client the Investment Manager is entitled to assume that the Client has sufficient knowledge, market sophistication and experience to make its own evaluation of the merits and risks of any investment entered into under this Investment Management Agreement. Accordingly neither TDWCS nor the Investment Manager will be assessing the suitability of any such investment for the Client. However, the Investment Manager may require the client, prior to entering into an investment under this Investment Management Agreement, to provide such information as the Investment Manager deems sufficient to demonstrate that such investment is appropriate for the Client.

**28. Execution of Orders**

28.1 The Investment Manager shall take all reasonable steps to provide the Client with Best Execution in accordance with the FSA Rules and its execution policy, which has been provided separately. By agreeing to these terms and conditions the Client consents to orders being executed outside of a regulated market or multilateral trading facility. Where the Investment Manager has placed a limit order in a security on the Client's behalf, the Investment Manager shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions, unless the Investment Manager believes it in the Client best interests to do so.

28.2 An order may be given electronically, over the telephone or in writing. The Investment Manager reserves the right to refuse to accept any order given by the Client. All orders will be executed as soon as reasonably practicable at the best price available at the time of dealing. The Investment Manager may combine the Client order with orders of other clients. By combining the Client orders with those of other clients the Investment Manager must reasonably believe that the Investment Manager will obtain a more favourable price than if the Client order was executed separately. However, on occasions aggregation may result in the Client obtaining a less favourable price.

**29. Order Execution Policy for Retail Clients**

29.1 The Investment Manager is required to establish and implement an order execution policy and to provide appropriate information on its order execution policy to its clients. The Investment Manager has adopted the following policy for the execution of orders:

(a) General Principles. When executing orders on the Client behalf in relation to financial instruments the Investment Manager will take all reasonable steps to achieve what is called 'best execution' of the Client order. This means that the Investment Manager will have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the characteristics of the Client as a client, the client classification and the characteristics of the order, the financial instruments that are the subject of the order and the Execution Venues to which the order can be directed. The Investment Manager's commitment to provide the Client with best execution does not mean that the Investment Manager owe the Client any fiduciary responsibilities over and above the specific regulatory obligations placed upon the Investment Manager or as maybe otherwise contracted between the Investment Manager.

(b) Order Execution Policy. Subject to any specific instructions from the Client, when executing orders on the Client behalf or transmitting them to another entity for execution, the Investment Manager shall take all reasonable steps to achieve the best possible execution result for the Client order taking into account Execution Factors listed below.

(c) Execution Factors. The Execution Factors that will be taken into account are:

(i) Price

(ii) Cost of the transaction

(iii) Speed of execution

(iv) Likelihood of execution and/or settlement

(v) Size and complexity of the order

(vi) Characteristics and nature of the order

(d) Ordinarily price and overall costs for transacting the deal will merit a high importance in obtaining the best execution result for the Client order. However in some circumstances, the Investment Manager may determine that other factors listed above may be more important in determining the best execution result for the Client order. The Investment Manager will exercise its own discretion in determining these factors.

(e) Execution Venues. The Investment Manager will arrange to execute deals through:

(i) Regulated markets

(ii) Multilateral Trading Facilities

(iii) Systematic Internalisers

(iv) Market Makers on their Own Account

(v) Other liquidity providers

(vi) Non-EU entities performing similar functions

The Investment Manager will generally request that TDWCS place orders with the market using one the following entities, subject to best execution.. Alternative entities may be used at the discretion of TDWCS.

(i) Equities: Cazenove, CitiGroup, CSFB, Deutsche BankTDWCSand Peel Hunt.

(ii) Fixed Income: Cazenove, CitiGroup, CSFB, Deutsche BankTDWCSand Peel Hunt.

(iii) Collective Investments: Deals will be placed via TDWCS, or directly with the provider subject to any initial commission discounts agreed with the fund manager.

For certain transactions, such as those where the security is traded by a limited number of entities, alternatives may be used where it is considered in the Client's best interests to do so. The Client should note that where the Investment Manager has obtained the Client prior express consent, the Client's order may be executed outside a Regulated Market or Multilateral Trading Facility even where that order could be executed through a Regulated Market or Multilateral Trading Facility.

(f) Delivering Best Execution. Having given consideration to the Execution Factors and General Principles referred to above the Investment Manager will select the most appropriate venue(s) from those available and execute the Client order accordingly. Whenever there is a specific instruction from the Client, the Investment Manager will carry out the order in accordance with that specific instruction and the Investment Manager will be deemed to have complied with the best execution requirement to the extent of that instruction.

(g) Review and Monitoring. The Investment Manager will monitor execution quality and compliance with its Execution Policy on an on-going basis and will at least once a year make a formal assessment of its dealing policies. The Client will be notified of any material changes to the Execution Policy.

**30. Conflicts Of Interest**

30.1 It is important to identify and manage conflicts of interest which arise or may arise in the course of providing a service, as their existence may lead to a material risk of damage to a client's interests. The Investment Manager' Conflict of Interest policy is designed to effectively manage the conflicts of interest that may arise where it provides services to clients in the course of carrying on regulated activities. The policy is designed to fulfil the Investment Manager' obligations under the Markets in Financial Instruments Directive ("MiFID"). This document is prepared and published in order to comply with the FSA Handbook rules and is not intended to create third party rights or duties or form part of any contractual agreement between the firm and any client. This policy may be reviewed and amended at any time.

(a) Conflicts of interest may exist in the structure and operation of the Investment Manager's business. Where the Investment Manager are aware or made aware that the Investment Manager are faced with a situation of competing interests (whether that be between the Investment Manager's interests and the Client interests or the interests of our other clients and the Client interest), the Investment Manager will undertake all reasonable steps to protect the Client interests. When the Investment Manager are not satisfied the Investment Manager have sufficient controls in place to manage any potential harm to clients interests, the Investment Manager will;

(i) Disclose the nature of the source of the conflict; and if appropriate

(ii) Obtain the requisite permissions to proceed with the service

(b) The Investment Manager has in place a Conflicts of Interest Policy and procedures specifically designed to identify and manage such conflicts. These include organisational and administrative arrangements that are intended to restrict the flow of information and access to client data so as to protect the interests of clients and to ensure that the activities of employees are visible to senior management and are monitored.

**Schedule 1**

Initial Value of the Portfolio

The initial value of the Portfolio will be approximately GBP ______________________________ in equities, fixed income securities, collectives and cash.

**Schedule 2**

Investment Guidelines

Part A : Investment Objectives and Guidelines

**The Client's objective is to outperform the ________________________________________benchmark. There is likely to be a significant degree of volatility in performance, over and above the levels of the benchmark as a whole. The Portfolio is likely to see a more active management style in order to capitalise on short term opportunities as and when they arise. Equity investment is likely to show a higher degree of commitment to volatile stocks when opportunities appear promising. Some higher risk investments are likely to be included, in order to maximise the chances of achieving a superior rate of return.**

Part B : General Investment Guidelines

Subject to Part A of this Schedule, the Investment Manager may effect transactions and will observe the restrictions as described below. Terms not defined in this Agreement shall bear the meanings ascribed to them in the FSA Rules.

**1. Collective Investment Schemes**

The Investment Manager may enter into discretionary transactions for the Client for the purchase or sale of units in a collective investment or similar scheme, whether regulated or unregulated, where the Investment Manager, any of its Associates or any person(s) connected with it, is the trustee, operator or manager or an adviser of the trustee, operator or manager. Whilst the Client is invested in such scheme, the Client acknowledges that it will pay the fees of the relevant scheme.

**2. Underwriting**

The Investment Manager may commit the Client to any obligation to underwrite any issue or offer for sale of securities.

**3. Illiquid Investments**

3.1 The Investment Manager may enter into transactions for or with the Client in illiquid investments and in doing so will use reasonable care to execute the transaction at a price on terms which are fair and reasonable to the Client.

3.2 Illiquid investments are investments in which the market is limited or could become so. It is consequently often difficult to assess a market price for such investments and some difficulty may be experienced in buying or selling such investments.

**4. Securities Lending and Borrowing**

4.1 The Investment Manager is **not** authorised to:-

(a) lend to any of its Associates or to third parties documents of title or certificates evidencing title to investments belonging to the Client, or

(b) borrow money on the Client's behalf against the security of its investments.

4.2 The Investment Manager may commit the Client to supplement the assets of the Portfolio by borrowing on the Client's behalf or committing the Client to a contract which may require the Client to supplement such assets.

**5. Derivatives**

5.1 The Investment Manager may effect transactions in Options, Futures and Contracts for Differences (including Contingent Liability Transactions) whether or not for hedging purposes, and whether or not traded on or under the rules of a Recognised or Designated Stock Exchange.

5.2 The Investment Manager may at its complete discretion enter into (on behalf of the Client) such agreements with brokers or other counterparties as it considers fit and may exercise or not exercise all rights and duties thereunder including, without reference to the Client, depositing or transferring and charging the Portfolio or any part of it in accordance with such agreements and making contractual or other arrangements to settle or close out outstanding obligations in any circumstances. The Client accepts full responsibility for any potential counterparty exposure arising from such transactions.

5.3 The Client shall be liable for all initial and variation margins, option premiums, commissions, fees and other amounts due in respect of such transactions under this Agreement and the Investment Manager may debit the Portfolio with any sums required in respect thereof. The limits (if any) on the amounts which may be committed by way of margin are set out in Part A of this Schedule.

**Schedule 3**

Fees

In consideration for its investment management services the Investment Manager shall be paid a fee of 1.50% per annum of the collective and equity asset values, 0.75% per annum of the corporate bonds asset values, 0.50% per annum of the government bond asset values and 0.0% per annum on cash values. The fee shall accrue and be payable monthly in arrears on the final day of each month.

In addition, the client will pay the Investment Manager annually a performance fee, in respect of each performance fee period (as defined in the investment management agreement and shown below), equal to 10 per cent of the "net profit" in excess of the "hurdle return" for such period. The "net profit" is the amount by which the net asset value at the end of the performance fee period (before deduction of the current performance fee) exceeds the net asset value at the beginning of such period, adjusted, as necessary, for the effect of additions and withdrawals to the portfolio during the performance fee period.

The "hurdle return" shall be such sum as is equal to a return of 10% per annum on the net assets invested in the portfolio during the relevant performance fee period, adjusted accordingly to take account of net assets invested in the portfolio for only a part of the relevant performance fee period.

"Performance fee period" means for the initial performance fee period the period beginning on the date of the investment management agreement and ending 31st December. Thereafter the performance fee period shall be each year ending 31st December, or in the event of a winding up of the portfolio, the period ending on the date of the commencement of the winding up.

In the event that:

- there is a net loss in any Performance fee period then such net loss shall be carried forward and offset against the net profit calculation for future Performance Fee Periods, such that no Performance Fee shall become payable in future Performance Fee Periods until the net profit for such period exceeds any net loss brought forward and the hurdle return for the future period. In the event that there are redemptions of shares at a time when there is a net loss brought forward, the element of the net loss brought forward, (to the extent that it has not been offset by subsequent net profits) that relates to the Shares redeemed shall be extinguished;

- a performance fee is payable to the Investment Manager, such fee shall be paid within thirty days of the end of the relevant Performance Fee Period.

Accruals on account of any performance fee will be made throughout each Performance Fee Period.

Performance Fees paid on previous unrealised gains that subsequently become realised losses are non-refundable. Any decrease in the net asset value subsequent to the most recent month in which Performance Fees were earned will be carried forward until future increases exceed the amount of loss carried forward.

Risks associated with Performance Fees: Under the fee arrangement described above, the Investment Manager will be compensated for unrealised gains which may never be reassessed. The fee arrangement may also create an incentive for the Investment Manager to cause the client to make investments that are riskier or more speculative than would be the case in the absence of a performance fee arrangement.

## Schedule 4

Investment Risks

This investment carries a high degree of risk including, but not limited to, the risks referred to below. No assurance can be given that Clients will realise a profit on their investment. Moreover, Clients may lose some or all of their investment. The risks referred to below do not purport to be exhaustive and the Client should review this Investment Management Agreement carefully and in its entirety and consult with their professional advisors before signing the agreement.

**1 Concentration of Investments**

Although the Investment Manager will endeavour to diversify the Portfolio in accordance with the Investment Objectives and Guidelines set out in Schedule 2 the Portfolio may hold a few, relatively large positions in securities in relation to the capital of the Portfolio. Consequently, a loss in any such position could result in significant losses to the Portfolio and a proportionately higher reduction in the net asset value of the Portfolio than if the Portfolio's capital had been spread among a wider number of positions.

**2. Potential Illiquidity of Exchange Traded and OTC Instruments**

It may not always be possible for the Investment Manager to execute a buy or sell order on exchanges at the desired price or to liquidate an open position either due to market conditions or due to the operation of daily price fluctuation limits. If trading on an exchange is suspended or restricted, the Investment Manager on behalf of the Client may not be able to execute trades or close out positions on terms which the Investment Manager believes are desirable. In addition, investment in OTC instruments will be subject to the liquidity of such instruments which may impact their valuation.

**3. Risks of Government Intervention**

The prices of securities and instruments in which the Investment Manager may trade or invest are subject to certain risks arising from government regulation of or intervention in the markets, through regulation of the local market, restrictions on investments by foreign residents or limits on flows of investment funds. Such regulation or intervention could adversely affect the Portfolio's performance.

**4. Market Risk**

The investments of the Portfolio are subject to normal market fluctuations and the risks inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur. The value of investments can go down as well as up and the Client may not realise their initial investment.

**5. Reliance on the Investment Manager**

The Client will rely on the Investment Manager in formulating their investment strategies. The bankruptcy or liquidation of the Investment Manager may have an adverse impact on the Portfolio's net asset value. The Client must rely on the judgement of the Investment Manager. The Investment Manager or its principals and affiliates are not required to devote substantially all their business time to the Client's business.

The Investment Manager intends to manage additional customer accounts in the future. Orders for such accounts may occur contemporaneously with orders for the Client. There is no specific limit as to the number of accounts which may be managed or advised by the Investment Manager. The Investment Manager will act in the best interests of the Client so far as practical when undertaking any investments for the Client.

The Investment Manager does not have a long term performance record having only been incorporated on 3 September 2008 and authorised by the Financial Services Authority to conduct investment business on 17 November 2008 although the Partner and investment personnel have many years of experience in dealing with securities and related instruments at banks and other financial institutions.

**6. Investment Strategies**

The success of the investment strategies depends upon the ability to interpret correctly market data. Any factor which would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market would also be detrimental to profitability. As the strategies may be modified and altered from time to time, it is possible that the strategies used in the future may be different from those presently in use. No assurance can be given that the strategies used or to be used will be successful under all or any market conditions.

**7. Performance Fee**

Where performance fees are payable by the Client, these will be based on realised and unrealised gains and losses as of the end of each calendar year. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised as positions may be closed out at a loss in a later period with a consequent reduction in the net asset value. Further, payment of performance fees may create an incentive to the Investment Manager to select riskier or more speculative trades than would be the case in the absence of such a fee arrangement.

**8. Fees and Expenses**

Whether or not the Portfolio is profitable, the Client is required to pay the management fees, custody and settlement expenses, brokerage commissions and advisory fees.

**9. Conflicts of Interest**

Conflicts of interest may exist in the structure and operation of the Investment Manager's business. The attention of the Client is specifically drawn to the potential conflict of interest implicit in the method of valuation of over-the-counter option contracts and similar contracts and derivative instruments other than spot and forward contracts where the Investment Manager relies on the counterparties to such contracts or instruments to provide a price for the relevant contract or instrument.

**10. Use of Leverage and Derivative Instruments**

The Investment Manager may use borrowing, leverage and derivative instruments, resulting in certain additional risks. Leveraged instruments will increase the loss to the Client of any depreciation in the value of investments whilst a relatively small price movement in a leveraged instrument may result in a substantial loss. Derivative instruments are highly volatile and expose the Client to a high risk of loss.

**11. Currency Risk**

Investments acquired by the Investment Manager on behalf of the Client may be in a wide range of currencies. Although the Investment Manager will seek to manage the Client's foreign exchange positions, there is no assurance that this can be performed effectively.

**12. Futures**

Trading in futures contracts is a highly specialised activity and although this may increase the return to the Client, it will also entail greater than ordinary investment risks.

## Schedule 5

TDWCS Settlement and Custody Charges

**Base Settlement Charge**

| | | |
|---|---|---|
| | **£ 12.50** | per client contract |

**Trade Supplements (additional to settlement charge)**

| | | |
|---|---|---|
| CREST certificated settlement | **£ 8.00** | |
| CREST rematerialisation | **£ 8.00** | |
| Residual settlement | **£ 8.00** | |
| Collectives | **£ 8.00** | |

**International Supplements (additional to settlement charge)**

| | | |
|---|---|---|
| Dematerialised settlement | **£ 16.00** | per delivery |
| Certificated settlement | **£ 36.00** | |
| Collectives | **£ 24.00** | |

**Tax Wrapper**

**Administration (Managed)**

| | | |
|---|---|---|
| | **£ 20.00** | per annum |

**Ad hoc charges**

| | | |
|---|---|---|
| Plan closure | **£ 50.00** | per plan |
| Cash withdrawals | **£ 10.00** | per withdrawal |

**Dealing**

**Nominee**

| | **from** | **to** | | |
|---|---|---|---|---|
| Consideration in range | £1 | £50,000 | **0.175%** | of consideration; min £12.50 |
| Consideration in range | £50,001 | £100,000 | **0.150%** | of consideration |
| Consideration in range | £100,001 | | **0.100%** | of consideration |

**Certificated**

| | **from** | **to** | | |
|---|---|---|---|---|
| Consideration in range | £1 | £50,000 | **0.200%** | of consideration; min £20.00 |
| Consideration in range | £50,001 | | **0.175%** | of consideration |

**International**

| | **from** | **to** | | |
|---|---|---|---|---|
| Consideration in range | £1 | £50,000 | **0.200%** | of consideration; min £20.00 |
| Consideration in range | £50,001 | | **0.175%** | of consideration |

**FX**

| | | |
|---|---|---|
| Trade related | **0.250%** | of consideration; min £20.00 |
| Other, e.g. dividend payments | **0.250%** | of consideration; no min |

**Administration Fees**

**Ad-hoc charges**

| | |
|---|---|
| Account opening | **£ 10.00** |
| Account closure | **£ 10.00** |
| Cheque payments | **£ 10.00** |
| CHAPS/TT payments | **£ 25.00** |
| BACS payments | **£ 10.00** |

**Transfers in**

| | | |
|---|---|---|
| UK dematerialised | **£ 0.00** | per line of stock |
| UK certificated | **£ 20.00** | per line of stock |
| UK Collectives | **£ 30.00** | per line |
| International dematerialised | **£ 20.00** | per line of stock, certificated transfers to be charged on a time and materials basis |
| International Collectives | **£ 15.00** | per line, agent fees to be passed through |

**Transfers out**

| | | |
|---|---|---|
| UK dematerialised | **£ 10.00** | per line of stock |
| UK certificated | **£ 30.00** | per line of stock |
| UK Collectives | **£ 30.00** | per line |
| International dematerialised | **£ 30.00** | per line of stock, certificated transfers to be charged on a time and materials basis |
| International Collectives | **£ 15.00** | per line, agent fees to be passed through |

**IN WITNESS** this Agreement has been entered into on the day and year first herein written.

| | |
|---|---|
| Signed on behalf of<br>Quotidian Investments LLP – trading as<br>Albert E Sharp | ................................................................................. |
| Name: | Bill Roden |
| Title: | Partner |
| Signed by or on behalf of<br>the Client: | ................................................................................. |
| Name: | |
| | ................................................................................. |
| | ................................................................................. |
| Name(s) and title(s) of<br>signatory/signatories | |
| | ................................................................................. |
| | ................................................................................. |
| Signed by or on behalf of<br>the Witness: | ................................................................................. |
| Name: | ................................................................................. |
| Address: | ................................................................................. |
| | ................................................................................. |