

# Rothschild & Co Wealth Management US Terms and Conditions



March 2019

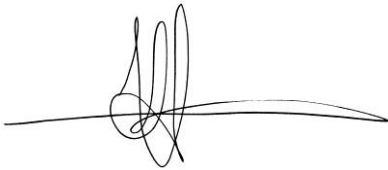
# Foreword

In 1810 four Rothschild family members were signatories to a partnership agreement which effectively established the 'House of Rothschild'. We have an original version in our archive - it is four pages long, and was revised and renewed countless times, primarily to accommodate new family members as they became adults. Enclosed is a modern version in the form of our own Terms and Conditions (T&Cs) setting out how our partnership with you will work. Sadly, it's slightly longer.

Whilst we might yearn for simpler legal and regulatory times gone by, today's world also offers a great deal more protection for investors, such as yourselves. Whilst written in 'legal language', which is unavoidable given the number of national and international regulators, laws, codes of conduct and so on, we have tried to make these T&Cs as accessible and clear as possible.

We strongly encourage you to read these T&Cs and/or obtain your own legal advice - this is an important foundation in our 'partnership'. If you have any questions please do let your Client Adviser know and we will work hard to help clarify any points we can. We are very conscious that this is one of our first impressions and we want to make it a good one.

Our success to date has been because we remain focused on our clients, and on delivering the best possible service. If I can help in anyway please do contact me.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

**Helen Watson**  
CEO, Rothschild & Co Wealth Management UK Limited

# Important Information

These Terms and Conditions set out the basis upon which Rothschild & Co (as defined below) will provide services to the Client (as defined below). By signing the Account Application Form, the Client is deemed to have agreed for the Client (and any successors and personal representatives) to be bound by these Terms and Conditions (as amended from time to time). These Terms and Conditions are legally binding and supersede any earlier agreement provided in respect of the same services.

Please read these Terms and Conditions together with the Account Application Form, the Portfolio Strategy and Investment Suitability Review and the Acceptance Letter. These are important legal documents forming part of the contractual agreement between the Client and Rothschild & Co. Rothschild & Co intends to rely on these documents so, for the Client's own benefit and protection, the Client should read these Terms and Conditions carefully. If the Client does not understand any point, please ask for further information. Clause 2.10 in Section 2 of these Terms and Conditions and Appendix E contain important information relating to data protection and the Client's rights relating to personal data, so the Client should read these carefully.

To the extent that the services Rothschild & Co provides to the Client relate to designated investments (as defined in the FCA Handbook) the Client should be aware that there are certain risks involved. Accordingly, the Client's attention is drawn specifically to the Risk Warnings set out in Appendix A of these Terms and Conditions. The Client should read these carefully and the Client should not deal in investments unless the Client understands their nature and the extent of the Client's exposure to risk and potential loss.

All services provided to the Client under these Terms and Conditions are provided on the basis that Rothschild & Co is treating the Client as a Retail Client (unless otherwise agreed in writing) in compliance with the FCA Handbook. Please refer to clause 2.22 in Section 2 of these Terms and Conditions for further details.

No person in any territory other than the United States, the United Kingdom, the Channel Islands or the Isle of Man may enter into the Mandate (as defined below) with Rothschild & Co unless, in the relevant territory, such an agreement could lawfully be entered into by that person without contravention of any registration or other legal requirements. Any person outside the United States, the United Kingdom, the Channel Islands or the Isle of Man proposing to enter into the Mandate must satisfy themselves as to the full observance of the laws of any relevant territory before entering into the Mandate, including obtaining any requisite governmental or other consents and observing any other requisite formalities in such territory.

Rothschild & Co is registered as an investment adviser with the U.S. Securities & Exchange Commission.

## Regulatory Information

Rothschild & Co Wealth Management UK Limited is registered in England with company registration number 04416252 and has its registered office at New Court, St Swithin's Lane, London, United Kingdom EC4N 8AL. Rothschild & Co Wealth Management UK Limited is authorised and regulated by the UK Financial Conduct Authority with FCA Registration Number: 218613. Rothschild & Co Wealth Management UK Limited is also registered as an Investment Adviser with the US Securities and Exchange Commission (SEC) – no 801-72759.

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# Definitions

**the Acceptance Letter:** a letter from Rothschild & Co to the Client confirming its agreement to provide investment and, if applicable, associated banking services pursuant to and in accordance with the Account Application, the Portfolio Strategy and Investment Suitability Review and these Terms and Conditions.

**the Account(s):** account(s) (which if more than one, maybe denominated in different currencies) opened in the name of the Client with Rothschild & Co for the purposes of the Mandate. For the avoidance of doubt, the Accounts are neither banking nor custody accounts with Rothschild & Co and nothing in these Terms and Conditions implies that the Client has, in any way, either a banking or a custody account with Rothschild & Co. The Accounts are Rothschild & Co's record of the Client's Assets where those Assets are either held by the Client directly, or acquired for the Client and held by a Custodian. In no event will Rothschild & Co retain custody of the Assets recorded in the Account.

**the Account Application Form:** the account application form completed by the Client (as maybe replaced and amended from time to time).

**APA:** an authorised publication arrangement, which is a person authorised under Applicable Law to provide the service of publishing trade reports.

**Applicable Data Protection Laws:** means any relevant legislation in force from time to time protecting the fundamental rights and freedoms of individuals and, in particular, their right to privacy with respect to the processing of personal data applicable to a data controller in the country or territory in which the data controller and/or data processor is established, including such laws as the Data Protection Act 2018, the Data Protection (Bailiwick of Guernsey) Law 2017, EU Directive 95/46/EC and EU Regulation (EU) 2016/679 (GDPR).

**Applicable Law:** all applicable laws and regulations including but not limited to the rules, regulations, requirements, determinations, practices and guidelines of any governmental or self-regulating organisation of which Rothschild & Co or (if appropriate) an Associate of Rothschild & Co is a member or is subject, including those of any relevant revenue authority, the FCA, the UK City Code on Takeovers and Mergers and any rules governing substantial acquisitions of shares, the U.S. Securities & Exchange Commission (the "SEC") and also rules and customs of the exchange or market and/or any clearing house through which transactions are executed or settled in each case, for the time being in force.

**the Assets:** investments either held by the Client directly or acquired for the Client and held by a Custodian. For the avoidance of doubt, nothing in these Terms and Conditions implies that the Client has, in any way, either a banking or a custody account with Rothschild & Co.

**Associate:** (i) officers, directors, employees, representatives, beneficiaries and agents from time to time; (ii) subsidiaries, holding companies (if any) and each of the subsidiaries of such holding companies and each of their respective officers, directors, employees, representatives, beneficiaries and agents from time to time; and (iii) in the case of Rothschild & Co, to the extent that they are not included in (i) and (ii) of this definition, associated partnerships in which Rothschild & Co and/or other Associates are partners, and (iv) associated companies and companies of which such companies and the companies referred to in (ii) of this definition are associated companies (for this purpose ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status) and 'associated' and 'association' shall be construed accordingly.

**Business Day:** unless otherwise determined by Rothschild & Co from time to time, any day other than a Saturday, a Sunday or, in relation to anything done or to be done in any part of the United Kingdom, a bank holiday in that part of the United Kingdom.

**the Client:** the person(s) to whom Rothschild & Co has agreed to provide investment services pursuant to the terms of the Mandate. The term "Client" shall be deemed to include the Client's successors in title or personal representatives as the case may be. Any references to "you" or "your" shall also refer to the Client.

**Collective Investment Scheme:** an arrangement for assets to be held on a pooled basis on behalf of any number of investors, for example a private investment fund constituted as a limited partnership or an offshore open-ended company; a full definition is contained in the Financial Services and Markets Act 2000 as amended at section 235.

**Contingent Liability Investment:** shall have the meaning given to it in the FCA Handbook.

**Counterparty:** the market maker, broker, bank, intermediary, online exchange or any other party with or through whom Rothschild & Co may conduct transactions in Investments for the Client.

**Custodian:** the custodian, if any, appointed by the Client from time to time and notified to Rothschild & Co in writing.

**EEA:** means the European Economic Area, currently comprising the member states of the European Union and Iceland, Liechtenstein and Norway and any other states forming part of the European Economic Area from time to time.

**Eligible Counterparty:** shall have the meaning given to it in the FCA Handbook.

**FCA:** the United Kingdom Financial Conduct Authority or any predecessor or successor regulator.

**FCA Handbook:** the FCA's Handbook of rules and guidance as amended from time to time or the handbook of rules and guidance of any predecessor or successor regulator.

**FSMA:** the UK Financial Services and Markets Act 2000.

**Hedge Funds:** a fund classified as a hedge fund by Rothschild & Co, in its sole discretion, which has the capacity to go short or apply leverage, such that the gross exposure materially exceeds 100%. In either instance, the manager of the fund must have either used one of these powers historically, or stated an intention to do so in the future. Further details on how Rothschild & Co classifies Hedge Funds are available on request from the client adviser.

**Investment(s):** any asset, right or interest of any kind, including (without limitation) currency of any denomination, commodities, options over commodities, cash deposits, rights under forward contracts in respect of property of any kind, securities, equities, government bonds, debt instruments, collective investment schemes including Hedge Funds and real estate funds, derivatives, precious metals and coins.

**Investment Advisers Act:** the US Investment Advisers Act of 1940, as amended from time to time.

**Investment Objective:** the Client's investment objective in relation to the services to be provided by Rothschild & Co as set out in the Portfolio Strategy and Investment Suitability Review.

**Investment Services:** the investment services to be provided to the Client by Rothschild & Co as described in Section 1 of these Terms and Conditions.

**KID:** a key information document.

**the Mandate:** collectively the Account Application Form, the Portfolio Strategy and Investment Suitability Review, the Acceptance Letter and these Terms and Conditions, as each may be amended and / or supplemented from time to time.

**the Monies:** monies paid by the Client into its account(s) with the Custodian or arising on or from the Assets or from cash awaiting investment.

**the Portfolio:** the basket of Assets and/or Monies which are subject to the discretionary investment management of Rothschild & Co under these terms and conditions.

**Portfolio Strategy and Investment Suitability Review:** a document (whether entitled a "Portfolio Strategy", "Investment Suitability Review" or not, and whether a standalone document or forming part of a document (or documents)) which (i) is agreed with the Client in relation to each Portfolio specifying the basis on which the Investment Services are to be provided including, without limitation, information about the proposed investment strategy (or strategies) for discretionary portfolios (if applicable), the Client's advisory account (if applicable), information about Rothschild & Co's costs and associated charges and any Restrictions; and (ii) outlines and/or contains Rothschild & Co's understanding of the Client's risk profile, Investment Objective and time horizon.

**Professional Client:** shall have the meaning given to it in the FCA Handbook.

**Restrictions:** any specific restrictions indicated in the Portfolio Strategy and Investment Suitability Review in relation to, for example, the range of Investments permitted in a Portfolio and any other restrictions expressly notified by the Client in writing and agreed to by Rothschild & Co from time to time.

**Regulated Collective Investment Scheme:** an investment company with variable capital incorporated under the UK Open-Ended Investment Company Regulations 2001, a unit trust scheme which has been declared to be an authorised unit trust scheme under FSMA s. 243, an authorised contractual scheme (as defined under the FCA Handbook) or a scheme recognised by FCA under s. 264 of FSMA (schemes constituted in other European Economic Area States) or s. 272 of FSMA (individually recognised schemes).

**Retail Client:** shall have the meaning given to it in the FCA Handbook.

**Rothschild & Co:** means: Rothschild & Co Wealth Management UK Limited.

**Rothschild & Co Managed Fund:** any Collective Investment Scheme including an Unregulated Collective Investment Scheme or investment company for which Rothschild & Co Wealth Management UK Limited acts as investment manager or investment adviser but for the avoidance of doubt shall not include funds where the investment management or advice is provided by a third party.

**SEC:** means the U.S. Securities and Exchange Commission.

**Taxation:** all forms of taxation, whether of the United Kingdom or elsewhere in the world whenever imposed (including, without limitation, income tax, corporation tax, inheritance tax, national insurance, stamp duty, stamp duty reserve tax, value added tax, customs and other import or export duties) and all statutory, governmental, state, provincial, local governmental or municipal impositions, duties and levies and all related penalties, charges, costs and interest, and 'Tax and Taxes' shall be construed accordingly.

**Tax Authority:** means any governmental, local, state, federal, fiscal, revenue, customs, excise or other authority, body, agency or official whatsoever competent to impose, administer, assess, levy or collect any Taxation.

**these Terms and Conditions:** these terms and conditions, including the Appendices.

**Trade Reporting:** shall have the meaning given to it in Clause 2.3(j) of these Terms and Conditions.

**Transaction Report:** shall have the meaning given to it in Clause 2.3(k) of these Terms and Conditions.

**Unregulated Collective Investment Scheme:** a Collective Investment Scheme which is not a Regulated Collective Investment Scheme.

# 1. Investment Services Terms

## 1.1 Description of Investment Services

A Portfolio Strategy and Investment Suitability Review will be agreed between Rothschild & Co and the Client for each Portfolio. The Portfolio Strategy and Investment Suitability Review will specify the basis upon which Rothschild & Co will provide Investment Services to the Client in relation to the specific Portfolio. For the avoidance of doubt, a Client may elect to have several Portfolios with Rothschild & Co and a separate Portfolio Strategy and Investment Suitability Review will be agreed for each.

Rothschild & Co will provide Discretionary Investment Management Services to the Client, as explained below:

## 1.2 Discretionary Investment Management

Rothschild & Co (acting as agent for the Client) will, in accordance with the terms of the Portfolio Strategy and Investment Suitability Review, have complete discretion over the relevant Portfolio (without prior reference to the Client) to manage, invest, realise, reinvest, buy, sell, retain or exchange any Investment, subscribe to issues and offers for sale and accept placings, negotiate and execute Counterparty and account opening documentation, arrange for the Client to enter into an agreement with a third party including without limitation a Rothschild & Co Managed Fund and do all such other things as may be necessary in relation to any Investment of the Portfolio as Rothschild & Co judges appropriate subject to the overriding principles of suitability and acting honestly, fairly and professionally in accordance with the Client's best interests. Where Rothschild & Co makes a decision to sell any Investment, Rothschild & Co will direct the Custodian to hold the Monies received or return the amount to the Client's bank account as notified to Rothschild & Co and/or the Custodian in writing from time to time.

Rothschild & Co will manage the specified Portfolio in accordance with the investment approach and subject to any Restrictions stated in the Portfolio Strategy and Investment Suitability Review and will act in all circumstances in good faith and with due diligence.

Rothschild & Co will establish an appropriate method of evaluation and comparison based on the Portfolio and the type of investments held. This will be set out in the Portfolio Strategy and Investment Suitability Review.

Where this service is selected, the Portfolio Strategy and Investment Suitability Review will not be deemed to be breached as a result of changes in the price or value of assets in a Portfolio brought about solely through movements in the market.

Rothschild & Co will keep the Portfolio Strategy and Investment Suitability Review under review and may, from time to time, suggest to the Client such amendments as, in its opinion, are appropriate.

In accepting this service the Client: (i) agrees to advise Rothschild & Co of any changes in circumstances which may alter or affect the relevance or suitability of the terms of the relevant Portfolio Strategy and Investment Suitability Review; (ii) acknowledges that the performance of a Portfolio may vary significantly from the Investment Objective as a result of decisions made by Rothschild & Co; and (iii) agrees to complete and execute any documentation Rothschild & Co requests the Client to complete and execute in order to give effect to Rothschild & Co's exercise of discretion hereunder to invest the Portfolio (including without limitation, in a Rothschild & Co Managed Fund).



## 2. General Terms

### 2.1 Commencement Date of the Mandate

- a) The Mandate will come into force on the later of the date that Rothschild & Co (i) sends to the Client an Acceptance Letter; and (ii) opens an Account in the Client's name pursuant to clause 2.1(b) below (the "**Effective Date**"). By entering into the Mandate, a contractual relationship is created between Rothschild & Co and the Client that has legal consequences.
- b) Rothschild & Co will open an Account in the Client's name provided that (i) it is in receipt of a completed Account Application Form (ii) it is in receipt of a completed and signed Portfolio Strategy and Investment Suitability Review and (iii) Rothschild & Co's client identification requirements (including in respect of any party authorised to give instructions on behalf of the Client) are satisfactorily completed.
- c) Immediately following the Effective Date (unless otherwise agreed with the Client) Rothschild & Co Wealth Management UK Limited will provide the Investment Services specified in the Portfolio Strategy and Investment Suitability Review subject to the terms of the Mandate.
- d) Rothschild & Co reserves the right to decline to open an Account without justification.
- e) As part of the services provided hereunder, Rothschild & Co may at its discretion direct that the Assets be invested in a Rothschild & Co Managed Fund. In the event that Client Assets are invested in a Rothschild & Co Managed Fund, the terms and conditions set forth in the Rothschild & Co Managed Fund's constituent documents (e.g., limited liability company agreement) will govern with respect to the investment in such Rothschild & Co Managed Fund and to the extent that there is any inconsistency between such terms and these Terms and Conditions, the terms set forth in such constituent documents shall control with respect to the investment in such Rothschild & Co Managed Fund.

### 2.2 The Client's Warranties and Liabilities

- a) The Client warrants that the information given in the Account Application Form in relation to its status, residence and domicile (or, where relevant, that of the trust or occupational pension scheme of which the Client is a trustee) for Taxation purposes is complete and correct, and agrees to provide Rothschild & Co with any further information properly required by any competent authority.
  - b) The Client agrees to provide Rothschild & Co with any other information which it may from time to time reasonably request.
  - c) The Client agrees to notify its usual Rothschild & Co contact promptly if there is any material change in any information that the Client has provided to Rothschild & Co (giving full particulars of that change), acknowledges that Rothschild & Co may specify by written notice what might be considered a material change for the purposes of the Mandate and warrants that any such further details or particulars of change provided or given will be complete and correct. In particular the Client must keep Rothschild & Co promptly informed of any change in the information which is contained in the Portfolio Strategy and Investment Suitability Review or which is otherwise provided by the Client and which is relevant to Rothschild & Co's ability to assess the suitability of any investments for the Client. This includes information in relation to the Client's:
    - i. knowledge and experience in relation to the type of investments to which Rothschild & Co's services relate;
    - ii. financial situation and ability to bear loss; and
    - iii. investment objectives and risk tolerance.
- This is important to enable Rothschild & Co to act in the Client's best interests and ensure that any personal recommendation and / or decision to trade is suitable for the Client.
- d) In accepting these Terms and Conditions, the Client acknowledges and accepts that a failure to provide such information may adversely affect the ability of Rothschild & Co to provide the services under the Mandate and the quality of the services Rothschild & Co may provide.
  - e) The Client warrants and undertakes that:

- i. the Client has complied with its duties under all legislation relating to Taxation and has kept all records, made all returns and supplied all information and given all notices and made all disclosures to any Tax Authority as reasonably requested or required by law and all such returns and information and notices and any statements or disclosures made to any Tax Authority were and remain correct and accurate in all respects and undertakes to inform Rothschild & Co of any change in circumstances affecting its ability to comply with this clause 2.2(e). The Client confirms that there is no dispute or disagreement outstanding nor, so far as the Client is aware, is any contemplated at the date of these Terms and Conditions with any Tax Authority regarding liability or potential liability to any Tax (including in each case penalties or interest) recoverable from the Client; and
  - ii. to the extent that the Client has not fully complied with its obligations under clause 2.2(e)(i) above, the Client has fully disclosed the extent of its non-compliance to any relevant Tax Authority.
- f) The Client warrants and undertakes that, subject to anything disclosed in the Portfolio Strategy and Investment Suitability Review, the Monies and the Assets are and will be during the continuance of the Mandate free from any charge, lien, pledge or encumbrance and are legally and beneficially owned by the Client, unless the Client is a trustee, in which case the Monies and the Assets shall be legally owned by the Client and beneficially owned by the relevant beneficiary.
  - g) The Client warrants and undertakes that the Client has and will continue to have all necessary consents (and, if the Client is not an individual, powers in its constitution) and authorities (all of which are fully in force and effect in accordance with the terms thereof) to enter into the Mandate and to enable all transactions in the Monies and the Assets to be effected and to enable assets or entitlements thereto to be held in a securities depository and that all Applicable Laws, regulations and directives have been and will be complied with in respect of each such transaction.
  - h) The Client warrants and undertakes that all transactions (including buying and selling Investments) in accordance with the Mandate will be binding and enforceable against it and that entering into transactions and brokers' terms of business will not violate any agreement to which the Client is a party or breach any obligation to which the Client is subject.
  - i) The Client warrants and undertakes that it has received all information that it believes to be necessary and desirable to determine whether to make the appointment of Rothschild & Co under the terms of the Mandate and to grant Rothschild & Co the authority provided by the Mandate. The Client acknowledges receipt of Rothschild & Co's most recent Form ADV, Part 2A prior to execution of these Terms & Conditions.
  - j) The Client acknowledges that restrictions can apply to the purchase of initial public offerings (IPOs) in the United States. The Client warrants that it has notified Rothschild & Co if it or any of its immediate family members are "restricted persons" in accordance with the provisions of Financial Industry Regulatory Authority, Inc. Rule 5130 and Rule 5131, or any successor provision thereto.
  - k) Whenever the Client acts as agent for another, the Client warrants and undertakes on a continuing basis that it has express authority to instruct Rothschild & Co on the terms of the Mandate and to make arrangements with Rothschild & Co as reflected in the Mandate and that it will inform Rothschild & Co if its authority is subsequently withdrawn or of the insolvency (or similar event) of any of the persons in respect of whom Rothschild & Co has already provided services to under these Terms and Conditions.
  - l) The Client agrees that the rights under the Mandate and/or any transaction effected under it are not capable of assignment without the prior written consent of Rothschild & Co and the Client's obligations shall not, without Rothschild & Co's prior written consent, be capable of performance other than by the Client. Rothschild & Co may assign its rights and obligations under these Terms and Conditions to an Associate in accordance with the rules and regulations promulgated under the Investment Advisers Act without the consent of the Client. In the event of such assignment, Rothschild & Co shall provide the Client with written notification of any such assignment. Notwithstanding the foregoing, Rothschild & Co shall not assign its rights and obligations under these Terms and Conditions to any third party without the Client's written consent.
  - m) The Client expressly agrees and understands that Rothschild & Co's services do not include the provision of advice on matters of Taxation, law, regulation, accountancy or other specialist matters and, unless otherwise agreed, Rothschild & Co shall not be required to have regard to such matters in providing services or making investment decisions under the Mandate.
  - n) The Client expressly acknowledges and agrees that Rothschild & Co's services under the Mandate do not include the provision of banking or custody services.
  - o) Subject to Section 2.15, where Rothschild & Co is managing the Portfolio, the Client undertakes not to deal, except through Rothschild & Co, with any of the Assets or the Monies or to authorise anyone else so to deal except as provided in the Portfolio Strategy and Investment Suitability Review.

- p) The Client undertakes to inform Rothschild & Co of any company of which it is a director, officer or employee which is subject to any restrictions on dealing in securities.
- q) The Client agrees that the warranties and undertakings given above are given for the benefit of Rothschild & Co and may be repeated in any agreement made by Rothschild & Co or its Associates (directly or indirectly on behalf of the Client) in accordance with the Mandate.
- r) The Client undertakes to inform Rothschild & Co if the Client is, at any time during the course of the Mandate, a "benefit plan investor" (as defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") and applicable regulations of the U.S. Department of Labor, as modified by Section 3(42) of ERISA).

## 2.3 Transactions

- a) All transactions in Investments will be subject to Applicable Law and each of Rothschild & Co and the Client undertakes that it will at all times comply with Applicable Law in relation to the Mandate.
- b) Details of Rothschild's Order Execution Policy are set out at Appendix B. Rothschild & Co's current Order Execution Policy is available via its website ([www.rothschildandco.com](http://www.rothschildandco.com)) and Rothschild & Co will also notify the Client of any material changes to this policy via its website. In accepting these Terms and Conditions, the Client hereby confirms that it has read, understood and agrees to the Order Execution Policy.
- c) Unless otherwise indicated in the Portfolio Strategy and Investment Suitability Review (by way of Restrictions), there shall be no restrictions on:
  - I. the types or categories of Investments in respect of which Rothschild & Co may invest in (as applicable); or
  - II. the markets on which transactions may be carried out; or
  - III. the amount or proportion of the Portfolio which may be invested in any category of Investment or in any one Investment.
- d) In effecting transactions for the Client (save as set out below), Rothschild & Co will at all times comply with the Order Execution Policy (attached at Appendix B) and in particular will act in the best interests of the Client and comply with any applicable obligations regarding best execution under Applicable Law. Specific instructions from the Client in relation to the execution of orders may, however, prevent Rothschild & Co from taking the steps that it has designed and implemented in its Order Execution Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions. Rothschild & Co will consider the continued retention of its services by the Client to constitute the Client's continued consent to the Order Execution Policy as in effect from time to time.
- e) Rothschild & Co will normally act as agent of the Client, who will therefore be bound by its actions under the Mandate. Nevertheless none of the services to be provided hereunder, nor any other matter, will give rise to any fiduciary or equitable duties which would prevent or hinder Rothschild & Co or any Associate in acting in a dual capacity (either as principal or agent) in respect of Investments sold or purchased by or for the Client, or otherwise acting as provided in the Mandate.
- f) The Client authorises Rothschild & Co as its agent to complete and deliver any documentation and to give instructions to any intermediate broker on its terms of business which Rothschild & Co may in its discretion appoint to act in connection with the Investment Services provided to the Client. This authority is irrevocable until termination of the Mandate.
- g) Short selling (selling securities which the Client does not own) is not permitted.
- h) Subject to applicable rules and in accordance with Rothschild & Co's Order Execution Policy any transaction may, without prior reference to the Client, be aggregated with those of Rothschild & Co or other clients of Rothschild & Co. Aggregation may, on some occasions, operate to the Client's disadvantage while on other occasions it may be to their advantage.
- i) Rothschild & Co will inform the Client about any material difficulty relevant to the proper carrying out of orders by a broker promptly on becoming aware of the difficulty.
- j) The Client acknowledges that Rothschild & Co will be required in certain circumstances, under Applicable Law, to make information about certain transactions public through an APA (or any other permitted third party arrangement) ("**Trade Reporting**"). The information will be made public in accordance with Applicable Law and the Client expressly waives any right or duty of confidentiality attaching to the information required to be disclosed.

- k) The Client acknowledges that Rothschild & Co will be required, under Applicable Law, to transaction report certain transactions to the relevant regulator ("**Transaction Report**"). In order to comply with Rothschild & Co's obligations in respect of transaction reporting Rothschild & Co will be required to report details of such transactions, including client identification and information to the relevant regulator pursuant to Applicable Law. The Client undertakes to provide Rothschild & Co, prior to the execution of a transaction, with any required information to enable Rothschild & Co to complete the Transaction Report and waives any right or duty of confidentiality in respect of such information, when used by Rothschild & Co for the purpose of complying with its transaction reporting obligations. The Client further agrees that where Rothschild & Co does not receive such information Rothschild & Co may not be able to undertake a transaction with or for the Client.
- l) Notwithstanding the restriction in clause 2.3(g) above, as part of the Transaction Report, Rothschild & Co is still required to report, in certain instances, whether relevant transactions (such as transactions in reportable equities or sovereign debt) were short sales or were carried out under a short selling exemption. Where Rothschild & Co does not have such information and the Client has not confirmed whether such sale is a short sale or carried out under a short selling exemption, Rothschild & Co will report to the relevant regulator, as part of the Transaction Report, that such information has not been disclosed to Rothschild & Co.
- m) No later than the first business day following execution, Rothschild & Co will issue, or arrange the issue of, a confirmation in writing (which may or may not be in electronic format) in respect of all transactions carried out on behalf of the Client. Each such confirmation will record the essential details of the transaction and comply with the FCA Handbook.

## 2.4 Conflicts of Interest

- a) Rothschild & Co is required to have arrangements in place to prevent or manage conflicts of interest between it and its clients and between different clients. Rothschild & Co operates in accordance with a conflicts of interest policy put in place for this purpose under which it has identified those situations in which there maybe a conflict of interest, and, the steps taken to prevent or manage those conflicts (attached at Appendix C). Further details will be provided on request from the Rothschild & Co contact notified to the Client from time to time. Where the organisational and administrative arrangements established by Rothschild & Co to prevent or manage a conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented, the Client will, where appropriate, be informed of the specific conflict including the general nature or source of the conflict or both, the risks to the Client that arise as a result of the conflict and the steps undertaken to mitigate these risks so as to enable the Client to make an informed decision as to how they wish to proceed. Where Rothschild & Co considers that the only way to adequately manage a conflict will be to avoid it, the relevant activity to which the conflict relates may need to be terminated and the Client will be informed accordingly.
- b) In accepting the Terms and Conditions, the Client accepts that securities of companies that Rothschild & Co may advise on or buy, sell or recommend for the Client and/or any Rothschild & Co Managed Fund may have directors or officers who are also directors or officers of Rothschild & Co group companies or have banking or other relationships with the Rothschild & Co group.
- c) Save to the extent otherwise required by Applicable Law, Rothschild & Co shall not be liable to account to the Client for any profit, commission or remuneration made or received in the course of its services under these Terms nor will Rothschild & Co's fees, unless otherwise provided, be abated.
- d) Rothschild & Co may advise on or cause the Portfolio to contain Investments the issue or offer for sale of which is being or was sub-underwritten, managed or arranged by Rothschild & Co or an Associate during the preceding twelve months.
- e) The Client understands and acknowledges that Rothschild & Co will provide discretionary investment management services to the Client and that Rothschild & Co may, in its discretion buy or sell for the Client investments in Rothschild & Co Managed Funds.

## 2.5 Valuations and Reports

- a) Rothschild & Co shall send to the Client a periodic statement relating to the Portfolio every three months.
- b) Rothschild & Co will inform the Client where the overall value of the Portfolio shown in the last periodic statement depreciates by ten per cent and thereafter at multiples of ten per cent, no later than the end of the next business day after the threshold is exceeded.
- c) The Client agrees that Rothschild & Co does not need to provide any KIDs from underlying investment providers in the ordinary course of business although further detail about any of the Client's investments can be provided on request to the relevant client adviser.

- d) The basis of valuation is as stated in each period statement and is prepared based on data and information reconciled against the record held by the Custodian. The Client agrees that Rothschild & Co may not send these statements by post where the Client has opted to receive eAccess in accordance with the terms and conditions attached at Appendix D.
- e) The initial value of the Portfolio and its composition will be supplied by Rothschild & Co to the Client as soon as reasonably practicable after the date when such initial value and composition are ascertainable, in which event the statement supplied to the Client of such initial value and composition shall, in the absence of any report to Rothschild & Co by the Client of inaccuracies in the statement, be deemed for all purposes to form part of and to have been supplied contemporaneously with the Mandate.

## 2.6 Instructions and Communications

- a) Any advice may be given in such manner and by such medium (including without limitation, telephone, facsimile and email) as Rothschild & Co may deem appropriate or as may be agreed with the Client.
- b) Any instructions, acknowledgments or requests ("**Instructions**") to be given by the Client or Rothschild & Co shall be given or notified by the relevant party to the other as follows:
  - I. to Rothschild & Co at the postal address, telephone number, fax number set out in the Account Application Form or by email (subject to clause 2.7 below), marked for the attention of the person notified to the Client as being responsible for the Portfolio from time to time or the Compliance Director, or by hand to the person notified to the Client as being responsible for the Portfolio from time to time.
  - II. to the Client at the postal address, telephone number, fax number or email address (subject to clause 2.7 below) set out in the Account Application Form (or as otherwise notified by the Client from time to time in accordance with this clause).
- c) Rothschild & Co will acknowledge any Instructions given by the Client by acting upon them as soon as reasonably practicable during Rothschild & Co's normal dealing hours. Rothschild & Co may, at its complete discretion and without incurring any liability, accept or refuse any Instructions given by the Client. If Rothschild & Co declines or cannot complete an Instruction it will take reasonable steps to notify the Client promptly and, to the extent practicable and/or permissible under Applicable Law, give reasons for its decision. If the Client's email has been hacked or the Client has reason to believe that there has been or may be unauthorised use, or attempted use, of the Client's email address, the Client shall immediately notify Rothschild & Co in writing with full details of the same. Rothschild & Co shall not be liable to the Client for any loss, cost or damage of any nature, howsoever arising from any email Instruction received and/or acted upon by Rothschild & Co, save where the Client has notified Rothschild & Co of any actual or suspected unauthorised use of the Client's email address and the loss, cost or damage directly arises from the negligence or wilful default of Rothschild & Co. The Client acknowledges that the terms and conditions set forth in the constituent document of a Rothschild & Co Managed Fund shall control with respect to the Client's investment in such Rothschild & Co Managed Fund, including any notice required with respect to subscriptions and redemption to or from such Rothschild & Co Managed Fund.
- d) Any notice of termination, demand, claim or legal action ("**Notice**") to be given under the Mandate by one party to the other must be in writing and shall be served by hand or sent by prepaid post, or fax to the postal address and fax numbers set out in the Account Application Form.
- e) The Client acknowledges and accepts that Instructions and Notices sent by the Client to Rothschild & Co may not be immediately acted upon by Rothschild & Co. In the event of an urgent Instruction, the Client acknowledges and understands that the Client should notify Rothschild & Co via telephone for prompt acknowledgement of such Instruction. Rothschild & Co may rely on any Instructions and Notices, given or purported to be given by any person specified as an authorised person in the Account Application Form, and may, acting in good faith, rely on any Instructions or Notices of or believed to be of any person who is believed to be a person designated or authorised by the Client, as the case may be, to give such Instructions or Notices, notwithstanding that they are not named in the Account Application Form or any amendment thereto. Rothschild & Co shall not be required to enquire as to the authority of any such person or the authenticity of any such Instructions or Notices.
- f) Subject to Rothschild & Co providing an explanation to the extent practicable and/or permissible by Applicable Law, Rothschild & Co may in its sole discretion refuse to carry out an Instruction which is insufficient, incomplete, or not received in sufficient time or where Rothschild & Co believes that the Instruction has not been accurately transmitted or is not genuine and Rothschild & Co shall not be liable for any loss or expense suffered by the Client as a result. Rothschild & Co shall not be liable for failing to recognise that any Instruction has not been accurately transmitted or is not genuine.

- g) In the event that any communication sent by Rothschild & Co to the Client (to the latest address notified by the Client to Rothschild & Co in writing) is returned undelivered Rothschild & Co will retain the same for such period as it deems fit after which Rothschild & Co may destroy it. Rothschild & Co shall not be liable for any loss or expense suffered by the Client as a result.

## **2.7 Email Communications**

- a) In accepting these Terms and Conditions, the Client agrees that Rothschild & Co may communicate with it and others in connection with the services Rothschild & Co provides to the Client by email. The Client should notify Rothschild & Co in writing immediately if it does not consent to the use of email. Unless or until Rothschild & Co receives such notice Rothschild & Co will be entitled to assume that the Client consents to the use of email as a means of communication where the Client has given an email address in relevant form.
- b) In accepting these Terms and Conditions, the Client acknowledges and accepts the risks inherent in email communication. The electronic transmission of information cannot be guaranteed to be secure or error-free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Accordingly, whilst Rothschild & Co and its Associates will use commercially reasonable procedures to check for the then most commonly known viruses and notwithstanding any collateral contract, warranty or representation, neither Rothschild & Co nor its Associates shall have any liability to the Client on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error or omission arising from or in connection with the electronic communication of information to the Client.

## **2.8 Joint and Sole Portfolios/Accounts**

- a) If a Client is opening a joint Portfolio and/or a joint Account or if otherwise the Client is more than one natural person, their obligations under the Mandate will be joint and several. Each such person will be individually as well as jointly responsible for all the obligations in the Mandate including the entire amount of any fees, charges or costs on the Portfolio and/or the Account. Any notice given to any one of such persons will be deemed to be given to all of them. Unless otherwise stated in the Account Application Form, Rothschild & Co may act on the Instructions of any one such person. This means that one party to a joint account can withdraw the entire Portfolio and/or Account alone. However, Rothschild & Co reserves the right to require written Instructions from each Client, or a court order, if in its absolute discretion, Rothschild & Co considers that appropriate and fair in the circumstances or if Rothschild & Co is informed of a dispute between the joint Clients. On the death of any one or more joint Clients, the Mandate will not terminate and Rothschild & Co may treat the survivor(s) as the only person(s) entitled to or interested in a Portfolio and/or an Account.
- b) If a Client is opening one or more separate Portfolios, clause 2.8(a) above shall only apply to those Portfolios which are designated as joint Portfolios. If a Portfolio is not designated as a joint Portfolio clauses 2.8(c) and 2.8(d) below will apply.
- c) In the event that the Client becomes incapable of managing its affairs, and prior to the registration of any Enduring Power of Attorney or Lasting Power of Attorney (including any analogous procedure under other laws) that the Client may have granted or the appointment of a Receiver by the Court of Protection (or similar court or judicial officer) if there is no Enduring Power of Attorney or Lasting Power of Attorney, Rothschild & Co will not carry out any further transactions on the Portfolio and/or Account except in relation to Portfolios, Rothschild & Co will respond to corporate events (such as rights issues/scrip dividends) by following Rothschild & Co's policy for that event and any maturing Investments will remain in cash. If the Client has appointed a Custodian, the treatment of any cash holdings and payments into or out of the Client's custody account will be dealt with in accordance with the terms and conditions applicable to that Custodian.
- d) Rothschild & Co's authority under the Mandate is given by the Client on behalf of its successors in title as well as the Client itself. Accordingly, on the Client's death (if an individual Client), the Mandate will continue in effect unless and until it is terminated by the Client's personal representatives in accordance with clause 2.16 of this Section 2. Rothschild & Co may in its sole discretion (but, prior to receiving a certified copy of any grant of representation, is not bound to) act on the instructions of the Client's personal representatives. Following receipt of notice of the death of a sole Client, but prior to our receipt of a grant of representation, Rothschild & Co will not carry out any further transactions on the Portfolio and/or Account except as follows:
- i. in relation to Portfolios, Rothschild & Co will respond to corporate events (such as rights issues/scrip dividends) by following Rothschild & Co's policy for that event, and any maturing Investments will remain in cash (and if the Client has appointed a Custodian, the treatment of any cash holdings and payments into or out of the Client's custody account will be dealt with in accordance with the terms and conditions applicable to that Custodian); and

- II. in relation to a Rothschild & Co Managed Fund, the terms and conditions set forth in the constituent document of a Rothschild & Co Managed Fund shall control with respect to the Client's investment in such Rothschild & Co Managed Fund, including any notice required with respect to the continuation of any services provided by Rothschild & Co with respect to such Rothschild & Co Managed Fund upon the Client's death or incapacity.

## 2.9 Confidentiality

- a) Neither Rothschild & Co nor any Associate shall, except as:
  - I. permitted under the Mandate;
  - II. required or permitted by Applicable Law, regulatory authority, or the rules and regulations of any market on which an Investment is acquired;
  - III. reasonably required by any broker or intermediate broker appointed by Rothschild & Co or its delegate;
  - IV. to enable any of the above listed persons to comply with any obligations owed by any of them to any exchange, regulatory authority or other body having jurisdiction over them;
  - V. reasonably required by their professional advisers;
  - VI. reasonably required by any sub-contractor appointed by Rothschild & Co; or
  - VII. reasonably required for the performance of Rothschild & Co's or its Associates' business,Disclose or provide documents containing any confidential information relating to the Client, its Portfolio or the Mandate to any third party.

## 2.10 Data Protection

- a) Rothschild & Co will handle all personal data that it receives or collects in accordance with Applicable Data Protection Laws. Further information about what personal data Rothschild & Co collects and how Rothschild & Co uses it and individuals' rights in relation to their personal data, are described in Rothschild & Co's Privacy Notice in Appendix E.
- b) In respect of any personal data relating to a third party that the Client provides to Rothschild & Co, the Client must: (i) have satisfied a statutory ground under the Applicable Data Protection Laws permitting the Client to transfer the relevant personal data to Rothschild & Co; (ii) ensure that any personal data that it provides to Rothschild & Co is accurate and up to date, have notified the third party that the Client is providing their personal data to Rothschild & Co and explained the reasons for this; (iii) draw the third party's attention to Rothschild & Co's Privacy Notice (Appendix E); and (iv) promptly notify the third party of any changes to Rothschild & Co's Privacy Notice that Rothschild & Co notifies the Client of.
- c) If the Client is a corporate entity, the Client must notify its employees, officers and beneficial owners that Rothschild & Co may process their personal data in connection with these Terms and Conditions and the products and services provided under them. The Client must also draw their attention to Rothschild & Co's Privacy Notice.

## 2.11 Fees and Expenses

- a) Rothschild & Co will, before the provision of services to the Client, inform the Client of its best efforts estimate of all costs and charges, where applicable, relating to:
  - i. the services Rothschild & Co will provide to the Client;
  - ii. any financial instrument Rothschild & Co recommends or markets to the Client; and
  - iii. any third party payments Rothschild & Co receives in connection with the services provided to the Client.
- b) Where Rothschild & Co recommends or markets the services provided by another firm to the Client Rothschild & Co will, where required by Applicable Law, aggregate the costs and charges of the services provided by that other firm and disclose these to the Client together with the costs and charges relating to the services that Rothschild & Co provides to the Client.
- c) Where Rothschild & Co has or has had an on-going relationship with the Client during the year Rothschild & Co will also provide the Client with an annual summary of the costs and charges that the Client has incurred as part of the annual statement that Rothschild & Co provides to the Client.
- d) The Client has a right to request a breakdown of the costs or charges applicable to it at any time by contacting the Client's relationship advisor.

- e) Where any part of the total costs and charges is to be paid in or represents an amount of foreign currency Rothschild & Co will provide an indication of the currency involved and the applicable currency conversion rates and costs.
  - f) The arrangements for payment or other performance will be provided to the Client in the Portfolio Strategy and Investment Suitability Review.
  - g) Where Rothschild & Co offers a service with another service or product as part of a package, it will inform the Client of the costs and charges applicable to each component of that package.
  - h) Rothschild & Co fees: The annual fees of Rothschild & Co are as set out in the Portfolio Strategy and Investment Suitability Review. Where fees are calculated by reference to the value of Investments, the fees payable will depend on fluctuations in the financial markets on which the Investments are traded. Such fluctuations are outside Rothschild & Co's control. Rothschild & Co may levy transaction charge(s) as set out in the Portfolio Strategy and Investment Suitability Review and agreed with the Client. Rothschild & Co will notify the Client in the event that it intends either to amend its charges or to charge for additional services. In the event that Rothschild & Co buys Investments in Rothschild & Co Managed Fund(s) on behalf of the Client, Rothschild & Co will not charge fees pursuant to this Section 2.11 with respect to the Client's investment in such Rothschild & Co Managed Fund(s) if such Rothschild & Co Managed Fund(s) is subject to management fees and/or any performance fees at the fund level.
  - i) Market, taxes and other third party charges: When executing individual equity transactions, Rothschild & Co may use a third party broker who will charge commission on most transactions, the amount of which is disclosed on the contract note Rothschild & Co provides to the Client. The commission is paid from the portfolio and is in addition to any Rothschild & Co fees and transaction charges. Please note that broker commissions only apply to equities whilst there is no dealing commission charged on transactions in all other assets such as bonds, unit trusts or hedge funds. Broker commission will vary by asset type, region and liquidity of the security. The range of broker commission paid on equity transactions is set out in the Portfolio Strategy and Investment Suitability Review.
- The Client shall be responsible for payment of any Taxation, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable or incurred by Rothschild & Co under or in connection with the Mandate (other than Rothschild & Co's liability to Taxation in respect of its own overall income and profits).
- It should be noted that other costs, including taxes, may arise for the Client in connection with the provision of the Investment Services by Rothschild & Co that are not paid via Rothschild & Co or imposed by it.
- j) Payment of fees and charges: Any amount payable to Rothschild & Co will, where applicable, be deducted from the Portfolio and from such Investments as Rothschild & Co, acting reasonably, sees fit from time to time. Rothschild & Co reserves the right to charge interest on any amount payable by the Client which remains unpaid 30 days after the invoice date at Rothschild & Co's prevailing overdraft rate for the relevant currency.
  - k) Rothschild & Co may receive research from its Associates or third party providers which will assist it in providing investment services to the Client.
  - l) Rothschild & Co is prohibited from accepting any fee, commission, monetary or non-monetary benefit from any third party or person acting on behalf of a third party.

## 2.12 Taxation

- a) In relation to the services to be provided, Rothschild & Co may, when possible, take into consideration any Restrictions stated in the Portfolio Strategy and Investment Suitability Review expressly relating to the Client's tax position (or if the Client is/are the trustee(s) of a trust or scheme, the tax position of the trust or occupational pension scheme). Rothschild & Co will not however be responsible for ensuring that the Client does not suffer any adverse tax consequences as a result of Rothschild & Co providing any services under the Mandate. Notwithstanding any verbal or written tax advice actually given by Rothschild & Co, Rothschild & Co accepts no liability for that advice (if any) and the Client should consult its own tax advisers in relation to its tax affairs (or, where relevant, the trust's or scheme's affairs).
- b) For the avoidance of doubt, these Terms and Conditions and/or the Portfolio Strategy and Investment Suitability Review do not refer to all taxes and costs which the Client may have to pay in relation to the Portfolio or Rothschild & Co's services.
- c) It shall be the responsibility of the Client to submit tax returns to the revenue authorities in any relevant jurisdiction.
- d) Each of Rothschild & Co and the Client confirms and agrees that, in so far as may be relevant to the Mandate, it shall not, and shall procure that its Associates and any other person who performs services for or on its behalf shall not intentionally engage in or facilitate the commission of the criminal offence of tax evasion including without limitation under the UK Criminal Finances Act 2017.



## **2.13 Tax Reporting Obligations in Respect of Clients subject to the Tax Regimes of Countries outside the UK**

- a) Rothschild & Co or any Associate may need, or reasonably believe they may need, to share information, whether now or at a future date, about the Client's relationship with Rothschild & Co, including information about the Client's account(s), with Tax authorities in other countries (for example, the United States). Rothschild & Co or any Associate may share this information with the relevant Tax Authorities directly, or through Tax Authorities in its own jurisdiction. Rothschild & Co or any Associate may also require the Client to provide Rothschild & Co or any Associate with more information about the Client's identity, tax residence, nationality, ultimate owners, controlling persons and status so that Rothschild & Co or any Associate can meet what they perceive to be their obligations to Tax Authorities. The Client irrevocably acknowledges that: (i) Rothschild & Co may disclose that information to such Tax Authorities; and (ii) that if the Client does not provide Rothschild & Co or any Associate with the information (whether listed above or not) that they need or reasonably believe they need, Rothschild & Co or any Associate may have to make deductions from amounts paid to the Client, close the account, or both.
- b) The Client authorises Rothschild & Co as agent for the Client and in the Client's name and on behalf of the Client to complete, execute and deliver any declaration of residence or domicile (or similar document) and any ancillary documentation (including making the disclosure referred to above) for Taxation purposes. Rothschild & Co may deliver those documents to paying agents or other third parties (including its own Tax Authorities) where appropriate and that information may be made available directly or indirectly to the local tax authorities or to the Tax Authorities where the Client resides. This authority is irrevocable.
- c) The Client acknowledges its obligations to provide information to Rothschild & Co under clauses 2.13(a), 2.13(b) and (if applicable) 2.2(e) above and that a failure to accurately provide and update that information could put Rothschild & Co or its Associates in breach of their obligations under The Foreign Account Tax Compliance Act (FATCA) or any similar legislation enacted by a foreign government, any other intergovernmental agreement that either the UK may enter into with the governments of other jurisdictions and/or any law or regulation which enact the terms of such foreign legislation or intergovernmental agreements into UK legislation. If the Client has failed to comply with its obligations under clauses 2.13(a), 2.13(b) and 2.2(e), then Rothschild & Co reserves the right to close the Client's account(s) at any time with immediate effect whereupon any obligations of the Client, including the settlement of outstanding transactions and the payment of any and all charges and other amounts due, shall become immediately payable and any amounts due to the Client from Rothschild & Co (including the amount of deposits and accrued interest but subject to the product specific terms and conditions) shall become immediately payable.

## **2.14 Rothschild & Co's Liability to the Client**

- a) Rothschild & Co will act in good faith and with due diligence but, subject thereto, to the extent permitted by Applicable Law and provided always that nothing herein shall exclude or restrict liability under Applicable Law, neither Rothschild & Co nor any Associate shall be liable:
  - I. for any loss or expense suffered by the Client under or in connection with the Mandate (including, without limitation, any occasioned by the insolvency or other default of any Counterparty) unless such loss or expense arises from its or their respective negligence, wilful default or fraud;
  - II. for any Taxation assessed upon or payable directly or indirectly by the Client including Taxation arising in connection with Rothschild & Co's management of the Portfolio where Rothschild & Co acts within the scope of its authority, except for any Taxation attributable to the negligence, wilful default or fraud of Rothschild & Co or any Associate.
- b) No warranty is given by Rothschild & Co as to the performance or profitability of the Portfolio. Rothschild & Co will not be in breach of its obligations hereunder as a result of any events and circumstances outside the reasonable control of Rothschild & Co including changes in the price or value of the Portfolio brought about through movements in the market, currency fluctuations or losses due to the failure or delay of the methods of communication permitted hereunder (please see clauses 2.6 and 2.7 of this Section 2).
- c) For the avoidance of doubt, the Restrictions shall not be regarded as having been breached and Rothschild & Co shall not be regarded as negligent in the performance of its duties hereunder:
  - I. as a result of changes in the price or value of Assets or Monies which are due solely to market forces or movements in the market or to a change in the Restrictions or marketability of an Asset subsequent to the acquisition of an Investment. In such event, Rothschild & Co will endeavour to bring the Portfolio back into line with the Restrictions as soon as practicable having regard to the objective(s) of the Portfolio;

- II. if for any reason any Asset received from a third party for the account of the Client is invalid or unenforceable or has been fraudulently traded; or
  - III. as a result of the default or insolvency of any broker, bank, securities depository, book entry system or similar organisation.
- d) Rothschild & Co cannot accept responsibility for losses suffered by the Client as a result of Rothschild & Co failing to comply with these Terms and Conditions as a result of circumstances outside Rothschild & Co's reasonable control. These circumstances would include, but not be limited to, acts of God, fires, strikes, terrorism, power failures or shortages, intervention by exchanges or regulators, court orders or any failure or error of any equipment, computer system, telecommunications, internet service provider, intermediary, agent, exchange, counterparty or any other person.
  - e) Neither Rothschild & Co nor any Associate will be liable to the Client for failure to disclose or, in making any decision or taking any step in connection with the management of the Monies or Assets, failure to take into consideration any fact, matter or thing:
    - I. if any disclosure of the information would or might be a breach of duty or confidence to any other person;
    - II. which comes to the notice of an officer, employee or agent of Rothschild & Co or any Associate but does not come to the actual notice of the individual(s) making the decision to take the step in question.
  - f) Rothschild & Co shall have no liability to any person(s) other than the Client or the Client's successors in title, including but not limited to, any person appointed by the Client under a power of attorney or otherwise authorised by the Client to give investment instructions.
  - g) Rothschild & Co will act in good faith and with due diligence in the selection, use and monitoring of nominees, agents and delegates. However, Rothschild & Co will only accept liability for the acts or omissions of any nominee, agent or delegate which is an Associate.
  - h) Without prejudice to any claim the Client may have against Rothschild & Co, the Client agrees that, to the fullest extent permissible by law or the applicable regulatory system, none of Rothschild & Co's or its Associates' directors, non-executive directors or employees or shareholders shall have any personal liability to the Client hereunder.
  - i) Rothschild & Co's maximum aggregate liability to the Client in relation to the Services provided under the Mandate (in contract, tort or otherwise) shall not in any circumstance exceed the value of the assets under management.

## 2.15 Sub-contracting and Delegation

- a) From time to time, services under the Mandate may be sub-contracted by Rothschild & Co Wealth Management UK Limited.
- b) Rothschild & Co shall be entitled from time to time in its absolute discretion to delegate the performance of any of its functions or of any of its powers, authorities, duties and discretions to any person, including its Associates, and to remunerate such delegate provided that the same regulatory protections are conferred to the Client hereunder. Rothschild & Co may provide information about the Client and the Portfolio to any person to whom it delegates in accordance with this sub-clause in accordance with clause 2.15(c) below. Rothschild & Co's liability to the Client for any functions so delegated shall not be affected by such delegation.
- c) The Client hereby consents to the delegation of all or a part of Rothschild & Co's Investment Services to Associates of Rothschild & Co or to any third parties including but not limited to, Rothschild & Co Bank A.G. in Switzerland, which is located outside the EEA. If assets are held outside the UK then they will not be subject UK rules on the protection of client money and assets. Rothschild & Co will notify the Client in the event that it intends to further delegate the performance of its Investment Services to any other person outside of the EEA.

## 2.16 Termination and Right to Cancel

- a) The Mandate does not have a fixed duration and will continue for an indefinite period, unless terminated by the Client or Rothschild & Co in accordance with the following provisions. Additionally, in the event the Client terminates the Mandate in accordance with this Section 2.16, such termination may require the prompt redemption (at the discretion of Rothschild & Co) of all investments held by the Client in any Rothschild & Co Managed Fund. The Client agrees to use its best endeavours to cooperate with Rothschild & Co in order to ensure any such redemption takes place.

- b) Rothschild & Co and the Client may terminate (cancel) the Mandate at any time by giving written notice to the other which shall be effective upon receipt or if it is received on a day that is not a Business Day, then the next Business Day following receipt. In addition Rothschild & Co shall be entitled to close an Account at any time on thirty (30) Business Days prior notification to the Client without being required to give any reason and without terminating the Mandate.
- c) Termination shall be without prejudice to the completion of transactions already initiated and will not affect any action by Rothschild & Co or its Associates permitted under the Mandate prior to the date of termination or any right or warranty given by the Client under the Mandate or implied by Applicable Law.
- d) Transactions in progress at the date of termination will be completed by Rothschild & Co as soon as practicable. On termination Rothschild & Co may close out all or any contracts or open positions (without being responsible for a loss or diminution in price). Rothschild & Co shall also be entitled to sell or otherwise dispose of any of the Assets and to apply all or part of the resulting cash proceeds in discharge of any outstanding liabilities of any kind of the Client under or in connection with the Mandate (but only to the extent that the Monies are not sufficient for this purpose). In all cases without prior notice to the Client. In addition on termination Rothschild & Co shall be entitled in its absolute discretion to close any Account opened for the Client without further notice to the Client.
- e) On termination by either party Rothschild & Co:
  - I. shall not require any additional payment to be made in respect of the termination but shall be entitled to receive from the Client or deduct from the Portfolio: all fees, costs, charges and expenses accrued or incurred under the Mandate up to date of termination, including any amount payable pursuant to the Account Application Form; the costs of transferring or delivering the Monies or the Assets as contemplated by sub-clause (II) below; and any additional expenses or losses necessarily incurred or realised in terminating the Mandate or in settling or concluding outstanding obligations; and
  - II. shall as soon as reasonably practicable after that, subject to sub-clause (I) above, cause to be delivered the Monies and the Assets to or to the order of the Client

## 2.17 Anti-Corruption

Each of Rothschild & Co and the Client confirms and agrees that, in so far as may be relevant to the Mandate, it shall not, and shall procure that its Associates and any other person who performs services for or on its behalf shall not, offer, give or agree to give, or request, accept or agree to accept from any person, whether for itself or on behalf of another, any gift, payment, consideration or benefit of any kind which constitutes an illegal or corrupt practice under the laws of any relevant jurisdiction, including without limitation under the UK Bribery Act 2010.

## 2.18 Anti-Money Laundering, Terrorist Financing and Sanctions

- a) In accepting these Terms and Conditions, the Client acknowledges that Rothschild & Co is required to act in accordance with the laws, regulations and requests of public and regulatory authorities operating in various countries which relate to amongst other things the prevention of money laundering, terrorist financing and the provision of financial and other services to any persons or entities which may be subject to sanctions. These laws, regulations and requests may prohibit Rothschild & Co from entering or concluding transactions involving certain persons or entities or may require Rothschild & Co to report suspect transactions to a regulatory authority.
- b) Rothschild & Co reserves the right to take, and may instruct (or be instructed by) any of its Associates to take any action which it or such Associate, in its sole and absolute discretion, considers appropriate to take in accordance with all such laws, regulations and requests. Such action may include (but is not limited to) the interception and investigation of any payment messages and other information or instructions sent to or by the Client to Rothschild & Co and making further enquiries as to whether a name which may refer to a sanctioned person or entity actually refers to that person or entity.
- c) Neither Rothschild & Co nor any Associate will be liable for loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party, arising out of the exercise of any of our rights under this clause 2.18.

## 2.19 Variation

Subject to Applicable Law, this Mandate may be varied immediately by notice in writing given by Rothschild & Co to the Client if a change is required as a result of a change in, or change to the interpretation of, Applicable Law or regulation. Subject to the foregoing, the terms of the Mandate may be varied by notice in writing given by Rothschild & Co to the Client to take effect on the date specified in the notice (not being less than thirty (30) Business Days after the issue of the notice) unless the Client in the meantime notifies Rothschild & Co to the contrary or requests an extension of time, or where the Mandate expressly permits a variation without notification to the Client.

## 2.20 Telephone Recording

Rothschild & Co may record all telephone conversations with the Client or agents of the Client and reserves the right to use such recordings in any dispute that may arise. A copy of the recording of such conversations with the Client and communications with the Client will be available to the Client on request in writing to the Compliance Director for a period of five years. Where the Client requests such records Rothschild & Co may charge an administration fee which will be disclosed in advance of any related costs being incurred.

## 2.21 Language

The Mandate (including, without limitation, these Terms and Conditions) is provided to the Client in English, and unless otherwise agreed between the parties, all communication with the Client by Rothschild & Co, and where relevant any Associate will be in English during the course of the Mandate. Any document provided in another language is for ease of reference only and if there is any conflict the English language version shall prevail.

## 2.22 Regulatory Disclosures

a) Rothschild & Co Wealth Management UK Limited:

- I. *Regulatory:* Rothschild & Co Wealth Management UK Limited is authorised and regulated by the Financial Conduct Authority in carrying out its investment business and entered on the FCA's register of authorised firms with the number 218613. The FCA's address is 12 Endeavour Square, London E20 1JN. Rothschild & Co will send the Client the contact details of the individual(s) dealing with the Client's Portfolio from time to time. Rothschild & Co Wealth Management UK Limited is also registered as an Investment Adviser with the US Securities and Exchange Commission (SEC) – no 801-72759. Rothschild & Co Wealth Management UK Limited's registered office is at New Court, St. Swithin's Lane, London EC4N 8AL and the telephone number is +44 20 7280 5000.
- II. *Complaints:* Rothschild & Co Wealth Management UK Limited has in operation a written procedure in accordance with Applicable Law for the effective consideration and proper handling of complaints from Clients. Any written complaint should be sent in writing and addressed to the Compliance Director, Rothschild & Co Wealth Management UK Limited, New Court, St. Swithin's Lane, London EC4N 8AL. In addition, the Client is entitled to make a complaint verbally. Rothschild & Co will endeavour to resolve the Client's complaint as quickly as possible but, in any event, will acknowledge receipt of the complaint promptly. The acknowledgment will include a full copy of Rothschild & Co's internal complaints handling procedures which is also available on request from the Compliance Director. The Client may also have the right to complain directly to the Financial Ombudsman Service, Exchange Tower, London E14 9SR or at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk), if Rothschild & Co Wealth Management UK Limited is unable to resolve the complaint to the Client's satisfaction.
- III. *Compensation:* Rothschild & Co Wealth Management UK Limited is covered by the Financial Services Compensation Scheme. The Client may be entitled to compensation from the scheme if Rothschild & Co Wealth Management UK Limited cannot meet its obligations. This depends on the type of business and the circumstances of the claim. The maximum level of compensation for claims in relation to investment business is £50,000. Further information about compensation arrangements is available in the FCA Handbook or at [www.FSCS.org.uk](http://www.FSCS.org.uk).
- IV. *Client Classification:* Unless the Client has been notified otherwise in writing Rothschild & Co will treat the Client as a Retail Client as defined in the FCA Handbook. The Client has the right to request a different categorisation, for example to be treated as a Professional Client or an Eligible Counterparty. However if the Client makes such a request and Rothschild & Co agrees to such a categorisation, the Client will lose the protection afforded by some of the rules in the FCA Handbook. For example, Clients who are not Retail Clients within the FCA definition will not have the benefit of the Financial Ombudsman Service and the Financial Services Compensation Scheme as referred to in clauses 2.22(a)(II) and 2.22(a)(III). If the Client makes such a request Rothschild & Co Wealth Management UK Limited will explain in writing at that time the full consequences of doing so.

## 2.23 Third Party Rights

The terms of the Mandate do not create any right or benefit enforceable by any person or persons not party to it, except that Rothschild & Co's Associates may enforce rights as expressed in these Terms and Conditions. Accordingly a person who is not a party to these Terms and Conditions or to any agreement to which they relate shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any such term of such agreement including these Terms and Conditions.

## **2.24 Record Retention**

In accordance with legal and regulatory requirements Rothschild & Co will retain all Client records for a minimum period of six years following the termination of any relationship. This period may be extended by force of law, regulatory requirement or alternative agreement. The Client acknowledges that Rothschild & Co may not be able to provide Client records after the minimum period of six years has expired.

## **2.25 Governing Law**

These Terms and Conditions shall be subject to and construed in accordance with the law of England and Wales. Both parties agree that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Investment Services provided by Rothschild & Co Wealth Management UK Limited under the Mandate and that, accordingly, any proceedings arising out of or in connection with the Mandate relating to Investment Services may be brought in such courts.

# Appendices

## A. Risk Warnings

This Appendix A sets out a general description of the nature and risks of investments which may be held in the Portfolio.

This notice is provided to the Client, as a Retail Client, in compliance with the FCA Handbook.

This notice contains information about designated investments (as defined in the FCA Handbook), including guidance on and warnings on the risks associated with those designated investments. It has been provided to the Client so that the Client is able to understand the nature and risks of the service and of the specific type of designated investment being offered and, consequently, take investment decisions on an informed basis.

This notice cannot disclose all the risks and other significant aspects of designated investments. The Client should not deal in these products unless the Client understands their nature and the extent of the Client's exposure to risk and potential loss.

Although derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Different designated investments involve different levels of exposure to risk and in deciding whether to transact in such designated investments the Client should be aware of the following points:

### A.1. Equities

When the Portfolio includes equities issued by a company, the Client is buying a part of that company and it becomes a shareholder in it, which usually means it has the right to vote on certain issues. The Client can either buy new shares when the company sells them to raise money (through an initial public offering) or buy existing shares which are traded on the stock market.

The aim is for the value of the Client's shares to grow over time as the value of the company increases in line with its profitability and growth. This is not always achieved. In addition, the Client may also receive a dividend, which is income paid out of the company's profits. No dividend will be paid if there are no distributable reserves. Longer-established companies usually pay dividends whilst growing companies tend to pay lower, or no, dividends (with these a shareholder would typically be hoping for better capital growth).

Under normal circumstances, a shareholder in a company has no right to require that company to return capital to it. Unless the company chooses to return capital to the shareholder (for example by effecting a share buyback) or the shares carry redemption rights exercisable by the shareholder (which is normally not the case), the shareholder's only way to realise its investment will be to sell the shares to another investor. Consequently, a shareholder's return from investing in the equity will depend to a large extent on the market price of the equities at the time of the sale. The market price of an equity is affected by the supply of, and demand for, that equity within the market. In turn, supply and demand (and therefore the volatility of the share price) are affected by a number of factors including:

- Sector specific factors – these would include demand for the product the company produces, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology
- Company specific factors – these would include the company's directors, the strength of the company's management and the significance of any key personnel, the company's profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, competition from within the sector, and whether the company already has a profitable business or whether it is exploring for recoverable resources or is developing a new product; and
- International factors – the vulnerability of the company to international events or market factors. These would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets

One factor that could affect the price of a share is a change in opinion as to how well the company itself is performing or could perform in the future. This opinion is frequently based on predictions about the economic conditions in which a company is operating.

The level of a stock market goes up or down as the prices of the shares that are the constituents of that market go up or down. At the general market level, various macroeconomic and financial factors will influence the volatility of the overall stock market; for example, broad economic trends, monetary conditions, interest rates, exchange rates and inflation.

Shares are generally a fairly volatile asset class – their value tends to go up and down more than other classes such as bonds and regulated Collective Investment Schemes. If the Client is investing in shares, the Client should expect the value of its investment to go down as well as up, and the Client should be comfortable with this. Holding shares can be high risk – particularly if the Client only holds shares in one or a small number of companies.

In the short term, shares may go up and down in value and this can occasionally be very significant. However, if the Portfolio includes a wide range of shares, it reduces the likelihood of losing all or most of its money.

The liquidity of the shares may be affected by whether the shares are listed or unlisted. Where shares are unlisted it may be more difficult to deal in them or to obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale). There may not always be a liquid market in certain listed shares, depending on market factors.

On occasion the Portfolio may include listed equity investments where the issuer proposes to use borrowing or other forms of gearing to enhance the return for or value of investments it has made without increasing the amount invested. The value of such investments may be more volatile than the underlying investments made by the issuer and may be subject to sudden and large falls in value and, if the fall in value is sufficiently large, the value of the investment may fall to zero.

If a company goes into liquidation, its shareholders rank behind the company's creditors (including its subordinated creditors) in relation to the realisation and distribution of the company's assets – with the result that a shareholder will normally only receive any money from the liquidator if there are any remaining proceeds of the liquidation once all of the creditors of the company have been paid in full.

As a shareholder in the company, the Client could lose some or all of the money that it has invested in the shares.

In addition to the above general risks, certain types of equity investment result in additional risks. These include the following:

### **Penny shares**

A 'penny share' is a loose term used to describe shares which have a speculative appeal because of their low value. If the equities in which the Portfolio is invested include penny shares, the Client should be aware that there may be a significant difference between the purchase and sale price of such shares and, if the Client needs to sell the shares, it may get back much less than it paid for them.

### **Investment trusts**

An investment trust is a company that is listed on the London Stock Exchange and that has been formed for the purposes of investing in shares in underlying companies (and which therefore gives its investors the opportunity to invest in shares on a pooled basis). In that respect, they are similar to open-ended Collective Investment Schemes (see the "Collective Investment Schemes" paragraph below) but, unlike an open-ended Collective Investment Scheme, an investment trust is closed-ended. This means there are a set number of shares in the investment trust available, and (in the absence of a formal increase in capital) this will remain the same no matter how many potential investors there are.

The price of the investment trust shares depends on two main factors:

- The value of the underlying investments (in this respect it works in the same way as open-ended Collective Investment Schemes); and
- The demand (or lack of) for the investment trust shares in the market

The second factor is relevant because an investment trust is closed-ended – it has (in the absence of new issues) a fixed number of shares. The laws of economics say that if there is a high demand for something, but limited supply, then the price goes up. So, if the Portfolio includes some investment trust shares and there are lots of people who want to buy them, then the Portfolio can sell them for more money. On the other hand, if nobody seems to want them then the Portfolio will have to drop the price until someone is prepared to buy.

The result is that investment trust shares do not simply reflect the value of the underlying investments, they also reflect their popularity in the market. This feature may make them more volatile than other pooled investments (such as open ended Collective Investment Schemes) assuming the same underlying investments.

Investment trusts can borrow money to invest. This is called gearing. Gearing improves a trust's performance when its investments are doing well. On the other hand, if its investments do not do as well as expected, gearing lowers performance. An investment trust that is geared is a higher risk investment than one which is not geared (assuming the same underlying investments).

### **Venture Capital Trusts**

Venture capital trusts ("VCTs") were introduced by the UK government in 1995 to encourage investment in smaller unquoted companies. They provide a source of capital for small companies and help the UK economy to develop.

A VCT is a company, run by a fund manager, which invests in other companies that are not quoted on a stock exchange but may be listed on the Alternative Investment Market ("AIM").

VCTs themselves are listed on the London Stock Exchange, with strict limits laid down by HM Revenue and Customs on the assets in which they can invest.

There are tax advantages offered to UK investors in new VCTs. However, they are complex products which carry a certain level of risk. VCTs should be considered as long-term investments and it is important that the risks are understood before investing in them, which include:

- There may be a limited secondary market for shares – this may make them hard to sell. To partially address this issue, some VCT managers offer a buy back facility, normally at a discount to the net asset value
- VCTs are designed to provide capital for small companies and each VCT will invest in a number of companies. There is a risk that these companies may not perform as hoped and in some circumstances may fail completely
- Typically, those of the VCTs assets that are (in accordance with the limits referred to above) not invested in venture capital investments, are invested in money market securities/gilts/cash deposits etc. Some, however, invest part of these assets in more risky investment vehicles which may raise the overall risk profile of the Portfolio still further
- If certain criteria are not met, the initial tax advantages might be withdrawn
- The levels of charges for VCTs may be greater than for other investments, and the Client may also be charged performance fees
- As with any asset-backed investment, the value of a VCT depends on the performance of the underlying assets, so the Client may get back less than it originally invested, even taking into account the tax breaks (if applicable)

### **Real Estate Investment Trusts**

A Real Estate Investment Trust (a "REIT") is a pooled investment vehicle, which invests primarily in income producing real estate or real estate related loans or interests. REITs are sometimes referred to as equity REITs or mortgage REITs. An equity REIT invests primarily in properties and generates income from rental and lease properties. Equity REITs also offer the potential for growth as a result of property appreciation and, in addition, from the sale of appreciated property. Mortgage REITs invest primarily in real estate mortgages, which may secure construction, development or long-term loans, and derive income from the collection of interest payments. REITs are generally organised as companies and their shares are generally listed on a stock exchange.

In some jurisdictions REITs qualify for beneficial tax treatment provided they invest in accordance with certain rules.

Like any investment in real estate, a REIT's performance depends on many factors, such as its ability to find tenants for its properties, to renew leases, and to finance property purchases and renovations. In general, REITs may be affected by changes in underlying real estate values and rental incomes, which may have an exaggerated effect to the extent a REIT concentrates its investment in certain regions or property types. Ultimately, a REIT's performance depends on the types of properties it owns and how well the REIT manages its properties.

In general, during periods of rising interest rates, REITs may lose some of their appeal for investors who may be able to obtain higher yields from other income-producing investments, such as long-term bonds. Higher interest rates also mean that financing for property purchases and improvements is more costly and difficult to obtain. During periods of declining interest rates, certain mortgage REITs may hold mortgages that mortgagors elect to prepay, which can reduce the yield on securities issued by mortgage REITs. Mortgage REITs may be affected by the ability of borrowers to repay debts to the REIT when due and equity REITs may be affected by the ability of tenants to pay rent.

Like small-cap stocks in general, certain REITs have relatively small market capitalisation and their securities can be more volatile than – and at times will perform differently from – large-cap stocks. In addition, because small-cap stocks are typically less liquid than large-cap stocks, REIT stocks may sometimes experience greater share-price fluctuations than the stocks of larger companies. Further, REITs are dependent upon specialized management skills, have limited diversification, and are therefore subject to risks inherent in operating and financing a limited number of projects

## **A.2. Bonds**

A bond is a loan to a government, company or a local authority. Generally, interest is paid to the Portfolio as the lender and the amount of the loan repaid at the end of the term.

When the Portfolio includes bonds, it becomes a creditor of the issuer of the bonds. The issuer might be a government or a corporate business or it may be an entity that has been formed specifically for the purposes of issuing the bonds (this is normally the case where the bonds pass through to investors the cashflows generated by specific assets, such as corporate loans, residential mortgages or credit card receivables).

Bonds have a nominal value. This is the sum that will be returned to investors when the bond matures at the end of its term.



However, because bonds are traded on the bond market, the price for a bond may be more or less than the nominal value. There are several reasons why the price might vary from the nominal value, for example:

- If a bond is issued with a fixed interest rate of, say, 8% and general interest rates then fall well below 8%, then 8% will look like a good yield and the market price of the bond will tend to rise above the nominal value.
- The reverse is also true. If interest rates rise, the fixed rate of a particular bond might become less attractive and its price could fall below the nominal value.
- Ratings agencies might take the view that a particular company's bond no longer qualifies for a high rating – perhaps the company is not doing as well as it was when the bond was issued. If this happens then the market price of the bond might fall. On the other hand, the company's rating may be improved leading to a price rise.
- The inflation rate might start to creep up and the interest rate on some bonds might start to look less attractive compared with other investments.

The risks associated with investing in bonds include:

- Interest rate risk - the risk that bond prices will fall as interest rates rise. By buying a bond, the bondholder has committed to receiving a fixed rate of return for a fixed period. Should the market interest rate rise from the date of the bond's purchase, the bond's price will fall accordingly. The bond will then be trading at a discount to reflect the lower return that an investor will make on the bond.
- Market interest rates are a function of several factors such as the demand for, and supply of, money in the economy, the inflation rate, the stage that the business cycle is in as well as the government's monetary and fiscal policies.
- Default risk – the risk that the bond's issuer will be unable to pay the contractual interest or principal on the bond in a timely manner, or at all. Credit ratings services such as Moody's, Standard & Poor's and Fitch give credit ratings to bond issues, which helps to give investors an idea of how likely it is that a payment default will occur.
- Inflation risk – the risk that the rate of price increases in the economy deteriorates the returns associated with the bond. This has the greatest effect on fixed-rate bonds, which have a set interest rate from inception. For example, if an investor purchases a 5% fixed bond and then inflation rises to 10% a year, the bondholder will lose money on the investment because the purchasing power of the proceeds has been greatly diminished. The interest rates of floating-rate bonds are adjusted periodically, thereby limiting investors' exposure to inflation risk.
- Call risk – the risk that a bond will be called by its issuer. Callable bonds have call provisions, which allow the bond issuer to purchase the bond back from the bondholders and retire the issue. This is usually done when interest rates have fallen substantially since the issue date. Call provisions allow the issuer to retire the old, high-rate bonds and sell low-rate bonds in an attempt to lower debt costs.

Bonds can usually be bought and sold in the market and their price can vary from day to day. A rise or fall in the market price of a bond does not affect what the Client would get back if the Client holds the bond until it matures. The Client will only get back the nominal value of the bond (plus any coupon payment to which the Client has been entitled during its ownership of the bond), irrespective of what the Client paid for it.

For some bonds there may be a restricted market and it may be more difficult to deal in them or obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale).

Some bonds generate a return that is linked to the performance of a real or notional pool of underlying assets. In such circumstances, the return the Client receives will depend upon the performance of the underlying pool. Many structured products take the form of bonds (see the "Structured Products" paragraph below for further details of the risks associated with structured products).

As a bondholder the Client could lose some or (in extreme cases) all of the money that it has invested in the bonds that it holds.

### **Convertible bonds**

Some bonds are convertible or exchangeable into a specific number of another form of security (usually the issuer's ordinary shares) at a specified price or ratio. A company may issue a convertible security that is subject to redemption after a specified date, and usually under certain circumstances. A holder of a convertible bond that is called for redemption would be required to tender it for redemption to the issuer, convert it to the underlying equities or sell it to a third party.

Convertible bonds typically pay a lower interest rate than nonconvertible bonds of the same quality and maturity, because of the convertible feature. This structure allows the holder of the convertible bond to participate in share price movements in the company's shares. The actual return on a convertible bond may exceed its stated yield if the company's shares appreciate in value and the option to convert to shares becomes more valuable.

The difference between the conversion value and the price of a convertible bond will vary depending on the value of the underlying shares and interest rates. When the underlying value of the shares decline, the price of the issuer's convertible bonds will tend not to fall as much because the convertible bond's income potential will act as a price support. While the value of a convertible bond also tends to rise when the price of the underlying shares rises, it may not rise as much because their conversion value is more narrow. The value of convertible bonds also is affected by changes in interest rates. For example, when interest rates fall, the value of convertible bonds may rise because of their fixed income component.

### **A.3. Depositary receipts**

Depositary receipts include American Depositary Receipts (“**ADRs**”), European Depositary Receipts (“**EDRs**”), Global Depositary Receipts or Global Depositary Shares (“**GDSs**”) or other similar global instruments that are receipts representing ownership of shares of a foreign-based issuer held in trust by a bank or similar financial institution. These securities are designed for United States and European securities markets as alternatives to purchasing underlying securities in their corresponding national markets and currencies. Depositary receipts can be sponsored or unsponsored. Sponsored depositary receipts are certificates in which a bank or financial institution participates with a custodian. Issuers of unsponsored depositary receipts are not contractually obligated to disclose material information in the United States. Therefore, there may not be a correlation between such information and the market value of an unsponsored depositary receipt.

Depositary receipts also include securities issued by a trust representing an undivided beneficial ownership interest in the assets of the trust, usually common stocks of a group of companies. The trust generally holds the deposited common stocks for the benefit of the holders of the depositary receipts. Issuers generally are not registered as investment companies. The trustee of a trust is typically limited to performing only administrative and ministerial duties, for which it is paid out of trust assets. The risks of investing in depositary receipts generally reflect the risks of the securities held in the trust. The acquisition and disposal of some depositary receipts is limited to round-lots or round-lot multiples. Depositary receipts may trade in the secondary market at prices lower than the aggregate value of the corresponding underlying securities. In such cases, some depositary receipts enable the holders to realize the underlying value of the securities by cancelling the receipt and receiving a corresponding amount of underlying securities, which requires the payment of fees and expenses.

### **A.4. Warrants**

A warrant is a time-limited right to subscribe for shares or bonds at a particular price and is exercisable against the issuer of the underlying securities.

Generally, the success of investing in warrants depends primarily on how the underlying asset performs during the life of the warrant. The price of the warrants will therefore be affected by the risk factors that can affect the price of the underlying securities to which the warrant relates. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.

The right to subscribe for underlying securities conferred by a warrant is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time-scale then the investment becomes worthless. The price of a warrant may reflect the value attributed to the life of the warrant.

The Client should not buy a warrant unless it is prepared to sustain a total loss of the money it has invested plus any commission or other transaction charges.

Transactions in off-exchange warrants may involve greater risk than dealing in exchange-traded warrants because there is no exchange market through which to liquidate the Client's position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

Each warrant is a contract between the warrant issuer and the holder. The Client is therefore exposed to the risk that the issuer will not perform its obligations under the warrant.

Issuers of warrants sometimes reserve the right to nominate an extraordinary event which may result in the early expiry of a warrant series. Examples of extraordinary events include suspension in trading of the underlying security, the de-listing of the underlying company and a takeover of the underlying company. As a consequence of an extraordinary event the warrant's expiry date may be brought forward, or the warrant may lapse with any intrinsic payment provided to the holder.

## A.5. Options

An option gives the buyer of the option the right (but not the obligation) to acquire an underlying security or other asset at a future date and at a price that has already been agreed or that is determinable in accordance with a pre-agreed mechanism. Options are sometimes referred to as covered warrants.

Buying options involves less risk than selling options because, if the price of the underlying asset moves against the Portfolio, it can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if the Client buys a call option on a futures contract and the Client later exercises the option, it will acquire the future. This will expose the Client to the risks described in the "Futures" paragraph below.

If the Client writes an option, the risk involved is considerably greater than buying options. The Client may be liable for margin to maintain its position and a loss may be sustained well in excess of the premium received. By writing an option, the Client accepts a legal obligation to purchase or sell the underlying asset if the option is exercised against the Client, however far the market price has moved away from the exercise price. If the Client already owns the underlying asset which it has contracted to sell (when the options will be known as 'covered call options') the risk is reduced. If the Client does not own the underlying asset ('uncovered call options') the risk can be unlimited.

The performance of an option that the Client has written depends primarily on how the underlying asset performs during the life of the option. The value of the option can therefore be affected by any risk factors that can affect the price of the underlying asset to which the option relates. A relatively small movement in the price of the underlying asset can result in a disproportionately large movement, unfavourable or favourable, in the value of the option. The prices of options can therefore be volatile.

If the Client writes options, it may sustain a total loss of any margin it deposits with the Counterparty to establish or maintain a position. If the market moves against the Client, it may be called upon to pay substantial additional margin at short notice to maintain the position. If it fails to do so within the time required, its position may be liquidated at a loss and it will be responsible for the resulting deficit.

Even if a written option transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the Client entered the contract.

Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage its exposure to risk.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation the Client may subsequently be called upon to pay margin on the option up to the level of its premium. If the Client fails to do so as required, its position may be closed or liquidated in the same way as a futures position.

The insolvency or default of the Counterparty or any of the brokers involved with the Client's option transaction, may lead to positions being liquidated or closed out without the Client's consent. In certain circumstances, the Client may not get back the actual assets which it lodged as collateral and the Client may have to accept any available payments in cash.

On many exchanges, the performance of a transaction by the relevant broker is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Client, as the customer, and may not protect the Client if the broker or another party defaults on its obligations to the Client. There is no clearing house for traditional options, nor normally for "over-the-counter" ("OTC") instruments.

Options may be executed on an investment exchange or on an OTC basis. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## A.6. Futures

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The performance of a futures contract depends primarily on how the underlying asset performs during the life of the contract. The value of the future can therefore be affected by any of the risk factors that can affect the price of the underlying asset to which the futures contract relates.

The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of the Client's investment, and this can work against the Client as well as for it. Futures transactions have a contingent liability which means that the Client may be liable for margin to maintain its position and a loss may be sustained well in excess of the premium received. By entering into a futures contract, the Client accepts a legal obligation to purchase or sell the underlying asset, however far the market price has moved away from the agreed price.

The Client may sustain a total loss of any margin it deposits with the Counterparty to establish or maintain a position. If the market moves against the Client, it may be called upon to pay substantial additional margin at short notice to maintain the position. If the Client fails to do so within the time required, its position may be liquidated at a loss and the Portfolio will be responsible for the resulting deficit.

The insolvency or default of the Counterparty or any of the brokers involved with the Client's futures transaction, may lead to positions being liquidated or closed out without the Client's consent. In certain circumstances, the Client may not get back the actual assets which it lodged as collateral and it may have to accept any available payments in cash.

On many exchanges, the performance of a transaction by the relevant broker is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover the Client, as the customer, and may not protect the Client if the broker or another party defaults on its obligations to the Client. There is no clearing house for futures executed on an OTC basis.

Futures may be executed on an investment exchange or on an OTC basis. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## **A.7. Contracts for differences**

Futures and options contracts that only contemplate cash-settlement of the parties obligations (rather than physical delivery of the underlying assets) are known as "contracts for differences" or "CFDs". CFDs include options and futures on the FTSE 100 index and other stock indices, as well as currency, interest rate, equity and commodity swaps, some credit derivatives, spread bets and rolling spot foreign exchange contracts.

The 'gearing' or 'leverage' often obtainable in CFD trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of the Client's investment, and this can work against the Client as well as for it. CFD transactions have a contingent liability which means that the Client may be liable for margin to maintain its position and a loss may be sustained well in excess of the premium received.

The Client may sustain a total loss of any margin it deposits with the Counterparty to establish or maintain a position. If the market moves against the Client, it may be called upon to pay substantial additional margin at short notice to maintain the position. If the Client fails to do so within the time required, its position may be liquidated at a loss and it will be responsible for the resulting deficit.

The insolvency or default, or that of the Counterparty or any of the brokers involved with the Client's CFD transaction, may lead to positions being liquidated or closed out without the Client's consent. In certain circumstances, the Client may not get back the actual assets which it lodged as collateral and it may have to accept any available payments in cash.

CFD transactions may be executed on an investment exchange or on an OTC basis. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## **A.8. Collective Investment Schemes**

A Collective Investment Scheme ("CIS") is a scheme which allows an investor to invest money on a pooled basis (along with a number of other investors). A CIS may take the form of a company, partnership or trust.

As an investor, the Client buys shares/partnership interests/units in the CIS in the hope that the value rises over time as the prices of the underlying investments increase. The price of the shares/partnership interests/units depends on how the underlying investments perform.

Some CISs are called “open ended” because the number of shares/partnership interests/units in issue increases as more people invest and decreases as people take their money out. “Closed-ended” CISs are CISs where investors are either unable to withdraw their investments or can only do so in very restrictive circumstances.

Normally, there is no established secondary market in CISs which means that the Clients' investment in them cannot usually be sold to third parties. However, (except for certain types of “closed-ended” fund) the constitutional documents of the CIS will normally provide for the Client to be able to redeem its investment in the CIS at its net asset value. The frequency with which the Client can redeem its investment will depend upon the precise terms of those constitutional documents.

In certain cases, for example where the liquidity of the underlying assets of a CIS is longer than its redemption frequency, when the Client redeems their investment in the CIS, the Client may receive underlying assets of the CIS, including but not limited to shares/interests/units in hedge funds, instead of cash.

As an investor in a CIS, the Client could lose some or all of the money that it has invested. The level of risk of an investment in a CIS will depend on the underlying investments in which it is invested and how well diversified the CIS is. For example, a CIS which invests only in one industrial sector, such as technology, will invariably be more risky than Portfolios that invest across the whole range of companies in a market.

Some CISs are regulated which means that there are rules about (and limits on) the types of underlying investments in which the CIS can invest and the frequency and price at which investments in the CIS can be redeemed. In particular, the rules applicable to regulated CISs limit the extent to which they can invest in derivatives or leverage their portfolios. Regulated CISs include authorised unit trusts; OEICs (open ended investment companies, which are the same as ICVCs – Investment Companies with Variable Capital); SICAV (Société d'investissement à capital variable); and FCPs (Fonds communs de placement).

Other CISs are unregulated which means that there are very few or no rules about the types of investments in which they can invest or the frequency at which they can be redeemed. Five of the most common types of unregulated CIS are hedge funds, private equity funds, real estate funds, exchange-traded funds and funds of funds.

### **Hedge funds**

Hedge funds are typically unregulated CISs that use derivatives for directional investing and/or are allowed to have a short position and/or use significant leverage through borrowing. Additional characteristics of hedge funds are the free choice of assets (including illiquid and distressed securities), free choice of markets (including emerging markets) and the free choice of trading style, including a lack of asset diversification.

Rothschild & Co will only select investments for Clients in funds which it classifies as a Hedge Fund.

Whilst returns may be higher than standard investments, investments in hedge funds involve a high degree of risk and are only suitable for investors who fully understand and are willing to assume the risks involved. In particular such investors are exposed to potential loss which could involve the complete loss of the investment. Their use of leverage may mean that market movements could have a disproportionate effect on the net asset value of the CIS.

Hedge funds are often domiciled in offshore jurisdictions where the standards of regulation and in particular the standards of regulatory supervision do not meet the standards required in the UK.

Investments in hedge funds are typically subject to transfer and redemption restrictions. Transfers are usually subject to the approval by the CIS and redemption may be permitted only after an initial lock-in period and long notification periods. In most cases there is no liquid market for investments in hedge funds. It may therefore be difficult for the Client to obtain reliable information about the value of such investments or the extent of the risks to which it is exposed.

Another risk factor to be considered is the dependence upon key portfolio managers of the CIS, whose experience levels may vary. Furthermore, where hedge fund portfolio managers are compensated on a performance incentive basis it may cause them to make riskier and more speculative investment decisions than if such a fee was not paid.

### **Private equity funds**

Private equity funds are unregulated CISs that invest exclusively or almost entirely in financial instruments issued by companies that are not listed (or that take over publicly listed companies with a view to delisting them). Investment in private equity funds is typically by way of commitment (i.e. whereby an investor agrees to commit to invest a certain amount in the fund and this amount is drawn down by the fund as and when it is needed to make private equity investments).

Private equity funds tend to be closed ended and to have a finite lifespan. During the life of the fund it is usually not possible for the Portfolio to redeem its investment. Therefore, if the Portfolio invests in a private equity fund, it may be several years before the Client sees any sort of return on the investment.

Whilst returns may be higher than standard investments, investments in private equity funds involve a high degree of risk and are only suitable for investors who fully understand and are willing to assume the risks involved. The returns are dependent on the performance of the companies in which the fund invests and, in turn therefore, largely dependent on the manager of the fund's ability to influence that performance. Investors in private equity funds are exposed to potential loss which could involve the complete loss of the investment.

### **Real estate funds**

Real estate funds are unregulated CISs that invest exclusively or almost entirely in real estate, or in companies that invest in real estate. Most real estate funds are structured and operate in a similar manner to private equity funds. See above.

Returns are dependent on the value of the properties or companies in which the fund invests (and therefore on the ability of the manager to pick investments that increase in value). Investors in such funds are exposed to the risk of a general downturn in the property market. Investors in real estate funds are exposed to potential loss which could involve the complete loss of the investment.

### **Exchange-traded funds**

Exchange-traded funds (or "ETFs") are shares in funds which have an exchange listing and for which there is a secondary market on the exchange on which the shares are listed. Therefore, unlike other types of fund, profits or losses from a position in shares in the ETF can be realised not just by redeeming the shares but also by selling them on the relevant exchange. Typically, ETFs try to replicate a stock market index such as the FTSE 100 or the Hang Seng Index, a market sector such as energy or technology, or a commodity such as gold or petroleum;

The legal structure can vary, however the major common features include:

- ETFs have an exchange listing
- ETFs are normally index-linked rather than actively managed
- There is often an ability to handle contributions and redemptions on an in-specie basis (typically in large blocks of shares only); and
- The 'value' of the ETF (but not necessarily the price at which its shares trade – they can trade at a 'premium' or 'discount' to the 'underlying' assets' value) derives from the value of the 'underlying' assets comprising the ETF

The price of the ETF shares depends on two main factors:

- The value of the underlying investments; and
- The popularity (or unpopularity) of the ETF shares in the market

The result is that ETF shares do not simply reflect the value of the underlying investments, they also reflect their popularity in the market. At any time the share price may be at a discount or premium to the asset value.

Some ETFs borrow money to invest (to increase the level exposure to the underlying index). This is called gearing. Gearing improves an ETF's performance when its investments are doing well. On the other hand, if its investments do not do as well as expected, gearing lowers performance. An ETF that is geared is a higher risk investment than one which is not geared (assuming the same underlying investments).

### **Funds of Funds**

Funds of funds are Collective Investment Schemes that invest in other CISs. Two common types are funds of hedge funds and private equity funds of funds. A fund of hedge funds invests in other hedge funds. A private equity fund of funds invests in other private equity funds. Funds of funds offer an opportunity for investors to invest in a fund of hedge funds or private equity funds (and thereby diversify their risk). The returns on a fund of funds will be lower than a series of direct investments in the underlying funds because the manager of the fund of funds takes a fee in addition to the fee charged by the managers of the underlying funds. Investments in a fund of hedge funds are typically subject to transfer and redemption restrictions. Transfers are usually subject to the approval by the fund and redemption may be permitted only after an initial lock-in period and long notification periods. Investment in private equity fund of funds is typically by way of commitment (i.e. whereby an investor agrees to commit to invest a certain amount in the fund and this amount is drawn down by the fund as and when it is needed to honour its commitments to the private equity funds in which it has invested). Private equity funds of funds tend to be closed ended and to have a finite lifespan. During the life of the fund it is usually not possible for the fund to redeem its investment. Therefore, if the fund invests in a private equity fund of funds, it may be several years before the fund sees any sort of return on the investment.

## A.9. Structured Products

Structured products are products structured to fulfil a particular trading or market objective. A structured product may combine the features of two or more financial instruments (for example a bond and a derivative). Derivatives often constitute an integral part of a structured product. The product may involve an element of leverage and so a relatively small movement in the value of the relevant underlying asset or index may have a significant effect on the value of the structured product.

Structured products are generally not traded on regulated markets and the Client takes the risk on the Counterparty issuing the structure. There is typically no recognised market for these investments and it may, therefore, be difficult for the Client to deal in the investment or to obtain reliable information about its value or the extent of the risks to which it is exposed.

Some structured products include an element of capital protection – however, the Client should bear in mind that this is not a guarantee that the amount invested will be returned in all circumstances. The capital protection offered is typically subject to the investment being held until maturity and to the creditworthiness of the issuer. In addition, redeeming the product early may lead to redemption penalties.

Structured products are often high risk investments and the Client could lose some or all of the money that it has invested in them.

## A.10. Currency Exposure and Foreign Exchange Trading

Investments may be denominated in a currency other than the Client's base reference currency. Where an investment is denominated in a different currency the Client is exposed to fluctuations in the exchange rate of that currency as well as to the movement in the price of the investment itself. Changes in the exchange rate can cause the overall value of an investment to fall as well as to rise.

Engaging in foreign exchange trading (“**fx trading**”) (buying one currency in exchange for another) exposes the Client to the risk of adverse changes in exchange rates. Exchange rates can be volatile and are driven by a variety of factors affecting the economies of the jurisdictions whose currencies the Client is trading.

The ‘gearing’ or ‘leverage’ often obtainable in fx trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of the Client's investment, and this can work against the Client as well as for it. Some fx transactions involve a contingent liability which means that the Client may be liable for margin to maintain its position and a loss may be sustained well in excess of the premium received.

The Client may sustain a total loss of any margin it deposits to establish or maintain a position. If the market moves against the Client, it may be called upon to pay substantial additional margin at short notice to maintain the position. If the Client fails to do so within the time required, its position may be liquidated at a loss and the Client will be responsible for the resulting deficit.

The insolvency or default of the Counterparty or any of the dealers involved with the Client's fx transaction, may lead to positions being liquidated or closed out without the Client's consent. In certain circumstances, the Portfolio may not get back the actual assets which it lodged as collateral and it may have to accept any available payments in cash.

## A.11. Life policies

A life policy is a form of pooled investment offered by a life insurance company. The insurance company accumulates money from the policyholder (and its other policy holders). The policy is a contract that promises certain things, such as to provide life insurance which pays a fixed sum of money if the insured dies before the end of the policy. The company also promises to invest the money – for example in shares or bonds – with the aim of making it grow enough to provide the policy holder with a lump sum at maturity.

When the Portfolio includes a life assurance policy, a proportion of the premiums it pays to the insurance company will be used to buy life assurance that pays a fixed sum of money if the insured dies before the end of the policy. The insurance company will spend part of each contribution made to meet its costs.

As with open-ended CISs, a life insurance company pools its money and invests in one or more asset classes. The insurance company promises to pay the policy holder, as described in the policy, part of the money it makes from that investment. The insurance company organises its investments into portfolios and it will usually allow the policy holder to choose which portfolio(s) it wants to share in. There are usually a number of portfolios to choose from within the policy, for example, shares (UK and overseas), bonds, property, and cash deposits. Similarly, there are usually portfolios which invest across different asset classes and these are usually called managed portfolios.

Most life policies allow the policyholder to switch between portfolios once a year without charge. Some companies make a charge for more than one switch per year, while others allow several switches without charge.

## **A.12. Commodities**

Commodities are physical assets (other than cash or financial instruments) which are capable of delivery; typically assets such as gold, oil, metals, wheat etc. which are traded on exchanges. Investors would not normally transact in the underlying physical commodity but via one of the other instrument types set out above such as futures, ETFs, structured products, open-ended funds and investment trusts. The risks associated with an investment in commodities therefore includes the risks inherent with those instruments as well as the commodities themselves. In addition, the use of derivatives can add an additional element of risk, in that an investor's return will be affected by the relationship of the future price to the current price of the commodity.

Individual commodity prices can be very volatile so baskets of commodities are generally bought to give broader diversification within the asset class and to ensure reduced levels of risk.

Historically, commodities have generally reduced risk when added to a portfolio however they can individually, and in aggregate, be seen to add to risk over the short term.

## **A.13. Off-Exchange Derivative Transactions**

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## **A.14. Contingent Liability Transactions**

A contingent liability transaction is a transaction under the terms of which the Client will or may be liable to make further payments (other than charges) when the transaction fails to be completed or upon the earlier closing out of the Client's position. These payments may or may not be secured by an amount in money (or represented by securities) deposited with a Counterparty or a broker as a provision against loss on transactions made on account (a "Margin").

Contingent liability transactions for which a Margin is deposited (in other words, which are "Margined") require the Client to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If the Client trades in futures, contracts for differences or sell options the Client may sustain a total loss of the Margin the Client deposits with us to establish or maintain a position. If the market moves against the Client, the Client may be called upon to pay substantial additional Margin at short notice to maintain the position. If the Client fails to do so within the time required, the Client's position may be liquidated at a loss and the Client will be responsible for the resulting deficit.

Even if a transaction is not Margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the Client entered the contract. Contingent liability transactions which are traded off-exchange may expose the Client to substantially greater risk.

## **A.15. Potential implications of Brexit**

The results of the United Kingdom's proposed withdrawal from the European Union may have a negative impact on global economic conditions and financial markets.

It is anticipated that the UK will leave the European Union on 29 March 2019. Negotiations between the United Kingdom and European Union remain ongoing and are complex, and there can be no assurance regarding the terms (if any) or timing of any resulting agreement. The withdrawal process has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and this may have political consequences not only in the United Kingdom but also in the remaining European member states.

These developments, and the potential consequences of them, have had and may continue to have a material adverse effect upon global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility. Lack of clarity about future laws and regulations in the United Kingdom, and the terms upon which businesses in the UK may continue to access European markets, including financial laws and regulations, tax and free trade agreements, immigration and employment laws, could increase costs, depress economic activity, impair the ability to attract and retain qualified personnel, and have other adverse consequences.



Currency volatility resulting from this uncertainty may mean that the returns of Investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro, and any downgrading of UK sovereign credit rating. This may also make it more difficult, or more expensive, for Rothschild & Co and/or its Associates to execute prudent currency hedging policies. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of Rothschild & Co to execute investment strategies, and may also result in increased costs.

# B. Order Execution Policy

This document summarises the general basis on which Rothschild & Co (“Rothschild & Co”, “we” or “us”) will provide “best execution” for a client (“Client” or “you”) when required by the European Union’s Markets in Financial Instruments Directive II (known as “MiFID II”) and the Conduct of Business rules (the “COBS”) of the UK Financial Conduct Authority (the “FCA”) and any similar, or equivalent, rules of the Guernsey Financial Services Commission.

## B.1. Objective of Policy

We have always recognised the importance of achieving the best possible result when executing orders or placing orders for execution for Clients. In certain cases where we are providing order execution or placing order services, we are required under applicable FCA (and if applicable, GFSC) rules to establish and comply with a policy on best execution. This document sets out that policy (“Policy”).

The Policy applies where we:

1. directly execute orders or place orders for execution as a result of a decision by us to transact in financial instruments when providing portfolio management services to you;
2. directly execute or receive and transmit/place orders on your behalf.

The Policy will not apply when we are following your specific instructions to execute your order (either in its entirety or a specific part or aspect of it) in a particular manner, or with a particular broker etc., or at a particular price.

**Any specific instructions from a Client may prevent Rothschild & Co from taking the steps that it has designed and implemented in its order execution arrangements to obtain the best possible result for those orders in respect of the elements covered by those instructions.**

The requirement to achieve the best possible result for Client orders applies to most financial instruments, but does not include spot foreign currency exchange derivatives. However, we chose to apply the best execution obligation to these instruments.

## B.2. Definitions

“Best execution” means that we take all sufficient steps to achieve the best possible results for our Clients, taking into account the execution factors.

“Execution factors” are:

- price;
- cost;
- speed;
- likelihood of execution and settlement;
- size;
- nature; and
- any other consideration relevant to the execution of an order.

An “Execution Venue” includes:

- a regulated market;
- a Multilateral Trading Facility ;
- an Organised Trading Facility ;
- a market maker;
- a systematic internaliser;
- another liquidity provider; and

- an entity that performs a similar function in a non-EEA country to the functions performed by any of those listed above.

### **B.3 Achieving best execution for Clients**

For our Clients who have been classified as **retail** clients, the best possible result must be determined in terms of the total consideration (price of the financial instrument and costs related to execution) achieved (unless otherwise instructed by you, as described in paragraph 2.2 below). We only give precedence to other execution factors over total consideration in so far as they are instrumental in delivering the best possible result in terms of total consideration.

For our clients who have been classified as **professional**, while we expect price usually will merit highest relative importance of the execution factors, other factors may be more important in some circumstances. We take into account the following criteria to determine the relative importance of the execution factors when executing professional clients' orders:

- *the characteristics of your order*
- *the characteristics of the financial instruments that are the subject of your order; and*
- *the characteristics of the execution venues (if there is more than one) on which your order can be executed or to which your order may be directed.*

### **B.4 Compliance with Client Instructions**

Where we have accepted your instructions with respect to the execution of your order, whether or not we have given you advice on any aspect of it, we will follow those instructions to the extent it is possible for us to do so. For example:

- *Where you instruct us to execute an order for you at a particular price;*
- *Where you instruct us to execute your order on a particular execution venue or with a particular broker, we will not be responsible for selecting the venue or broker etc.;*
- *Where you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we will endeavour to execute your order at that time or over that period in the best possible manner but will not be responsible for the timing or any of the consequences for price or other factors that results from the timing of execution.*

Where we transmit an order (or a specific aspect of an order) following specific instructions from you, Rothschild & Co will be treated as having satisfied its best execution obligations. The fact that you have given specific instructions which cover one part or aspect of the order does not release us from our best execution obligation in respect of other parts or aspects of the order not covered by such instructions.

### **B.5 Choosing a broker, dealer, execution venue or counterparty**

Apart from the scenarios detailed below, we transmit all Client orders to non-affiliated third parties (which may be a broker or dealer) to execute. This is referred to as "Placement".

Where we place Client orders with a non-affiliated third party broker or dealer to execute we have internal procedures in place to review periodically your choice of brokers and dealers to determine that, taking into account all the factors specified above, the broker or dealer is providing the best results for our Client orders on a consistent basis. In making this determination we will have regard to:

- *prices offered for the particular type of instrument over time;*
- *average costs per trade charged for the type of trade over time;*
- *the order execution policy of, and any other guidance issued by, the relevant broker or dealer from time to time.*

#### *Non-affiliated third-party custodians*

Where Rothschild & Co Group does not provide you with custody services, we will place your orders for execution with the non-affiliated third party custodian that you have appointed, where you have instructed us to do so.

#### *Affiliated custodian*

Where Rothschild & Co Bank International Limited ("Custodian") provides you with custody services, we will place Client currency exchange forward derivative orders with this entity, in accordance with our Terms and Conditions. Although this entity is a non-UK firm, it has agreed to be subject to the FCA's best execution obligation.

This Custodian executes these orders with another Rothschild & Co Associate. The Custodian uses a single counterparty in this way only where it reasonably expects that it will allow it to obtain results for our clients on a consistent basis that are at least as good as the results that it could reasonably expect from using alternatives. We have internal procedures in place to regularly review the results achieved, which allows us to take action if we no longer expect these arrangements will deliver best execution for our Client orders.

#### *Systemic Internalisers*

We may directly execute Client derivative (other than currency exchange forwards) orders, with non-affiliated third party systemic internalisers (“SI”). When executing such orders, we will check the fairness of the price proposed, by gathering market data used in the estimation of price of such product and, where possible, by comparing with similar or comparable products. This gives rise to counterparty risk, i.e. the risk that the counterparty to the transaction does not fulfil its obligations.

#### *Other*

We may directly execute Client fixed income security orders on a Multilateral Trading Facility.

For further information concerning orders executed or placed in the ways detailed above and the consequences of this, please contact your client adviser.

Where it appears in a particular case that better execution is available from a broker, dealer, execution venue, entity or counterparty that we do not ordinarily use, we may decide to use it on a case by case basis.

A list of the brokers, dealers, execution venues, entities and counterparties we currently use is available from your client adviser. The list may be updated from time to time.

#### ***What factors are taken into account in determining which brokers, dealers, execution venues, entities and counterparties to use?***

Factors that we consider in selecting these include:

- *general price available;*
- *depth of liquidity;*
- *relative volatility in the market;*
- *speed of execution;*
- *cost of execution;*
- *creditworthiness of the counterparties on the venue or the central Counterparty; and*
- *quality and cost of clearing and settlement.*

Rothschild & Co will act in your best interests in order to select the most appropriate factor(s) per order. Where there is a choice of brokers, dealers, execution venues, entities or counterparties, we will endeavour to choose the best option for the order taking into account the factors above.

The relative importance of these factors will depend on the context of the order and markets at the time of executing or placing an order and are likely to change from order to order. For example, in some markets price volatility may mean that timeliness of execution is a priority. In other cases, when investment products are more illiquid, there may be little (or no) choice available.

## **B.6 Reviewing and monitoring best execution**

All orders covered by this Policy are monitored by our Compliance function to assess whether the best possible results have been achieved for our Clients in accordance with this Policy. The outcome of this monitoring is reviewed by our Best Execution Committee, which meets quarterly. Where deficiencies in our execution arrangements are identified, the Best Execution Committee will decide on appropriate action to correct them.

This Policy and our order execution arrangements, including the brokers, dealers, venues, entities and counterparties we use, are reviewed by our Best Execution Committee on an annual basis and whenever a material change occurs which affects our ability to continue to obtain the best possible result for Client orders on a consistent basis. Clients will be advised of any material change to this Policy via the Rothschild & Co website. If you would like a copy of the most recent Policy please contact your client adviser.

On an annual basis we are required to publish data on our website detailing the top five execution venues we have used for direct execution, in terms of trading volume, per asset class. We separately report the top five entities (including, brokers, dealers and counterparties) with which we have placed Client orders for execution. In addition, we will publish a summary of our Compliance function's monitoring of best execution.

## **B.7 Consenting to the Policy**

We are required to obtain your prior consent to the Policy and you will be deemed to consent to it if you continue to retain our services.

### **Outside regulated markets**

By signing the Account Application (unless you state otherwise therein) you give your prior express consent to Rothschild & Co executing orders from time to time in instruments admitted to trading outside a regulated market, Multilateral Trading Facility or Organised Trading Facility.

### **Client Limit Orders**

By signing the Account Application (unless you state otherwise therein) you expressly instruct Rothschild & Co to exercise their sole discretion in your best interests in determining whether to make public a client limit order in respect of shares admitted to trading on a regulated market which is not capable of being executed under prevailing market conditions.

## **B.8. Contact details and further information**

If you have queries about the Policy, please contact your client adviser. Where you make a reasonable and proportionate request for information regarding our policies and arrangements and how they are reviewed, we will answer clearly and within a reasonable time period.

# C. Conflicts of Interest Policy

## C.1. Objective of policy

Rothschild & Co is licensed and regulated by the FCA. It is licensed and regulated by the GFSC. It is also an SEC registered investment adviser.

The FCA's Principles for Businesses and GFSC's Principles of Conduct of Finance Business require regulated financial services providers to manage conflicts of interest fairly. The FCA Handbook and relevant GFSC rules require firms to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its Clients. In addition, FCA and GFSC rules also require firms to establish a conflicts of interest policy. Rothschild & Co has put this policy in place to meet these obligations and so that its Clients can understand the measures that Rothschild & Co takes to protect their interests.

As an SEC registered investment adviser, Rothschild & Co is a fiduciary and must act in the best interests of its clients. The duties are of loyalty and care and are manifest in four ways: materially correct disclosure of all relevant facts, including conflicts of interest and the means to address them; best execution; suitability and a reasonable basis for recommendations. Rothschild & Co is required to disclose its material conflicts of interest and the means to address them in its Form ADV Part 2A, and to ensure that this disclosure is materially correct with no material misstatements or omissions.

This conflicts of interest policy aims to ensure that Rothschild & Co pays due regard to the interests of each of its Clients, discloses conflicts of interest and the means to address them and addresses conflicts of interest truthfully, fairly and effectively. This policy will specifically apply in the following circumstances:

- *when Rothschild & Co, including its officers, directors and employees, has a conflict of interest between itself and Client;*
- *conflicts between third parties and Rothschild & Co; or*
- *where there is or may be a conflict of interest between one Client of Rothschild & Co and another Client.*

This obligation applies to services Rothschild & Co provides to its Clients in the course of carrying out a regulated activity or an ancillary activity.

Generally, Rothschild & Co should not provide services in a manner calculated to advance one Client's interest unfairly ahead of another Client's interest. In the same way, a Rothschild & Co employee should not put their own interests - or that of the firm - ahead of that of its Clients. Furthermore, Rothschild & Co should not provide a service in such a way that it is likely to make a financial gain, or avoid a financial loss, at the expense of a Client.

In addition to the specific organisational and administrative arrangements detailed in section 2.2 of this policy, Rothschild & Co also has in place arrangements designed to help it take all reasonable steps to address conflicts or not act when conflicts arises. For example:

- Rothschild & Co employees may not act for a Client where the employee may have close links with (for example is related to) the Client concerned as this may influence the employee to put that Client's interests ahead of those of other Clients.
- Rothschild & Co employees cannot hold an outside activity or a position outside their professional capacity that may conflict with their duties to the firm and its Clients. No employee may engage in any outside activity or additional occupation without the clearance of Rothschild & Co. In certain circumstances this may be withheld. In some instances a two way letter will need to be signed between the third party and the employee stipulating that in relation to any matters that are a conflict of interest, the employee will not be able to have any role in relation to decision making. This arrangement supports Rothschild & Co to ensure an employee does not put their own interests ahead of that of a Client.
- Material conflicts of interest and the means to address them and disclosed in our Form ADV Part 2A. Rothschild & Co should neither advise, nor deal in relation to a transaction in which it has a material interest unless it has taken all reasonable steps to address the conflict to ensure the fair treatment of the Client. If these steps are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Client will be prevented, Rothschild & Co will, after full and fair disclosure, and if a consent is not possible, withdraw as a measure of last resort.

**Withdrawal due to a conflict of interest to a Client will be a measure of last resort. It will only be used where the effective organisational and administrative arrangements established by Rothschild & Co to address conflicts of interest, including disclosure, are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Client will be prevented.**

## Definitions

For the purpose of this policy, conflicts of interest are defined as conflicts of interest that arise in the course of providing a service and whose existence may entail a material risk of damage to the interests of a Client and, as a minimum

- from which Rothschild & Co is likely to make a financial gain, or avoid a financial loss, at the expense of a Client;
- in which Rothschild & Co has an interest in the outcome of a service provided to a Client or of a transaction carried out on behalf of a Client, which is distinct from the Client's interest in that outcome;
- where Rothschild & Co has a financial or other incentive to favour the interest of a Client or group of Clients over the interest of another Client;
- where Rothschild & Co carries on the same business as a Client; or
- where Rothschild & Co receives or will receive from a person other than the Client an inducement in relation to a service provided to that Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

## C.2 Policy

### Who does it?

All Rothschild & Co board members, officers, employees and contractors must report any conflicts of interest which they have identified to their Line Manager and the Compliance Function.

Compliance will document all conflicts of interest and liaise with relevant individuals to determine the appropriate steps to address such conflicts.

Compliance will keep and, with management, regularly update a register of conflicts of interest. Compliance will provide a quarterly update to Rothschild & Co board about any changes to this register, for example because a new conflict of interest has been identified or an existing conflict is no longer relevant.

Management will with the Compliance Function assess and review this conflicts of interest policy on an at least annual basis and will take all appropriate measures to address any deficiencies. For these purposes, over-reliance on disclosure of conflicts of interest will be considered a deficiency in this conflicts of interest policy. Any amendments to this policy will be approved by the Rothschild & Co board.

### Detailed procedure

Rothschild & Co's approach to dealing with conflicts of interest may take, but is not limited to, one or more of the following forms:

- a) **Prevention or management:** Rothschild & Co operates internal controls and undertakes monitoring to assist in complying with relevant local and cross-jurisdictional rules, including those relating to conflicts of interest. Further internal controls may be put in place to ensure that the relevant conflict is suitably prevented or managed, including:
  - i. effective procedures to prevent or control the exchange of information between relevant persons where the exchange of that information may harm the interests of one or more Clients;
  - ii. the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of Rothschild & Co;
  - iii. measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or investment activities; and
  - iv. measures to prevent or control the simultaneous or sequential involvement of a relevant person in a separate investment or ancillary service where such involvement may impair the proper management of conflicts of interest.

- b) **Disclosure:** Disclosure helps Clients to understand the conflicts of interest relevant to assess the service that they are being offered in light of Rothschild & Co's own interests and to decide on the extent (if any) to which they will rely on the service.

As noted above, conflicts of interest and the means to address them are disclosed to Clients. Conflicts disclosure is made in a durable medium, clearly states that the organisational and administrative arrangements established by Rothschild & Co to prevent, with reasonable confidence, the interests of the Client from being adversely impacted, and includes a specific description of the conflict and the means to address it. The disclosure will include the specific nature or source of the conflict or both, the risks to the Client that arise as a result of the conflict and the steps undertaken to address these risks. These disclosures allow the Client to make an informed decision with respect to the investment or ancillary service or in the context of which the conflicts of interest arise.

- c) **Escalation:** Where appropriate, a conflict may be escalated to the Rothschild & Co board for a decision to be taken as to appropriate action.
- d) **Termination:** Some conflicts may have such a serious potential impact on Rothschild & Co or its Clients that the only way to adequately prevent or manage those conflicts will be to avoid them. This goes beyond the means to address the conflict, internal controls and disclosure. Where this is the case, the service or activity to which the conflict relates may need to be terminated and the Client will be informed accordingly.

### C.3 Examples of conflicts of interest

Conflicts and the means to address them are recorded in the register of conflicts.

Rothschild & Co operates within a comprehensive framework which seeks to identify and prevent, or where relevant address, conflicts of interest from adversely impacting its Clients. Conflicts of interest, and their handling, are also outlined in the Employee Handbook which explains to employees the importance of being aware of conflicts of interest and how Rothschild & Co deals with them. In addition, Rothschild & Co's senior management, together with Internal Audit, Compliance and Risk functions, are involved in the identification, prevention and management of conflicts. Taken together, these controls constitute the firm's conflicts management framework that is applied within the business on an on-going basis.

Below is a non-exhaustive list of specific conflicts of interest that exist within Rothschild & Co, together with the organisational and administrative arrangements established by Rothschild & Co to prevent or manage these conflicts.

#### **Excessive gifts and entertainment**

Rothschild & Co employees may receive gifts or entertainment that may have the potential to influence their behaviour in a way that places their interests and/or the interests of the firm ahead of those of its Clients. For example, it may influence a Rothschild & Co employee to favour the interest of another Client or group of Clients over the interests of the Client. To help prevent this conflict from adversely impacting its Clients, Rothschild & Co has in place a Gifts & Entertainment Policy which all staff are required to follow. No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all the circumstances. All gifts and entertainment of a material value (£250 or greater) will require senior management and the Rothschild & Co Compliance Function pre-clearance. Where the receipt or provision of a gift or entertainment is not appropriate, clearance will not be granted.

It is important to consider whether the gift and/or entertainment being received or provided could potentially be perceived as a bribe. Under no circumstances is any employee permitted or authorised to provide or accept a bribe, whether or not the recipient/donor is a Client, in the course of business with the intention of improperly performing an activity or function which that person is required or expected to perform. All members of Rothschild & Co staff also are required to comply with the Rothschild & Co Group Anti-Bribery and Corruption Policy.

#### **Exploiting non-public price sensitive or confidential client information for personal gain**

Rothschild & Co employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to Rothschild & Co's reputation. Personal investment transactions must also be free from conflicts of interest.

There will be instances where a Rothschild & Co employee has access to non-public price sensitive information and confidential client information as a result of their professional activities. If this information is used by a Rothschild & Co employee to make personal investment decisions, this may result in front running, insider dealing or other means by which Rothschild & Co's employees could financially benefit, including to the detriment of its Clients. To help to mitigate this risk Rothschild & Co employees must never misuse proprietary or Client confidential information in their personal investment decisions and must ensure that Clients are never disadvantaged as a result of their personal investment transactions.



Rothschild & Co has Staff Dealing Rules and employees that wish to trade securities that are captured by these rules require pre-clearance from the Compliance Function. Compliance will not grant clearance for personal account dealing requests in securities for which the firm/its employees hold non-public price sensitive or client confidential information, or for which the firm is currently working an order on behalf of its clients, or where this is a conflict of interest with an employee's outside business interests.

Also, Rothschild & Co has information barriers designed to restrict the flow of information between parts of the firm, or Rothschild & Co group entities, performing conflicting functions. The operation of the information barrier involves a range of practices including the segregation of data and computer systems, as well as physical separation of certain businesses (and staff) so that they are unable to access the same part of the office. The principle is that, in general, those behind one information barrier should have no knowledge of confidential transactions and activities taking place behind another information barrier and are therefore wholly unaware of, and are able properly to operate without regard to, a conflicting interest in another part of the firm or Rothschild & Co group companies. This helps ensure that investment decisions made by Rothschild & Co on behalf of its Clients or advice provided by Rothschild & Co to Clients are in the best interest of the Client and not Rothschild & Co, the Rothschild & Co group entities or their other Clients. Also, the information barrier supports Rothschild & Co to maintain the confidentiality of its Clients' affairs.

The use of an information barrier will be established and enforced by Rothschild & Co Group Compliance. There is an information barrier in place between the Rothschild & Co Wealth Management business and the Rothschild & Co Global Advisory business of the Rothschild & Co group companies.

### **Favouring brokers for execution**

Rothschild & Co place orders with third party brokers to execute transactions. This causes a conflict if Rothschild & Co dealers favour certain brokers for placing Client transactions but this does not achieve best execution for the Clients.

The Compliance Function monitors all transactions to validate that the best possible result is achieved for Client orders. The results of this monitoring are presented to the firm's Broker and Best Execution Committee who will direct remedial action in the event best execution is not being achieved. Also, Rothschild & Co dealers are bound by the Rothschild & Co Order Execution Policy and their activity is monitored by Rothschild & Co Investment Control and also by the Compliance Function.

Rothschild & Co is mindful that its dealers may select a broker as a result of gifts, entertainment and other monetary or non-monetary benefits from the broker to Rothschild & Co dealers or other Rothschild & Co employees, for example portfolio managers. In addition to the arrangements relating to Gifts and Entertainment set out above, Rothschild & Co does not accept fees, commissions or research from brokers as these may influence Rothschild & Co dealers to use one broker over another, which may not achieve best execution for the Client. All investment research that Rothschild & Co receives from third parties must be paid for and it cannot make use of free research. Rothschild & Co pays for new research contracts negotiated by it. The firm's restrictions concerning the receipt (or payment) of inducements are contained in Rothschild & Co's Inducements Policy.

### **Preferential treatment of one Client over another**

Conflicts of interest exist between different Clients or different types of Client where Rothschild & Co/its employees are incentivised to put one Client's/group of Clients' interests ahead of another, for example:

- There are times where there is limited (sparse) availability of securities to fulfil an order and the partially filled order will need to be allocated across the Clients participating in the order. To mitigate this conflict Rothschild & Co has a Fair Allocation Policy which sets out the approach the firm will take to allocate fairly partially fulfilled Client orders.

Conflicts of interest also exist where:

- Rothschild & Co employees and persons closely connected to them may hold positions relating to a Rothschild & Co Client in their personal capacity outside of their professional employment with Rothschild & Co. To mitigate this conflict, no Rothschild & Co employee may hold any additional occupation or hold a position outside the firm without the prior written consent of the Compliance Function. In certain circumstances, consent may be withheld. In some instances a two way letter will need to be signed between the third party and the employee stipulating that any matters involving a conflict of interest, the employee will need to recuse themselves from any decision making.
- Rothschild & Co employees are related to or have close links with a prospective Client or Client. Rothschild & Co does not allow any employee to act for or otherwise be involved with a Client with whom the employee is related or has close links.

- Rothschild & Co employees receive gifts or entertainment from prospective Clients and Clients. The firm's Gift and Entertainment arrangements are set out above.

### **Using a connected firm for foreign exchange Client orders**

Foreign exchange Client orders for Clients who custody with another Rothschild & Co group entity are placed with the custodian for execution in accordance with Rothschild & Co's Terms and Conditions. The custodian executes all these orders with another Rothschild & Co Associate. These trading arrangements give rise to a conflict of interest because Rothschild & Co uses a single Associate for execution which may not result in the best execution of Client orders. Rothschild & Co reasonably expects that the selected Rothschild & Co Associate will enable it to obtain results for its Clients that are at least as good as the results that could reasonably be expected from using an alternative external entity for execution. As described above, Rothschild & Co monitors all transactions for best execution so that it can assure itself on an on-going basis that it achieves the best possible result for its Clients foreign exchange orders.

### **Using a connected firm for performing valuations of Clients' portfolios**

Another Rothschild & Co Associate, Rothschild & Co Bank AG, calculates the valuations of Clients' portfolios for client reporting purposes. Also, the firm's management fees are calculated as a percentage of the value of clients' portfolios. So, there is a conflict of interest. In order that this conflict does not adversely impact Clients, there is a complete segregation between the firm's and its Associate's systems and personnel which are responsible for calculating the value of clients' portfolios.

### **Investing Clients into Rothschild & Co products**

As Rothschild & Co operates its own suite of funds, there is a conflict of interest that client advisers/portfolio managers invest Clients in a Rothschild & Co fund rather than a third-party fund or directly in the same securities that make up the fund. To prevent this conflict from adversely impacting its clients, Rothschild & Co clients who are invested in Rothschild & Co funds do not pay a management fee on this part of their investment portfolio. As such, Rothschild & Co does not directly financially benefit from this investment.

Rothschild & Co's Italian branch receives a share of management fees from another Rothschild & Co Associate when a Client invests in the other entity's funds. The fee is for the initial and ongoing service provided by the Italian branch to the Clients in relation to these investments. There is a conflict of interest that the client advisers distribute to clients these funds even if this is contrary to the client's best interests. To prevent this conflict from adversely impacting its Clients, Rothschild & Co has implemented robust product governance and Compliance monitoring controls to support client advisers only to distribute these products to clients where it is in their best interests. In addition, client advisers' remuneration is not linked to their Clients' investments in other Rothschild & Co Associates' funds.

### **Contact details and further information**

If you have queries about this conflicts of interest policy, please contact your client adviser. Where you make a reasonable and proportionate request for information regarding our policies and arrangements and how they are reviewed, we will answer clearly and within a reasonable time period.

# D. Terms and Conditions for Rothschild & Co eAccess

The following sets out the terms and conditions (these “**eAccess Terms and Conditions**”) upon which Rothschild & Co may provide to the Client a viewing service via the internet (“**eAccess**”), enabling the person(s) nominated in the Portfolio Strategy and Investment Suitability Review (and any other persons subsequently notified in writing to Rothschild & Co from time to time) (each a “**User**”) to access certain information relating to the Portfolio such as general and specific valuations, account or portfolio statements and contract notes (the “**Portfolio Content**”).

The Portfolio Content is provided for personal use and information purposes only. No transactions may be carried out via eAccess. The Portfolio Content is subject to change and Rothschild & Co may discontinue or make changes to the Portfolio Content at any time.

## D.1. Use of eAccess

### User Identification Definitions

Username:	An 8 digit number supplied by Rothschild & Co to every User.
RSA Token:	A one-time passcode generator that generates a 6 digit unique passcode every 60 seconds.
Personal Identification Number (PIN):	A 4 - 8 digit number set by the User the first time they log in with an RSA token and input with every subsequent login.
RSecure:	A security application, downloaded to a smart device (such as a smart phone), that decodes a Security Image and reveals a unique one-time passcode. For Users without a smart device a separate scanning device may be supplied by Rothschild & Co.
Security Image:	An encrypted coloured mosaic that can be decrypted by RSecure to reveal a unique one time passcode.
Password:	A password supplied by Rothschild & Co for users logging in with RSecure. Users must change their Password at the first login.
Login Device:	Refers to an RSA Token, RSecure or a separately supplied scanning device.
Login Credentials:	Refers to any or all of the above as may be amended by Rothschild & Co from time to time.

### Login

Users may login to eAccess with either a: (i) Username, PIN and RSA Token; or (ii) Username, Password and Security Image (decrypted by RSecure or a separately supplied scanning device). Rothschild & Co may impose additional log-in or access requirements from time to time.

Any person who logs in to eAccess using the Login Credentials shall be deemed validly identified for the purpose of using eAccess and, as such, will be able to view the Portfolio Content regardless of the provisions contained in the Mandate. Rothschild & Co shall be under no obligation to verify that any person who logs in to eAccess using the Login Credentials is an authorised User for that purpose.

If a power of attorney has been granted to a User in respect of the Portfolio and such power is revoked, its revocation shall not apply to the right to use eAccess, which must be terminated separately by written notice to the Client’s adviser at Rothschild & Co.

A User may block their access to eAccess by entering incorrect Login Credentials three consecutive times. If access to eAccess becomes blocked, the Client (or if authorised by the Client, a User) should contact Rothschild & Co to request that access be restored, which may involve Rothschild & Co resetting or reissuing the Login Credentials.

### Security

The Client is responsible for ensuring that each User keeps their Login Credentials secure, including by not disclosing or otherwise passing them to any other person.

The Client is responsible for the security of any Login Credentials issued to any authorised User and Rothschild & Co shall not be liable to the Client for any loss, cost or damage arising from the copying, tampering or unauthorised use of the Login Credentials.

Any Login Device issued to a User by Rothschild & Co remains the property of Rothschild & Co and the Client shall be responsible for ensuring that they are returned to Rothschild & Co upon request. In case of the loss of or damage to any such Login Device, Rothschild & Co may charge the Client for any replacement costs.

If a Login Device is lost or stolen, a PIN/Password is disclosed, or a User has otherwise reason to believe that there has been, or may be, unauthorised use, or attempted use, of eAccess, the Client shall immediately notify Rothschild & Co with full details of the same. Following receipt of such notice, Rothschild & Co may take such action as it considers appropriate to mitigate or prevent any unauthorised use of which it has been notified, including by suspending the Client's use of eAccess or deactivating a Login Device, and the Client agrees to provide such assistance, access and information to Rothschild & Co as it may reasonably require in connection therewith, including by implementing any reasonable security measures recommended by Rothschild & Co.

### **Use of eAccess outside the United Kingdom and Guernsey**

The Client acknowledges that the use of eAccess outside of the United Kingdom and Guernsey may be against local laws or regulations and accepts all risk and liability arising from such use. Without prejudice to the generality of the foregoing, in some countries the Login Device may be subject to import and export regulations, and usage restrictions, which the Client accepts responsibility for ensuring compliance with.

### **Connecting to eAccess**

The Client is solely responsible for connecting to, and maintaining its connectivity with, eAccess at its own cost. For the avoidance of doubt, the computer, software (except for RSecure) and networks required to use eAccess are not supplied or otherwise made available by Rothschild & Co.

The Client acknowledges that use of eAccess may utilise open networks, such as the internet, over which Rothschild & Co has no control and for which it accepts no responsibility. Any information that a User transmits, or requests to be transmitted, using such open networks is done at the Client's risk. The Client is solely responsible for ensuring that each User takes appropriate technical precautions to avoid the risks inherent in using the internet. Without prejudice to the generality of the foregoing, the Client is solely responsible for ensuring that any computer used to access eAccess is free from, and adequately protected against acquiring, any virus, spyware or other harmful code.

### **Intellectual Property**

All intellectual property rights in or relating to eAccess, the Portfolio Content and any device (including the Login Device) or material provided or otherwise made available to the Client and/or any User in connection with eAccess shall remain the property of Rothschild & Co and its licensors. Except as expressly provided in these eAccess Terms and Conditions, the Client shall not, nor cause or allow any other person (including any User) to, use, copy, transmit, display, distribute, reverse engineer, adapt, establish any hyperlink to, provide access to, or commercially exploit any part of the same.

## **D.2. Direct Holding**

The Client acknowledges and agrees that the use of eAccess does not imply or confirm that the Client has an agreement with Rothschild & Co to provide any custody or banking services of any kind. In particular, the Client acknowledges and agrees that where eAccess is offered by Rothschild & Co to the Client and the portfolio name includes the words "Direct Holding", the Client is holding assets directly themselves or will have appointed a non-Rothschild & Co Custodian.

## **D.3. Disclaimer and Limitation of Liability**

Rothschild & Co disclaims all representations, warranties and conditions of any kind (express, implied, statutory or otherwise) in respect of eAccess, the Portfolio Content and any Login Device, each of which is provided on an "as is" and "as available" basis.

Rothschild & Co will take reasonable steps to communicate the Portfolio Content in a way which is fair, clear and not misleading, but Rothschild & Co expressly does not warrant the completeness, reliability or accuracy of the Portfolio Content. The Client bears all risk arising from any use of or reliance on, or results of using or relying on, any of the Portfolio Content. The Client is responsible for validating any Portfolio Content, which it may do so by contacting Rothschild & Co.

Rothschild & Co shall not be liable for any loss, cost or damage of any nature, howsoever arising, which the Client may suffer or incur in connection with the subject matter of these eAccess Terms and Conditions, save to the extent that any such loss, cost or damage directly results from the negligence or wilful default of Rothschild & Co. In any event, Rothschild & Co will have no liability for any consequential, special, punitive or indirect loss, cost or damage whether or not any claim for such loss, cost or damage is based on tort, contract or otherwise, or Rothschild & Co knew or should have known the likelihood of the same.

Nothing in these eAccess Terms and Conditions will limit or exclude Rothschild & Co's liability to the extent that such limitation or exclusion is not permissible under all applicable law and regulation.

#### **D.4. Suspension or Termination**

Rothschild & Co may suspend eAccess, in whole or in part, without notice, where it considers it necessary or prudent to do so, including where Rothschild & Co suspects a breach or potential breach of security and for maintenance and upgrade purposes.

The Client may terminate these eAccess Terms and Conditions by providing thirty (30) days' written notice sent to the Client's adviser at Rothschild & Co.

Rothschild & Co may terminate these eAccess Terms and Conditions at any time in its absolute discretion upon providing thirty (30) days' written notice to the Client.

On termination of these eAccess Terms and Conditions, the Client shall ensure that: (1) All Login Devices supplied by Rothschild & Co and issued to any User are returned to Rothschild & Co; and if applicable (2) the RSecure application is deleted from the relevant smart device(s).

#### **D.5. Variation**

Rothschild & Co reserves the right at its sole discretion at any time or times to amend these eAccess Terms and Conditions. Any such amendment shall take effect thirty (30) days after written notice thereof has been given by Rothschild & Co to the Client.

Rothschild & Co may charge a fee for the use of eAccess in accordance with its fee schedule in force from time to time and notified to the Client in writing. Any change to the fees payable in relation to eAccess shall take effect thirty (30) days after written notice thereof has been given by Rothschild & Co to the Client.

#### **D.6. Governing Law**

These eAccess Terms and Conditions and the rights of the Client and Rothschild & Co pursuant hereto are governed by and construed in accordance with the law of the island of Guernsey. In the event of any claim, dispute or difference arising out of or in connection with these eAccess Terms and Conditions, the Client and Rothschild & Co irrevocably agree and submit to the exclusive jurisdiction of the courts of Guernsey, except that nothing in this clause shall be taken to have limited Rothschild & Co's right to proceed in the courts of any other competent jurisdiction.

# E. Data Privacy Notice

Rothschild & Co is responsible for ensuring that it uses your personal data in compliance with data protection law. The purpose of this notice is to explain what personal data Rothschild & Co collects and how Rothschild & Co uses it. For the purposes of data protection law, Rothschild & Co is a data controller in respect of your personal data. “Personal data” is any data that can be used to identify you or that Rothschild & Co can link to you and which Rothschild & Co has in its possession or control.

## E.1. Personal data that Rothschild & Co collects

Rothschild & Co will collect and process the following personal data:

- (a) **Information that you or someone acting on your behalf provides to Rothschild & Co or its Associates.** This includes information about you that you give Rothschild & Co by filling in forms or by communicating with Rothschild & Co, whether face-to-face, by phone, email or otherwise.
- (b) **Information Rothschild & Co collects or generates about you.** This includes:
- information about your or the relevant client or account holder’s transactions and financial information;
  - data that Rothschild & Co collects about your use of Rothschild & Co’s IT systems (e.g. eAccess);
  - reports for tax reporting (e.g. Foreign Account Tax Compliance Act) or compliance with legal or regulatory obligations (e.g. suspicious activity reports);
  - recordings of telephone calls between you and Rothschild & Co.
- (c) **Information Rothschild & Co obtains from other sources.** This includes:
- referrals from intermediaries (e.g. professional advisers);
  - personal data that Rothschild & Co collects from background checks Rothschild & Co may perform on you which may include electronic identity verification, your credit history (as relevant to banking services), your directorships (if any) and enhanced due diligence reports;
  - personal data that Rothschild & Co collects from data bases, portals and public information including adverse media checks.

## E.2. Uses of your personal data

- (a) Personal data may be stored and processed by Rothschild & Co in the following ways and for the following purposes:
- to provide Rothschild & Co’s products and services, including processing instructions and providing confirmations, advice and statements;
  - to assess and process applications, verify your identity (including for credit assessment and fraud prevention purposes), assess your ability to meet your financial commitments and manage Rothschild & Co’s relationship with you;

- to contact you in connection with your account with Rothschild & Co and the products and services that Rothschild & Co provides to you;
- to perform the contract with you (including performing Rothschild & Co's obligations and exercising Rothschild & Co's rights under these Terms and Conditions);
- to engage in marketing and business development activity and to advise you of other products and services similar to those which you receive from Rothschild & Co;
- to notify you about changes to Rothschild & Co's service;
- to carry out financial risk assessments and for risk reporting and risk management;
- to comply with Rothschild & Co's legal and regulatory obligations. This includes reporting to the relevant authorities, complying with anti-money laundering obligations and tax reporting obligations;
- to prevent and respond to actual and potential fraud or illegal activities; or
- to look into any complaints or queries you may have.

(b) Rothschild & Co is entitled to use personal data in these ways because:

- Rothschild & Co needs to do so in order to perform its obligations and exercise its rights in connection with your contract with Rothschild & Co (or in order to take steps, at your request, in preparation for entering into a contract with you);
- Rothschild & Co has legal and regulatory obligations that Rothschild & Co has to discharge;
- Rothschild & Co may need to do so in order to establish, exercise or defend its legal rights or for the purpose of legal proceedings; or
- the use of personal data as described is necessary for Rothschild & Co's legitimate business interests (or the legitimate interests of one or more of Rothschild & Co's Associates), where those interests are not overridden by prejudice to your privacy, such as:
  - to effectively and efficiently administer and manage the operation of the Rothschild & Co Group business and websites;
  - to undertake business research and analysis;
  - to maintain compliance with internal policies and procedures; or
  - to maintain effective information management systems.

### **E.3. Disclosure of personal data to third parties**

(a) Rothschild & Co may disclose personal data to its Associates in the circumstances described below:

- to provide the services, products or accounts or perform its obligations in connection with your contract;
- for the management and administration of the Rothschild & Co Group business;
- for internal policies and procedures within the Rothschild & Co Group;

Where personal data is disclosed to its Associates, Rothschild & Co will take steps to ensure that the personal data is accessed only by those persons who need to do so for the purposes described in this notice.

- (b) Rothschild & Co may also disclose personal data outside of Rothschild & Co and its Associates, as follows:
- to third party agents, service providers or contractors, bound by obligations of confidentiality, who will only use personal data on Rothschild & Co's behalf for the purposes described in this Privacy Notice;
  - to third parties relevant to the investment management and/or custodial services that Rothschild & Co provides. This may include for example counterparties to transactions, professional advisers, stock exchanges or regulators;
  - to credit reference agencies for verification and credit reference purposes and to debt recovery agencies if you default on a debt. Credit reference agencies may retain a record of searches or enquiries undertaken by Rothschild & Co in respect of you which may form part of your credit history;
  - to the prospective buyer, for due diligence purposes, if Rothschild & Co and/or Rothschild & Co's Associates restructure or sell any of its business or assets;
  - to the extent required by law, regulation or court order for example if Rothschild & Co is under a duty to disclose personal data in order to comply with any legal or regulatory obligation; and
  - in order to establish, exercise or defend Rothschild & Co's legal rights, for example if Rothschild & Co needs to obtain external legal advice or provide personal data in connection with judicial proceedings.

#### **E.4. Transfers of personal data outside the European Economic Area**

- (a) Personal data may be transferred to, and stored at, a destination outside the UK, the European Economic Area (“**EEA**”) and Guernsey. It may also be stored and processed by staff operating outside of the UK, the EEA and Guernsey, who work for Rothschild & Co's Associates or Rothschild & Co's suppliers.
- (b) Where Rothschild & Co transfers personal data outside the EEA and Guernsey, Rothschild & Co will ensure that it is protected in a manner that is consistent with how personal data will be protected by Rothschild & Co in the UK, the EEA and Guernsey. This may be achieved in one of the following ways:
- the country that Rothschild & Co sends the data to might be approved by the European Commission or a relevant data protection authority; or
  - the recipient might have signed a contract based on “model contractual clauses” approved by the European Commission or a relevant data protection authority, obliging them to protect the personal data that they receive; or
  - where the recipient is located in the US, it might be a certified member of the EU-US Privacy Shield scheme.
- (c) In other circumstances the law may permit Rothschild & Co to otherwise transfer personal data outside the UK, the EEA and Guernsey. In all cases, however, Rothschild & Co will ensure that any transfer of personal data is compliant with Applicable Data Protection Laws.
- (d) You can obtain further details of the protection given to your personal data when it is transferred outside the the UK, EEA and Guernsey (including a copy of the standard data protection clauses which Rothschild & Co has entered into with recipients of your personal data) by contacting Rothschild & Co in accordance with the “Contacting Rothschild & Co” section below.



## E.5. Retention of personal data

How long Rothschild & Co holds personal data for will vary. The retention period will be determined by various criteria including:

- (a) the purpose for which Rothschild & Co is using it – Rothschild & Co will need to keep the data for as long as is necessary for that purpose; and
- (b) legal obligations – laws or regulation may set a minimum period for which Rothschild & Co has to retain personal data.

## E.6. Rights in relation to personal data

- (a) You have a number of legal rights in relation to the personal data that Rothschild & Co holds about you. These rights include:
  - the right to obtain information regarding the processing of your personal data and access to the personal data which Rothschild & Co holds about you (subject to certain exceptions as set out in Applicable Data Protection Laws);
  - the right to request that Rothschild & Co rectify your personal data if it is inaccurate or incomplete;
  - the right to request that Rothschild & Co erase your personal data in certain circumstances. Please note that there may be circumstances where you ask Rothschild & Co to erase your personal data but Rothschild & Co is legally entitled or required to retain it;
  - the right to object to, and the right to request that Rothschild & Co restrict, its processing of your personal data in certain circumstances. Again, there may be circumstances where you object to, or ask Rothschild & Co to restrict, its processing of your personal data but Rothschild & Co is legally entitled to continue processing your personal data and / or to refuse that request;
  - in some circumstances, the right to receive some personal data in a structured, commonly used and machine-readable format and/or request that Rothschild & Co transmit such data to a third party where this is technically feasible. Please note that this right only applies to personal data which you have provided to Rothschild & Co and is subject to certain exceptions as set out in Applicable Data Protection Laws;
  - the right to withdraw your consent, although in certain circumstances it may be lawful for Rothschild & Co to continue processing your data where Rothschild & Co has another legitimate reason (other than consent) for doing so. Rothschild & Co is not relying on your consent in order to process your personal data for the purposes and in the manner set out in this notice;
  - the right to lodge a complaint with the data protection regulator (details of which are provided below) if you think that any of your rights have been infringed by Rothschild & Co. You also have the right to appeal (i) decisions of the data protection regulator and (ii) against any failure of the data protection regulator to notify you of any investigations or the progress of those investigations; and
  - where Rothschild & Co Bank International Limited is the data controller, the right in certain circumstances to be notified of rectification, erasure and restrictions in respect of the personal data.
- (b) You can exercise your rights by contacting Rothschild & Co using the details set out in the “Contacting Rothschild & Co” section below.
- (c) You can find out more information about your rights by contacting, as applicable, the UK data protection regulator, the Information Commissioner, or by searching their website at <https://ico.org.uk/> or the Guernsey data protection regulator, the Guernsey Data Protection Commissioner at [enquiries@dataci.org](mailto:enquiries@dataci.org) or by searching their website at <https://dataci.gg>.

## **E.7. Contacting Rothschild & Co**

If you would like further information about Rothschild & Co's processing of your personal data or the exercise of any of the rights referred to above, please address questions, comments and requests to the Data Protection Officer of the Rothschild & Co Group at [data.protection@rothschildandco.com](mailto:data.protection@rothschildandco.com).