



# Managed Fund Service

*Terms and Conditions*



## **Important Information**

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

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

### **1 Commencement**

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

### **2 Appointment**

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

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

### **3 Delegation**

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

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

### **4 Material Interests**

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

### **5 Notices**

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

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

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

### **6 Management**

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

- 6.2 The investments in the Managed Fund Service will be restricted to unit trusts, investment trusts, open-ended investment companies, other collective investments, alternative investments (such as absolute return funds and multi-asset strategy funds) equities, gilts and other fixed-interest/bond investments, and cash. We will assume that there are to be no restrictions on us regarding the type of investment or markets in which funds can be invested, unless agreed in writing to the contrary, e.g. for ethical reasons.
- 6.3 We or any Associated Company may aggregate any transaction for you with those of other investors although this may result in a less favourable transaction price than might have been achieved had the transaction been effected separately.
- 6.4 You may not create any security over, or transfer your rights in, the portfolio Investments.

## **7 Custody**

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

## **8 Client Money, Dividends, Interest and Corporate Actions**

- 8.1 Subject to compliance with the Rules and the Client Money Regulations, receipts and other monies held within your portfolio which are pending investment will be deposited with the bank as client money in a client account which has statutory trust status. We will not be liable for any default of the Bank. Except as stated in Clause 13, and subject to clause 8.2, interest derived from monies deposited in such an account will be credited to your Investment Portfolio and will be added to the monies to be invested
- 8.2 If due and applicable, we will pay you interest at the following rate: Bank of England Base Rate **less** 2% subject to a minimum rate of 0.01% pa. We will credit your Investment Portfolio quarterly in March, June, September and December with gross interest on the balance standing in your account in accordance with the Financial Services (Client Money) Regulations; however, interest amounting to £2 or less per quarter will **not** be paid to you and may be retained by the firm.
- 8.3 We will do all that we reasonably can to collect any dividends, interest or any other entitlements to which you may be due and will credit these to your account at the earliest opportunity, subject to the deduction of any taxes which may be levied against such receipts. We cannot be held legally liable if a company fails to inform us about a corporate action and/or a subsequent non-payment of monies to which you may have been entitled.
- 8.4 Where applicable, it is the firm's policy to accept a 'cash' offer as the default option instead of an additional stock dividend.

- 8.5 We will sell any non-attributable fractional entitlements and will keep the cash for our benefit. This will arise where an entitlement cannot be exactly allocated between accounts within a nominee because the amounts cannot be divided exactly between each holder.

## **9 Investment Objectives**

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

## **10 Investment Restrictions**

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

## **11 Charges**

- 11.1 Fees will be charged for discretionary investment management services in accordance with the Schedule of Charges and Costs of our Services in force at the time. The Schedule of Charges and Costs of our Services for part of these Terms and Conditions which may be amended or changed by giving you 1 months' notice in writing. Your attention is particularly directed towards:

The annual management charge (AMC), which is charged quarterly in arrears, and is based on the value of an individual portfolio as at 31 March, 30 June, 30 September and 31 December.

The annual compliance charge (ACC) which is based on the value of an individual portfolio as at 31 December.

Dealing and transactional charges which are levied throughout the year as trades are undertaken on your behalf and in the best interest of portfolio management.

Any other reasonable out-of-pocket expenditure and charges incurred during the routine administration and management of your investment portfolio subject to prior notice by us in writing.

- 11.2 Upon the death of an investor and where we are requested by the executors or the estate's representatives to issue a valuation of the investment portfolio for probate purposes, a probate valuation fee will be charged to and deducted from the investment portfolio. The subsequent sale or transfer of assets will be subject to our normal dealing and transaction charges.

## **12 Statements**

- 12.1 Within 21 days of 31 March, 30 June, 30 September and 31 December each year, statements and valuations relating to this agreement will be sent to you at your last known address. In addition, each year a consolidated tax voucher and annual report will be sent to you as at 5 April.
- 12.2 We maintain a record of your holding of investments and other assets indicating whether they are subject to any charge. We will send you, or any person nominated by you in writing, annually a statement of the documents held by us or to our order.

### 13 Income Withdrawal Facility

Where available, you may elect (either on the Application Form or by notifying us in writing) to receive any income received in respect of the Portfolio Investments (whether by way of dividend, distribution or otherwise) or a fixed amount as determined by you. Where you have made such an election, unless otherwise stated in the Key Features Document, all such income will be paid out on 18 of each month or, for quarterly income, 18 January, 18 April, 18 July and 18 October each year. It will be credited direct to your bank or building society account, details of which you will need to have completed on the Application Form or to have notified us for this purpose. Pending its distribution, any income credited will be held for your benefit in the client account referred to in Clause 8.1.

### 14 Termination, Transfer and Withdrawal

- 14.1 You may transfer investment assets held with other Discretionary Portfolio Managers to your Investment Portfolio. We will contact the manager(s) concerned on your behalf and effect the necessary transfers. All transfers to the Investment Portfolio must be made in cash or stock transfer.
- 14.2 Subject to any other provisions of this Clause and at your written request we will transfer all or part of your Investment Portfolio to another Discretionary Portfolio Manager at any time provided they agree to such a transfer.
- 14.3 Any withdrawal should not result in the balance of the portfolio falling below **£20,000**. All withdrawals will normally be paid to you within 10 working days from the date of receipt of your written instructions. If the balance of a portfolio falls below **£20,000** after any such withdrawal, Balkerne Asset Management reserves the right, and at its sole discretion, to close your portfolio by liquidating the remaining stock and on completion of all sales to forward you the proceeds within 10 working days, subject to giving you at least 1 months' notice in writing.
- 14.4 Switches between unit trusts, open-ended investment companies and other collective investments held within a portfolio made by the Account Manager during the course of managing the portfolio will be effected at a charge. (See Costs)
- 14.5 Before we make a payment to you or transfer all or any Portfolio Investments pursuant to these Terms, we shall be entitled to deduct from the Investment Portfolio an amount necessary to discharge any obligations or liabilities (including tax liabilities or amounts representing tax as estimated where necessary by us) which may be due from you.
- 14.6 You may terminate your Investment at any time by giving us written instructions and subject to any outstanding charges as may apply under Clause 11 of these Terms we will arrange to pay to you the value of your Investment Portfolio.
- 14.7 We may terminate the Account after giving you 1 month's written notice if we reasonably believe or if we are of the opinion that it is impracticable to administer the Account in accordance with these Terms and Conditions.
- 14.8 On termination, we will continue to operate your Investment Portfolio to facilitate the settlement of all outstanding transactions, for example receipt of income and tax reclaims which may be due. After such transactions have been settled and their value has been paid to you these Terms will terminate. We shall not be responsible for reclaiming on your behalf any tax which is refundable to you in respect of:
- i) Income arising from the Portfolio Investments the payment date for which occurs after the Investment Portfolio is closed; or
  - ii) Interest credited to the Investment Portfolio after the Investment Portfolio is closed.
- 14.9 We may at our absolute discretion terminate your Investment Portfolio at any time by giving written notice to you. Such notice will take effect 1 calendar month after posting and as soon as reasonably practicable thereafter we will (subject to any outstanding charges as may apply under Clause 11) transfer the value of your Investment Portfolio to you (or as you otherwise direct).
- 14.10 On termination or transfer of the Account any fees due to the date of termination or transfer including a pro rata proportion of any periodic fees will be payable by you and deducted by us from the Account.

## **15 Complaints and Compensation Rights**

15.1 You should address any complaints in connection with the Investment Portfolio to:

***The Compliance Officer  
Capel Court Plc  
1 Balcerne Hill, Colchester, CO3 3FG***

If you cannot settle your complaint with us, you may be entitled to refer it on to the Financial Ombudsman Service, details of which are:

***The Financial Ombudsman Service  
Exchange Tower, London, E14 9SR***

You may also contact the Ombudsman via phone: 020 7964 1000 (Switchboard), email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk) or visit their website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

The Financial Ombudsman Service is free to use and offers an impartial and mediatory approach to resolving disputes involving financial services and products.

15.2 Balcerne Asset Management as a trading style of Capel Court Plc is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. The limits for compensation are set out by the FSCS as follows:

*Investments: 100% of the first £50,000*

15.3 Further information about compensation scheme arrangements is available from the Financial Services Compensation Scheme, details of which may be provided to you on request from our Administrative Office.

## **16 General**

16.1 You or your appointed agent may inspect contract notes, vouchers and entries in our books (manual and electronic) which relate solely to your investments. We reserve the right to provide copies only if to do otherwise would allow access to information relating to other clients. All our transaction records are retained for at least six years.

16.2 Information about you and the conduct of your Account may be put onto our database and used by us. This information may also be disclosed to others to provide you with the service applied for, for the purposes of fraud prevention, audit and debt collection, and so that services may be processed for us (in the UK and abroad).

16.3 To help improve our service and in the interests of security, we may monitor and/or record your telephone calls with us. Our recordings are and shall remain our sole property.

16.4 Balcerne Asset Management shall be entitled to rely on and shall not be liable for any actions taken or omitted to be taken in good faith, pursuant to any communication received from you which is not in writing.

Balcerne Asset Management shall be permitted to refuse the instructions of a client where the execution of such would not match the investment objectives already agreed upon. If such instructions are executed, it will be at the client's own risk.

16.5 You will be liable to pay any applicable Value Added Tax chargeable in respect of any charges or fees payable by you under the Investment Portfolio. If there are insufficient un-invested monies in your Investment Portfolio to pay any charges or fees which become due to us, we shall be entitled to deduct from any future Receipts, or dispose of Portfolio Investments, for the purpose of realising an amount necessary to pay such fees.

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

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

## **17 Governing Law**

The Terms and Conditions will be governed in accordance with English Law.

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

- 18.1 If you so request in writing, we will arrange for you to receive a copy of the annual report and accounts issued by every Company or other concern in respect of shares, securities or units which are held directly in the Investment Portfolio. A charge will be made for this service.
- 18.2 If you so request in writing, we will arrange for you to attend and vote at Shareholders, Securities holders or Unit holders Annual General Meetings (AGMs). A charge will be made for this service.
- 18.3 In the absence of any specific instruction we may, subject to the Rules, make arrangements when appropriate to exercise the voting rights of your Portfolio Investments at our discretion.

## **19 Taxation**

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

## **20 Additional Terms**

- 20.1 If our adherence to these Terms and Conditions is prevented or hindered in whole or in part by reason of any event, omission, accident or other matter beyond our reasonable control, we will be under no liability for any loss, damages or expense (whether special, direct, indirect or consequential) suffered by you as a result. We will use all reasonable endeavours to avoid or overcome the causes affecting performance and shall fulfil all outstanding responsibilities as soon as it becomes practicable to do so.
- 20.2 Any additional terms will be provided separately and in the event of any inconsistency with these Terms, the additional terms shall take precedence.
- 20.3 These Terms and Conditions will come into force upon receipt by Balkerne Asset Management of a duly completed application form, together with funds for investment. You will undertake to transfer the cash and assets to Balkerne Asset Management.

### **Investment Risk Health Warning**

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

#### **Balkerne Asset Management**

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

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

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