

Client Agreement 2010

The Financial Services Authority (FSA)

The FSA is the independent watchdog that regulates financial services. This document has been designed by the FSA to be given to consumers considering buying certain financial products. You need to read this important document. It explains the service you are being offered and how you will pay for it. This Client Agreement commences with immediate effect on receipt by you and will apply to all business transacted until otherwise agreed.

IMPARTIALADVISER Ltd t/a INDEPENDENT FINANCIAL ADVICE CENTRE. (I.F.A.C.)

is Authorised and regulated by the Financial Services Authority and is authorised by the Authority as an INDEPENDENT ADVISER to transact investment business as follows:

- Arranging (bringing about) deals in investments;
- Making arrangements with a view to transactions in investments; (e.g. including Individual Savings Accounts; Personal Pensions; Stakeholder Pensions; Unit Trusts etc).
- Advising on investments (including Occupational Pension Transfers and Occupational Pension Scheme Opt Outs)
- You can check this on the FSA's Register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234. We are registered under "Impartial Adviser Ltd".

Key Facts about our Services

- **We offer independent advice:** - If we do have some form of interest in any business that we are transacting for you, or we become aware that our interests or those of one of our clients conflict with your interests, we will advise you in writing and seek your consent before carrying out your instructions.
- **Investment:** - We offer products from the whole market.
- **Insurance:** - We offer products from a range of insurers for all of the non-investment products that we offer.
- **Mortgages:** - We offer mortgages from the whole market.

Advice Process: - Irrespective of the service you require, we will advise and make a recommendation for you only after we have assessed your needs.

Where we are providing advice on investments, we need to determine your attitude to Investment Risk. The result of these discussions will in all relevant cases, be confirmed in writing, by us to you in our suitability letter and be deemed to form part of this Client Agreement. Attached to this client agreement letter is an explanation of investment risk and a section for you to complete and sign as a written record of our discussion (appendix 1).

Key Facts about the Cost of our Services.

- We normally offer an initial discussion (without charge) when we will describe our services more fully and explain the payment options. If you decide to go ahead, we will:
- Gather and analyse personal information about you, your finances, your needs and objectives;
- Recommend and discuss any action we think you should take and, with your agreement, arrange relevant investments for you.

Payment Options

Not all firms charge for advice in the same way. We will discuss your payment options with you and answer any questions you have. We will not charge you anything until you have agreed how we are to be paid.

We offer the following payment options:

Paying by fee. Whether you buy a product or not, you pay us a fee for our advice and services. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could reduce our fee; or reduce product charges; or increase your investment amount; or refund commission to you. If we propose to make a charge, we will agree its basis in writing with you before carrying out any chargeable work. These fees will be calculated in accordance with the scale of Fees and Charges detailed below.

Paying by commission (or product charges). If you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider's own costs and any commission. These charges reduce the amount left for investment. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

Paying by a combination of commission and fee. If the commission amount does not meet the agreed cost, we will charge you a fee for the difference. We may also use this option to charge you a fee for the initial advice and recommendations and receive commission to cover ongoing work

If we work on a commission basis, you will receive written details of our commission or remuneration before the transaction(s) are completed. If we receive a commission or other form of benefit from the issuer of a security or another intermediary, we will also inform you.

If we receive (in respect of your business), Commission or any other form of Benefit from a Product Provider or from another intermediary, we will inform you of this fact and advise you of the amounts involved.

Client Money:-We do not handle clients' money. This means that all cheques must be made payable to the issuer of the investment unless it is for the settlement of our fees. In addition, we will not accept cash for the purpose of investment unless it is in settlement of our fees. All investments will be registered in your name. We will forward to you all documents showing ownership of your investments as soon as practicable after we receive them, where a number of documents are involved we may await arrival of them all before forwarding them to you.

Other Services:-During the course of our business we come across products and services that we believe may be of interest to you. Unless you specifically request us not to, we may contact you to advise you of any products we think may be of interest. This will generally be done in writing, but we may also contact you by phone or by other interactive methodology. If we do we will restrict this to between 8.00am and 9.00pm at your place of work or residence. Occasionally it may be necessary for us to contact you by e-mail or fax in relation to investment business and you accordingly authorise us to contact you by telephone, e-mail or fax. Your authority may be withdrawn by advising us in writing that you no longer wish to be contacted other than by letter.

Reviews:-We will be glad to advise you at any time but unless previously agreed we will not carry out a review of any investments that you have already taken out previously or that we have already arranged on your behalf, unless you contact us to do so.

Documents: - 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 where providing originals would allow you access to information relating to other clients. We may charge you at a rate agreed in advance for such copies. All our transaction records will be retained for at least six years.

Where we are required to verify your identity in accordance with the UK Money Laundering Regulations; no investment or other transaction of any type will be made until such verification has been obtained.

Where investment business services are provided to I.F.A.C. by third parties then circumstances may arise which warrant the disclosure of more than just your basic contact details. On these occasions you agree that personal information held by I.F.A.C. may be disclosed on a confidential basis, and in accordance with the Data Protection Act 1998, to such third parties. You agree that this information may be provided to them on paper or electronically.

Personal information provided by clients will be retained on computer records and or on paper and will not be disclosed to other parties except to our auditors, lawyers or compliance consultants and any other organisation requiring access under the regulations or exercising their legal entitlement to such access or in accordance with requirements to disclose. We agree that the data we hold shall be fairly and lawfully processed, processed for limited purposes, adequate relevant and not excessive, accurate, not kept longer than necessary but also as required by our regulator, processed in accordance with your rights, secure and will not transfer it outside the EEA without adequate protection.

Complaints:- If you have any complaint about the advice you receive or a product, which you have taken out through us, please write to the Compliance Officer, at our address shown. We will provide you with a copy of our Complaints Procedure at the time as well as details of what action you may take if you are not happy with the outcome of any complaint you may make, including details of the Financial Ombudsman Service whose scheme of which we are members. If you make a valid claim against us in respect of products or investments that we arrange for you and we are unable to meet our liabilities in full, you may be entitled to seek redress from the Financial Services Compensation Scheme. Details of the cover provided by the scheme are given in a leaflet, which we will send to you at your request. Most types of investment business are covered for £50,000. Insurance advising and arranging is covered for 90% of the claim, without any upper limit. Further information about compensation scheme arrangements is available from the FSCS (www.fscs.org.uk)

Instructions:- We require our clients to give us instructions in writing but will accept signed product or investment application forms in lieu of other written instructions. We will accept oral instructions at our discretion, which should then be confirmed in writing by you to us. Our authority to act on your behalf may only be terminated in writing, at any time, without penalty, by either party without prejudice to the completion of any transactions initiated prior to receipt of such notice. Such notice will be effective when received and opened by us either electronically or by other written media.

Unless otherwise agreed this client agreement will remain in force until such time as it is terminated or if we deliver to you a new client agreement, which will thereupon, become effective. All transactions initiated prior to notice of termination shall be handled and completed as if the client agreement remained in force.

Whilst this agreement governs the Terms that apply in regard to Regulated business, we may also provide Advice in respect of classes of business that are not Regulated by the Financial Services Authority (e.g. Buy to Let Mortgages etc). This Agreement will apply in full to such transactions, unless we advise you in writing, to the contrary.

Fees:- Where a Fee basis applies, you will be notified of this BEFORE we accept your instructions. Fees will be calculated to cover the following business functions:

- Receiving your enquiry details.
- Travelling to/from appointed meeting(s) as necessary.
- Consultancy time to include full discussions relating to Financial Background, your ambitions and objectives, your attitude to Investment Risks and other relevant Planning topics.
- Analysis of Client financial needs and matching solutions.
- Research into the relevant marketplace to select Products and Providers that are best suited - this to include Pricing, Flexibility of Product Design, Investment Performance track record, quality of pre and post Sale Service.
- Presentation and Explanation of our Recommendation(s) and reasons for them.
- Receiving and implementing your Instructions.
- Administration and processing.
- After sales Reviews - automatic or "on request" bases, according to Client preference.

Fee Schedule:- Our typical charges are:

Hourly Rate

| | |
|-------------------------------|---------------|
| Financial Planning Consultant | £175 per hour |
| Administration | £ 40 per hour |

Plus disbursements at cost

Fixed Project Fees

We are able to quote a fixed fee for a specific project. Please ask us for more information. You may also ask us not to exceed a given amount without checking with you first. It is the policy of Impartial Adviser Ltd. to ask clients to sign a fee agreement prior to undertaking any chargeable work; this is to avoid any confusion at a later date.

A list of typical examples are shown below:

- Initial financial planning surgery (up to 3 hours)
 - with outline report, but with no specific product advice £ 400
- Pension transfer analysis report £ 850
- Amalgamation of up to 5 personal pension policies
 - with a view to purchase an annuity £1000
- A full bespoke financial planning report £1500 to £5000
- Arranging an 'Open Market Option' £ 600 to £ 800
- Investment portfolio's generally. 1% of total portfolio value (minimum £1,000)

Reviews

We will discuss your own individual needs, as an example:

Initial review £500-

Each follow on review 0.5% of the portfolio value with a minimum of £350.

When you instruct I.F.A.C. to act as your **INDEPENDENT FINANCIAL ADVISER**, we recommend that you transfer your existing policies and investments into our agency so that we may receive communications direct from the product providers concerned. Should any commission be payable on such a product we shall become entitled to receive it.

I/We instruct all product providers and insurance companies to accept this (or a photocopy thereof) as my/our authority to transfer the policies/investments into the agency of I.F.A.C. and/or to provide them with such information, as they require in regard to contracts in my/our names(s).

I/We accept and agree to the Client Agreement as stated in this notice and the Appendices thereto.

Signed..... **Signed**..... **Date**.....

Name..... **Name**.....

Signed for Independent Financial Advice Centre

Signed

Name.....

Date.....

INVESTMENT OBJECTIVES & INVESTMENT RISK.

Whilst this Client Agreement remains in force, we may need to provide you with Advice that involves the “Investment” of regular Premiums or Lump sums. In all such cases, we will specifically discuss with you, the extent to which you are prepared to commit your Funds to “Investment Risk” in the pursuit of your Investment Objectives.

“**Investment Objectives**” vary from person to person but in simple terms the answer to “what are you trying to achieve” can sum up your objectives. Some examples are: -

- Capital Appreciation with the ambition of preserving, fully or partially, the value of the capital invested.
- Capital Appreciation without significant regard for the preservation of the capital invested.
- An immediate or future Income without fully/partially reducing the value of Capital invested.
- An immediate or future Income with reduced or no Capital remaining

“**Investment Risk**” is one or more of several factors affecting your savings or investments e.g.: -

Capital risk The possibility that you'll lose some of the money you originally invested. Stockmarket risk is one example of capital risk - the value of investments linked to the Stockmarket can vary. This means that, although the long-term trend tends to be upwards, at any particular time the market might have dipped, so your investment could be worth less than you'd paid. You may need to accept some capital risk to offset shortfall risk and inflation risk.

Shortfall risk Shortfall risk relates to your financial goal. You may be saving or investing money in order to reach a target amount at some time in the future. You may aim to pay off a debt, loan or mortgage, or aiming to build up a particular level of retirement income. If you choose investments with no or low risk, your returns are likely to be lower and could fall short of the amount of money you want to target - shortfall risk. This means you may have to choose whether to change the target amount you want to get, increase the amount you save or invest, or save or invest for a longer term.

Interest risk Variable interest rates can fall (bad for savers) or rise (bad for borrowers). Fixed rates lock you in when other interest rates rise (bad for savers, good for borrowers) or fall (good for savers, bad for borrowers).

Inflation risk Over time, rising prices reduce the buying power of your money. This is especially a problem where income is paid out to you, so the real value of your capital falls. Reducing inflation risk usually means taking on some capital risk.

Other factors affecting the degree of risk you are prepared to take are your age, the length of time you are saving or investing over, the size of your assets/income, family commitments etc. We will have regard for your views as to the possible minimum and/or maximum time durations that you intend should apply to any particular transaction or series of transactions.

Risk and returns normally go hand in glove, low risk low return investments will probably not achieve your objectives, but then neither might high-risk higher potential return products if they go wrong. Experience shows that normally a combination of products or funds varying from higher amounts in low or no risk to smaller amounts in high risk areas often produces the desired result of growth or rising income with some downside security. Varying the amounts in the different risk areas then can increase or decrease the overall investment risk you are prepared to take to achieve your objectives and that is what we must try to identify and agree with you.

We cannot easily put any investment or fund in any specific risk category. For example deposit accounts are low risk in the short term, but high risk in the long term as inflation reduces the real value of the account. Some Equities on the other hand are high risk in the short term but must be regarded as lower risk in the long term as they have some protection against inflation.

We will have regard for the fact that all Investments carry some degree of Risk and will not expose your overall assets to a higher degree of Risk than you are prepared to accept. We cannot however be held liable for any losses you may incur should the investment provider or yourself subsequently change the risk profile of the investment. If such changes take place simply contact us for a review.

Investment risk then is considered to be the extent to which you are prepared to suffer a (potential) loss of value as a result of Investment in assets. Such a loss may embrace not only the loss of accumulated growth, but may also involve the reduction or loss of the original investment.

In giving you Advice as to the appropriate Funds and Products for your Investment(s), we will also have regard for any instructions that you may give us regarding SPECIFIC criteria that may relate to Product Providers, Products and/or areas of the Investment Markets including types of Investments that you wish to avoid or be included e.g. ethical investments.

As we may from time to time, be giving you Investment Advice on a range of your personal Financial Planning aspects (e.g. your Pension Funds, your ISA Investments your Mortgage, your Savings etc.) you should consider the extent to which your Investment Objectives and acceptable Investment Risk applies to each transaction in isolation, as these may well differ from one to another e.g. these may differ when considering your requirements for Investing a modest amount in an ISA account compared with the long term strategy for your Pension Fund.

For simplicity we have identified three typical “Risk” scenarios for investment over the medium or long term. Short-term money should invariably be placed in accounts where there is no capital risk.

Lower Risk Investor, this lump sum investor could have 40-60% of their assets in lower risk categories, 25- 40%, in medium risk and 0-25% in higher risk.

Reasonable/Balanced Investor, for a lump sum this could be 30-50% lower risk, 20-40% medium and 0-25% higher risk.

High Risk, could be 10- 25% low risk 10-25% medium risk and up to 80% higher risk funds.

For regular savers, the term of savings is more critical and as mentioned earlier you will probably require different degrees of risk on different savings plans or objectives, e.g. very low or none for short term savings and perhaps high risk for long term pension fund savings until closer to retirement age, when risks should be reduced.

To help identify degrees of risk, whilst no two Investments have exactly identical degrees of Risk, the following guide gives an indication as to the extent of Risk that should be associated with the most popular types of Investment asset.

LOW to MEDIUM RISK INVESTMENTS: **Low risk** is generally regarded as those that have very little chance of reducing in absolute (monetary) value. However, because they are so secure they usually have very little potential for significant growth (after inflation is taken into account). Examples of Low Risk investments are National Savings, Bank or Building Society deposits, Cash ISA accounts and some Gilt issues. Corporate Bonds, Gilts, many With Profits Funds and some of the Investments that “guarantee” payments after fixed investment periods are medium Risk.

MEDIUM RISK INVESTMENTS: will tend to have some exposure to Equity investment. We would include High Equity With Profits Funds, Property Funds, and Distribution funds, some Index Tracker Funds and many Managed Funds and “Blue Chip” Equity Funds.

HIGH RISK INVESTMENTS: are those investments/funds that invest in Equities in geographically defined areas and/or specific sectors of the worldwide markets e.g.: - U.K. Equity, North American, Japanese and European Funds would all be of the High Risk category and as such, are exposed to the risks that have to be associated with high levels of volatility namely, the chance of significant gains or losses. Currency movement also increases the investment risk.

VERY HIGH RISK INVESTMENTS: is a category that we reserve for investments where there is significant potential for a total loss. Included in this section would be direct investment into most Shares, investment in any Fund that is of very small size and/or where there is a limited diversification of underlying investment assets. **WE WOULD NOT CONSIDER ANY INVESTMENTS IN THIS CATEGORY WITHOUT OBTAINING YOUR EXPRESS AND SPECIFIC INSTRUCTIONS IN ADVANCE.**

CLIENT AGREEMENT – INVESTMENT OBJECTIVES AND

INVESTMENT RISK.

We draw your attention to the fact that many Investments issued by Providers based in the United Kingdom are covered by the Financial Services Compensation Scheme in the event that the Insurer is unable to meet its liabilities. This cover may not provide you with full protection of your asset value. You should also have regard for the fact that the value of Investments can go down as well as up and that the past performance of any Fund or Investment is no indication as to what may happen in the future.

I/we have read the notes regarding Investment Objectives and Investment Risk within the Client Agreement.

My/Our Investment Objectives are (see over for suggestions): -

- 1)
- 2)
- 3)

Based on the above I/we am/are prepared to adopt the following investment attitudes in relation to each of the above objectives (low, realistic, high): -

- 1)
- 2)
- 3)

I/we wish the IFAC to note: -

Signed (Client 1).....

Signed (Client 2).....

Print Name

Print Name

Signed (Advisor).....

Date.....

Investment Objectives

| | |
|---|--|
| Providing for my family in the event of my Premature Death | |
| Providing for myself in the event of my partner's Premature Death | |
| Providing for myself/family in the event of a Serious Illness or Disablement. | |
| Providing a sound financial start for my Children/Grandchildren. | |
| Obtaining a good return on my Savings/Investments. | |
| Providing for the cost of future Education Fees. | |
| Planning for my Retirement. | |
| Investing for income and/or growth in Retirement. | |
| Reducing my Tax Bill. | |
| Mitigating possible Inheritance Tax. | |
| Arranging a mortgage | |
| Repaying my Mortgage early or more economically. | |
| Increasing my Income. | |
| Raising Money. | |
| Saving for Specific Future Purchase(s). | |
| Arranging pension "sharing" on divorce | |
| Saving for a specific event in " " years time | |
| Uplifting pension funds | |
| Buying an Annuity | |
| Drawdown / Phased retirement plans | |
| Other | |
| | |