

Investment Management

Value Investment Portfolio

A discretionary service with an overall aim of medium to long-term creation and preservation of wealth



Our Value Investment Portfolio Service

The overall aim of the Value Investment Portfolio (VIP) Service is the medium to long-term creation and preservation of wealth.

By utilising a wide range of investments available in the market, we believe this objective can be achieved with moderate overall risk. Whatever the size of your portfolio, the VIP Service offers you a unique opportunity to benefit from our strategy with a high level of personal service for all your investment accounts.

The VIP Service adopts a policy of moderate overall risk. Whilst individual holdings and component parts of your portfolio would not necessarily be categorised as 'moderate risk', the mix and balance between lower risk investments and higher, will provide a moderate balance when considered overall.

Investment policy will be primarily driven by a top-down approach. 'Top-down' means assessing the dominant economic and political influences on stock markets, the interpretation of which will be reflected in the selection of sectors, stocks and geographical content.

Asset allocation will usually comprise FTSE 100 and FTSE 250 stocks, collective investment funds and Exchange Traded Funds (ETFs), Gilts, fixed interest and cash. The experience of the VIP managers will be used in an attempt to avoid highly-volatile situations which can put at risk beneficial performance built up over many years.

If you wish to pursue a different and more personal investment policy due to your individual investment needs, our Bespoke Discretionary Service may be more suitable for you. For instance, some corporate funds, bond funds, pension funds, trusts and charities etc may be best suited to a bespoke approach with a different benchmark or combination of benchmarks.



Service Objectives

- 1.** To produce a high quality managed service for portfolios of any size;
- 2.** To ensure that you have immediate, direct access to the manager of your portfolio;
- 3.** To achieve diversification through an appropriate range of investments;
- 4.** To limit costs by utilising low-cost collective vehicles where appropriate;
- 5.** To send contract notes on the day of dealing, and to provide quarterly valuations, including benchmark performance figures;
- 6.** To keep you informed of the VIP Managers' strategy via quarterly market reports;
- 7.** To send to you an annual report and valuation on your specific portfolio, including performance figures measured against the selected benchmark FTSE APCIMS Private Investor Index-Balanced (Total Return) and a schedule of transactions;
- 8.** To provide a CGT report annually, where appropriate, following 5th April.



Investment Parameters

The investment target of growth by total return, ie. capital appreciation plus income is to be achieved by moderate overall risk and appropriate use of tax allowances and exemptions (eg. ISAs, SIPPs, etc).

Investment will be primarily UK government bonds, corporate fixed interest stocks (including convertible preference shares), and ordinary shares of leading companies within the FTSE 100 and 250 indices. Where appropriate, quoted Investment Trusts and Exchange Traded Funds will be utilised to provide spread, gearing and geographical diversification.

Portfolios in excess of £30k allow up to ten per cent of the value to be available for new issues and/or special situations (eg. companies with prospects for corporate activity). Investment Trusts utilised may be of such a structure or content that the asset value per share may significantly deviate from the value of the underlying investments, but any such potential for variation will be taken into account by the VIP Manager within the overall moderate risk profile of your portfolio.

Tiered Portfolios

For reasons of economy and optimum investment strategy, VIP pursues a policy of a relatively high concentration of assets. The number of holdings in your portfolio will be approximately as follows:

| Investment | Holdings |
|---------------------|--|
| £0 ~ £30k | No more than 10 holdings |
| £30k ~ £85k | No more than 15 holdings and no less than 8 holdings; |
| £85k ~ £500k | No more than 25 holdings and no less than 12 holdings; |
| £500k+ | At the Investment Managers' discretion. |

The table opposite is a guide only and will make reasonable allowance for market movements. If market conditions dictate, up to 50 per cent of your portfolio may be held in cash at any one time, as we consider that cash should be treated as a dynamic element of a portfolio and represents the ultimate defence of capital in declining markets.

Overseas markets, represented by appropriate Investment Trusts and ETFs, will be subject to a limit of 35 per cent of your portfolio. No more than 15 per cent of funds will be invested in AIM or OFEX markets.

Our investment philosophy is to invest in companies offering good value in terms of future growth prospects which are not fully reflected in the market price. If your portfolio is less than £30k in value, equity interests will be represented predominantly by Investment Trust shares and ETFs in order to provide market, sector and/or geographical spread economically.



Annual Management Fees

A maximum of 1.35 per cent plus VAT is chargeable annually in advance based on the market value of the total portfolio including any cash.

A proportion of this fee may be payable to an introducer/adviser as agreed with you.

Transaction and Administration charges are payable in accordance with our Terms and Conditions.



Value Investment Portfolio Terms and Conditions

The VIP Service Terms and Conditions should be read in conjunction with the VIP Service description and *Redmayne-Bentley's Terms and Conditions*.

The VIP Managers will have complete discretion to buy and sell investments.

Your investments will be held in Redmayne (Nominees) Ltd in a separately designated form. Most UK securities are held in CREST in a dematerialised form and, in certain other cases, share certificates are held at the offices of Redmayne-Bentley in Leeds.

Liability

Redmayne-Bentley accepts liability for the performance of only its own nominee companies. The firm is a participant in the Financial Services Compensation Scheme (applicable to UK residents only) and has additional insurance cover of £5m per claim. The firm is not liable for the failures of third party custodians or registrars.

We comply with all the relevant rules of the Financial Services Authority; in particular, dematerialised and custodian holdings are reconciled at least once every five weeks and certificated holdings are reconciled at least twice per year.

By issuing instructions to purchase, sell, transfer or otherwise act as agent in connection with your beneficial entitlement to investment(s), you authorise Redmayne (Nominees) Ltd to act on your behalf.

Statements

You will receive a full statement of your nominee holdings twice per year. Deposit statements, detailing cash movements in the corresponding period, are sent to you on a regular basis. More frequent statements are available for an additional charge of £10 plus VAT.

Dividends

Dividends and similar entitlements received on nominee holdings will be collected on your income account (balances accruing during the month will not attract interest until the following month), with the total sum each month transferred to your deposit account or paid direct to your designated bank account. All decisions on these matters will be taken by the VIP Managers. A statement detailing all dividends received and appropriate tax vouchers will be sent to you at your primary contact address.

The VIP Managers will generally accept cash dividends. If there is an enhanced dividend of any description, the VIP Managers may accept the enhanced dividend in stock form if it will lead to greater benefit

Deposit Accounts

A deposit account will be opened automatically. Monies are transferred to and from this account as deals are settled on the dealing account. Any uninvested cash earns interest (please refer to Redmayne-Bentley's Terms and Conditions).

Corporate Actions (Bonus Issues, Rights, Calls, Offers and Takeovers)

All decisions on these matters will be taken by the VIP Managers.

Take up of a rights issue or similar action inside the portfolio involving cash movements; ~ £10 plus VAT per corporate action, plus any applicable custodian charges, transaction fees or Stamp Duty (there is no charge for a 'takeover' or simple 'bonus issue').

Application for new issues inside the nominee portfolio or other non-standard corporate action, such as scrip dividend or take-up of rights outside the portfolio; ~ £25 plus VAT per instruction.

Fees and Charges

There is no joining fee, transfer-in fee, annual nominee fee or dividend collection charge for VIP clients. Custodian charges, transaction fees or Stamp Duty where applicable will be levied. Certain nominee fees and charges are liable to VAT at the standard rate. Charges are debited to the Income or Deposit account and you authorise us to deduct fees and charges due to us.

Should there be insufficient money in your account to cover our fees, we request payment of the balance from you. We reserve the right to sell stocks and shares we hold for you, as we choose, to cover these. The fees and charges are variable by the firm on three months' written notice

The agreed management fee of up to 1.35 per cent plus VAT is payable on the start date and upon each anniversary. A proportion of this fee may be payable to an introducer as agreed with you.

An initial charge as agreed and detailed by you on the application form will be deducted from initial funds. A proportion of this charge may be payable to an introducer/adviser as instructed by you.

Commission on transactions will be charged in accordance with our published Guide to our Services and Charges. Any amendments will then be subject to one month's notice.

Additional or copy statements

£10 plus VAT per nominee account. This may be waived at our discretion.

Inducements

In accordance with your objectives and risk profile Redmayne Bentley may provide recommendations or make investment decisions to transact business with Fund managers who will provide Redmayne-Bentley with trail commission.

Any trail commission received will be retained by Redmayne-Bentley and details will be provided to you on request.

Contact

Redmayne-Bentley is authorised to accept instructions over the telephone in matters relating to your portfolio. Only written instructions will be accepted for:

- a. Cash withdrawals;
- b. Termination of the agreement and transfer of cash or stocks to the investor, or other manager.

Amendments are deemed to be notified to you if written notice is sent to you at your last known address. One month's notice will be given of any change in charges.

Reports and Valuations

Shortly after the management agreement anniversary date, you will receive a full report on the policy and activity in the fund together with a valuation, breakdown of asset deployment and performance figures.

Redmayne-Bentley will send contract notes on the day of dealing. Statements will be prepared four times a year as at 5th April, 30th June, 30th September, 31st December and will be sent to you shortly afterwards.

Should you wish to choose an alternative benchmark this may be adopted by agreement with the manager. Should the most appropriate benchmark fall outside the parameters of the VIP Service, arrangements can be made to establish a bespoke portfolio.

Conflicts of Interest Policy

Redmayne-Bentley has a Conflicts of Interest Policy which every executive is aware of and required to follow. Full details of the policy are available on request or via our website www.redmayne.co.uk

Best Execution Policy

Redmayne-Bentley has a best execution policy which we will follow in order to obtain the most appropriate deal for you. Full details of the policy and the factors considered are available on request or via our website www.redmayne.co.uk

Termination of Nominee Agreement

We reserve the right to terminate your account or your access to the service or any portion of it at our sole discretion, without notice and without limitation for any reason whatsoever including, but not limited to, an event of default by you.

You may close your nominee account or transfer to another advisor at a cost of £40 plus £10 plus VAT per holding and any applicable custodian charges or Stamp Duty.

Wealth Warning

The price of investments and the income paid on them can fall as well as rise. All investments involve risk and you may not get back the full amount of your investment and it may fail altogether. Past performance is not necessarily a guide to future performance. There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares, as there can be a big difference between the buying and selling price. Partners, employees and clients may have a position or engage in transactions in any of the securities mentioned. Redmayne-Bentley has taken every step to ensure the accuracy of the information and statistics in this literature but cannot accept any liability for errors or any direct or consequential loss arising from the use of this document or its contents. Before taking any action you should consult your adviser as to the suitability to you of the investments mentioned.

Termination of the VIP Agreement

The VIP agreement may be terminated by either party. In the event that the service is terminated by the VIP Managers, you will be informed in writing at your last registered address. You will then have one month to find a new manager. If no manager is nominated then a cheque will be sent to you. You may terminate the agreement or transfer your portfolio by writing to the VIP managers at the registered address. The service will be terminated or transferred after deduction of published charges.

This agreement is subject to English law.

Members of the London Stock Exchange · Authorised and Regulated by the Financial Services Authority

Redmayne-Bentley LLP is a Limited Liability Partnership

Registered in England and Wales No: OC344361 · Registered Office: 9 Bond Court, Leeds LS1 2JZ

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Branches throughout the UK and Ireland, for details visit www.redmayne.co.uk

**REDMAYNE
BENTLEY**
STOCKBROKERS

VIP 08/11/006 RBF182 BBB5499

VIP Service Agreement Form

Office Use Only

ACCOUNT TITLE (For non-individual applications eg. trusts, pensions, charity and company accounts)

CORRESPONDENCE DETAILS (To be completed by all applicants)

Name _____

Address _____

_____ Postcode _____

Tel No. (Day) _____

Tel No. (Evening) _____

Tel No. (Mobile) _____

E-mail _____

PRIMARY CONTACT (For single applications)

SECONDARY CONTACT (For joint applications)

Title (eg. Mr. Mrs. Dr.) _____ Surname _____

Title (eg. Mr. Mrs. Dr.) _____ Surname _____

First Names (in full) _____

First Names (in full) _____

Date of Birth _____ / _____ / _____

Date of Birth _____ / _____ / _____

National Insurance Number _____

National Insurance Number _____

Occupation _____

Occupation _____

Employer _____

Employer _____

Are you in pensionable employment? Yes No

Are you in pensionable employment? Yes No

Tax Status Nil Basic Higher Additional

Tax Status Nil Basic Higher Additional

Redmayne-Bentley Accounts covered by this service

Redmayne-Bentley Accounts covered by this service

Sharecard/Nominee _____

Sharecard/Nominee _____

ISA _____

ISA _____

SIPP _____

SIPP _____

PAYMENT DETAILS (Please pay dividends to Redmayne-Bentley Deposit Account or Bank/Building Society* *Please delete as applicable)

Name of Bank/Building Society* _____

Address _____

_____ Postcode _____

Account Holder's Name(s) _____ Sort Code _____ / _____ / _____ Bank Account Number _____

KNOWLEDGE AND EXPERIENCE (In order for us to decide if the service described in this brochure is suitable for you, we are required to make an assessment based upon the information you provide us.)

Transaction information ~ Indicate the type of transactions you have undertaken in the last three years

UK Equities (not AIM)

Options

Hedge Funds

Fixed Interest

CFDs/Spread Bets

AIM Stocks

Structured Products

Commercial Property

Any other, please advise _____

EXPECTED TIMESCALE FOR THE AGREEMENT

A. _____ Years or B. Ongoing

Please continue overleaf...

FINANCIAL SITUATION

Please provide a statement of your assets outwith Redmayne-Bentley and supply a recent valuation of your holdings inc ISAs and SIPPs etc.

| Annual Income | 1st Named/Joint* | Partner/Spouse* | Liabilities | 1st Named/Joint* | Partner/Spouse* |
|-----------------|------------------|-----------------|------------------------------|------------------|-----------------|
| Salary | £ _____ | £ _____ | Mortgage | £ _____ | £ _____ |
| Other | £ _____ | £ _____ | Loans | £ _____ | £ _____ |
| Assets | | | Other | £ _____ | £ _____ |
| Property | £ _____ | £ _____ | Total | £ _____ | £ _____ |
| Investments | £ _____ | £ _____ | Details of Dependents | | |
| Cash on Deposit | £ _____ | £ _____ | Marital Status | _____ | _____ |
| Other | £ _____ | £ _____ | Other Dependants | _____ | _____ |

Comments

Client _____

Broker _____

BENCHMARK

The benchmark used to monitor the performance of the portfolio will be FTSE APCIMS Private Investor Balanced Total Return (APCBTR).

MANAGEMENT FEE

Management fees will be agreed with your investment manager prior to the commencement of the service. Fees will be charged based on the total value of your portfolio at an annual rate of _____ % Commencing _____ and then every _____ month(s) thereafter of which _____ % is payable to your introducing intermediary for their services. Intermediary Name _____

INITIAL FEE _____ % will be deducted from the amount of your application of which _____ % is payable to your financial adviser

DECLARATION (Please complete)

- I/We* give Redmayne-Bentley the authorisation to administer my/our* account(s) using the Redmayne-Bentley nominee and cash deposit facilities.
- I/We* agree to notify Redmayne-Bentley of any changes to my/our* circumstances which may have a material effect on the information provided and have completed this form in full in order to allow Redmayne-Bentley to act for me/us* on a continuing basis.
- Whilst most orders undertaken will be in accordance with our published Best Execution Policy please note that Redmayne-Bentley may execute orders outside of a recognised market or Multilateral Trading Facility (MTF). You agree that we may do this as we see fit in order to achieve a similar or better result. Please contact us if you do not understand this or require further information.
- This is our standard agreement for the Value Investment Portfolio service upon which we intend to rely. For your own benefit and protection you should read the Service Description, Redmayne-Bentley's Terms & Conditions and A Guide to our Services and Charges carefully before signing them. If you do not understand any point please ask for further information.
- I/We* declare that this application has been completed to the best of my/our* knowledge. *Please delete as applicable.

Please sign here

Date

Date

X _____ / / **X** _____ / /
(Primary Account Holder) (Joint Account Holder (if applicable))

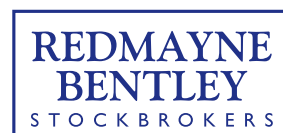
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