

TERMS OF BUSINESS

RETAIL CLIENT

Our Particulars

- 1) NW Brown Investment Management is a trading name of NW Brown & Company Limited (NW Brown) of Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB, which is authorised and regulated by the Financial Services Authority (FSA) as an Investment Manager and is bound by the rules of the FSA. All individuals employed by us to provide investment advice are approved by the FSA. NW Brown & Company Limited, NW Brown Insurance Brokers Limited and Freedom Insurance Services Limited are all wholly owned subsidiaries of the NW Brown Group Limited.
- 2) This document is governed by and shall be construed in accordance with English law and you will be subject to the non-exclusive jurisdiction of the English courts. All communications between us will be in the English language, written, electronic and oral. We will supply information to you as required in writing unless agreed to the contrary.
- 3) We may record telephone conversations to ensure, amongst other things, that the material terms of the transaction, and any other material information relating to the transaction is promptly and accurately recorded.
- 4) Our regulator, the FSA, is registered at 25 The North Colonnade, Canary Wharf, London, E14 5HS.

- 5) This Terms of Business Agreement (which shall include the attached Supplementary Terms in Annexes 1, 2 and 3) sets out the terms on which we are willing to act for you and should be read in conjunction with the Investment Review and the Discretionary Investment Management Agreement.

Client Classification

- 6) You have been categorised as a Retail client as defined within the Markets in Financial Instruments Directive (MiFID), which came into force on 1st November 2007. More detailed information concerning this categorisation is contained within Annex 1.

Authorisation

- 7) NW Brown is authorised both to advise on and to manage clients across a range of investments including:-
 - Individual Investment Portfolios
 - Unit Trusts
 - Individual Savings Accounts
 - ISA Management
 - SIPPS

Best Execution

Unless otherwise agreed in writing, transactions effected by NW Brown on your behalf may comprise transactions of any type other than futures contracts or options and may be effected on any market. Our formal policy concerning how and where we execute orders and achieve the best possible outcome for you is set out in Annex 2.

Unadvised Transactions

- 8) Where in respect of any transaction involving non complex instruments (see paragraph 7) no advice is given by us other than by way of a business publication or a research note, we may carry out the transaction for you on an Execution-Only basis and the transaction will be deemed to be at your own initiative. In these circumstances we are not required to assess the appropriateness of any instrument or transaction for you.

Conflicts of Interest

- 9) NW Brown will not undertake any business for you in which NW Brown or any director/employee has a personal interest unless that interest has been previously disclosed in writing to you. This undertaking shall not apply to personal holdings in unit trusts, insurance contracts, gilts or shares of publicly quoted companies.
- 10) NW Brown offers independent advice. If an occasion arises where one of our other clients has an interest, or we become aware of such interests in the business we are arranging for you which may conflict with yours, we will write to inform you and obtain your consent. Our formal policy concerning conflicts of interest is set out in Annex 3.

Your Money

- 11) The FSA has 'Client Money Rules' [CASS 7, FSA handbook] which govern the operation of the client accounts we maintain to handle your business. These rules provide for client money to be separated from NW Brown's own money and to be held on trust for the client. We arrange for each client to have one or more individual cash accounts for their investments. We use separate client accounts for specific purposes, eg to collect dividends and settle bargains. On the former all interest earned, less a contribution to our expenses of between zero and

0.17%, depending on the size of the balance, is paid to the client. On the latter all interest accrues to NW Brown. Currently these accounts are held at Cater Allen Private Bank or the NatWest Bank, but we regularly review the banks used and will change the bank if we consider it to be in our clients interest to do so.

Money Laundering, Financial Crime

- 12) In order to conform with the UK Money Laundering Regulations 2003 and the guidance notes from the Joint Money Laundering Steering Group, we request that you inform us how any monies being invested were obtained. This process may require sight of certain documentation. If we suspect fraud or money laundering, we must record and report this. We take no responsibility for any delay in investing where money laundering verification is outstanding.

Custody of your Investments

- 13) All investments will be registered in a nominee, either NW Brown Nominees Limited or NW Brown ISA Nominees Limited of Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB, or held to their order, unless otherwise agreed in writing. These companies are not in themselves authorised and regulated by the Financial Services Authority, but we accept responsibility for their acts and omissions.
- 14) Eligible holdings are recorded in CREST. Clients may instruct us to hold securities with other custodians but in no case, save for that of NW Brown Nominees Limited, does the company accept any liability for the default of such custodian. Any physical documents of title will be kept by NW Brown and held in a fireproof safe in our offices.

- 15) Where your investments are overseas, there may be different settlement, legal and regulatory requirements from those applying in the United Kingdom, together with different practices for the separate identification of client investments and in any such instance we will inform you accordingly.
- 16) NW Brown may not lend to a third party the documents of title held on your behalf and money may not be borrowed on your behalf against the security of these documents.

Reporting

- 17) NW Brown will supply you, or your agent, on demand details of trades, vouchers and copies of entries in books or electronic recording media relating to your transactions. NW Brown undertakes to maintain such records in relation to each transaction for a minimum period of seven years, or as otherwise required, from the date of such transaction.
- 18) NW Brown will provide half yearly valuations of the Assets, unless you request a quarterly report, for which an additional charge might be made. The source of prices used will be shown on that valuation. NW Brown will despatch them or post them online within six weeks of the valuation date.
- 19) NW Brown will ensure that half yearly statements of bank accounts, schedules of transactions, certificates held by us or holdings recorded on CREST, and income received are forwarded to you.
- 20) The periodic statements supplied will include portfolio performance measuring the overall return on the portfolio and the return on UK equities, compared with the FT Actuaries All Share index.

Risk Warning

- 21) By entering into a discretionary management agreement you are placing your money and your assets under our control. Whilst we believe that we have designed systems and controls to minimise the risks to you of placing your trust in us, nevertheless you should be aware of the fact that a loss of some or all of your assets may be the result of theft, fraud or incompetence by us, our staff, or third parties who we employ on your behalf.

We do everything in our power to reduce the likelihood of your suffering unduly from the following risks but it is important you realise that some are unavoidable. We believe our systems and controls in practice should make the likelihood of your suffering a damaging loss as a result of the following risks insignificant. We also carry insurance and have capital requirements which may mean you can claim redress but nothing can remove entirely the fact that we may lose you money or fail to make an adequate return.

Theft

Your assets and money can be transferred and the same mechanisms which allow us to buy, sell, receive and disburse funds might be used to improperly divert your assets to a third party.

Fraud

The financial system is prone to attract fraudsters, whether purchasing valueless shares, declaring non-existent profits or taking hugely disproportionate rewards for their services. Whether directly or indirectly, every major company (and, therefore, its shareholders) regularly suffers from some form of fraud.

Incompetence

We deploy your assets in a way we consider sensible to achieve your objectives. We employ staff we think competent but we may be wrong and an incompetent selection of investments may entail less reward or cause greater loss than would otherwise occur.

Inaction

We may also fail to buy or sell to your best advantage not because we are incompetent but because we operate in what has become a highly regulated environment which places many rules and controls on our actions. Often the cost in time and money of complying with such regulation means it is impractical to do the things for you which we would have otherwise chosen to do. The costs of complying with the massive structure of rules and reporting mandated by law have both direct and indirect costs which will reduce the return on your portfolio.

- 22) Without prejudice to any other clause in this agreement, we shall not be liable to you for the non-performance of any obligations hereunder or under any agreement supplemental hereto, by reason of any cause beyond our control. This shall include, without limitation, any breakdown or failure of communication or computer facilities, postal or other strikes or similar industrial action or the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations.
- 23) The value of stocks, shares, units and the income from them may fall as well as rise. This also applies to interest rates, exchange rates and the sterling value of overseas investments. Past performance is not necessarily a guide to future performance and investors may not get back the amount they invested. Any anticipated tax benefits depend on an individual's circumstances and are subject to changes in regulation and legislation,

which cannot be foreseen. Some investments may carry a higher degree of risk, be less marketable and not be suitable for some investors. In particular, some smaller company shares trading on the Alternative Investment Market (AIM) may be subject to a sudden loss in value to such an extent that the investor may lose all that investment.

General

- 24) NW Brown is a data controller within the meaning of the Data Protection Act 1998. We will use information provided by you to update our records and to provide services under this agreement. From time to time we may disclose your information to other companies within the NW Brown Group Limited. No information will be passed to another party without your consent, unless we are legally obliged to do so. We may be required to transfer personal information to the HMRC and a copy of such information will be sent to you.

Complaints and Compensation

- 25) NW Brown is covered by the Financial Ombudsman Service (FOS), however in the first instance any complaints should be addressed in writing to Head of Compliance, NW Brown & Company Limited, Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB - Telephone 01223 357131, email investment.management@nwbrown.co.uk.
- 26) In the unlikely event that we are unable to meet our obligations, you may be entitled to redress from the Financial Services Compensation Scheme. Further information is available from the Financial Services Authority and the Financial Services Compensation Scheme.

- 27) A Professional Indemnity insurance policy is maintained for the protection of clients in the event of negligence by any member or employee of the firm. Details are available on request.

Changes

- 28) We may amend this Agreement at any time for the following reasons, subject to the conditions set out below. Where the amendment is material to our Agreement or the characteristics of our service and you do not wish to accept the amendment you may terminate the relationship. There will be no penalty to such a termination. In all cases we shall give you not less than 10 business days notice in advance of the new conditions.

We may make an amendment in order to:

- i) comply with FSA Rules or with relevant accepted market custom and practise
- ii) improve or extend the service that we offer
- iii) accommodate other changes to our services or operations or to those of sub contractors or other service providers

RETAIL CLIENT CATEGORISATION SUMMARY

New legislation requires investment firms to use different categorisations for their clients from 1st November 2007. You have been categorised by us as a retail client.

Clients are generally categorised as retail or professional clients, but for some services a client may be categorised as an eligible counter party.

You have the right to request a different categorisation; but we are not obliged to agree to provide services on that basis or at the same cost, and you would then have to use the services of another firm.

Your categorisation affects the regulatory protections with which you will be provided from 1st November 2007. Were you to be differently categorised, there would be limitations to the level of client protections which you would be provided:

- 1) the level of client protections generally expects a professional client as possessing the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs and so, as an example, in providing investment advice, or portfolio management or execution services, we would be entitled to assume certain things about you without asking; no such assumptions underlie the approach we must take to retail clients.
- 2) There are no or significantly less prescribed rules governing any communications and notifications to you were you to be a professional client than is the case as a retail client. These notifications cover:

- a) The content of marketing communications and financial promotions.
 - b) Information about risks inherent in the investments or services, including custody and safekeeping, which you may be offered.
 - c) The requirement for and content of any periodic reports on performance.
- 3) As a professional client, you would not have access to the Financial Ombudsman Service or be eligible for the Financial Services Compensation Scheme.
 - 4) As an eligible counter party you have very few protections and we may treat you as an equal needing no special client protections. Such a categorisation would rarely be appropriate for someone we initially categorise as a retail client.

NW BROWN & COMPANY LIMITED
BEST EXECUTION DISCLOSURE STATEMENT
RETAIL CLIENT

Overview

When executing orders on your behalf in relation to financial instruments, we will take all reasonable steps to achieve what is called “best execution” of those orders. This means that we have in place a policy and procedures which are designed to obtain the best possible execution result, subject to and taking into account the nature of your orders, the priorities you place upon us in fulfilling those orders and the market in question and which provides, in our view, the best balance across a range of sometimes conflicting factors.

We will take into consideration a range of different factors which include not just price, but which may also include such other factors as the cost of the transaction, custodial charges, the need for timely execution, the liquidity of the market (which may make it difficult to even execute an order), the size of the order and the nature of the financial transaction.

We will also take into account your understanding and experience of the market in question, your dealing profile, the nature of the dealing service you require of us and the specific and general instructions given to us by you which may prioritise how we are to fulfil orders.

In the absence of express instructions from you, we will exercise our own discretion in determining the factors that we need to take into account for the purpose of providing you with “best execution”.

Our commitment to provide you with “best execution” does not mean that we owe you any fiduciary responsibilities over and above the specific obligations placed upon us or as may be otherwise contracted between us.

Our Firms’ Processes for Delivering Best Execution

NW Brown will seek to transmit or execute orders on your behalf within a regulated market. We currently will only progress orders through a limited number of selected firms who are themselves regulated and members of the London Stock Exchange. Orders placed on your behalf will be reported as “market orders”. When we identify an opportunity to undertake an internally matched transaction this will be carried out in accordance with this process.

Where it may not otherwise be possible to achieve best execution on your behalf through these markets we will exercise our discretion to transact outside of a regulated market or other trading platform i.e. multilateral trading facility (MTF).

We will keep our list of selected firms under review, periodically evaluating their performance measured against relative performance and their own published Execution Policy.

We will seek your express consent prior to any variation in these policy arrangements.

We have drawn up our policy processes taking into account considerations relating to:

- Price
- Costs
- Speed
- Likelihood of execution & settlement
- Size
- Any other criteria relevant to the execution of the order

Given the nature of our retail client base and the portfolio investment service we provide we apply a greater degree of priority to securing the best price available to us whilst keeping costs down.

We apply these considerations in relation to the various instruments we deal in. The following list identifies the main securities we deal in, though the list is not exhaustive:

- Debentures & Loan Stocks
- UK Government and public securities
- Shares
- Units in Collective Investment Schemes
- Warrants

In applying these best execution arrangements, clients should be aware that any specific execution instructions required by a client may prevent us from taking all the necessary steps. In such circumstances, we will seek to discharge our best execution obligations in respect of any other parts or aspects of the client order that are not covered by such instructions.

Bearing in mind the importance of price in our considerations we seek to avoid a situation where a difficult transaction is carried through at any price. The cost consideration is neutral across all classes of instrument as we apply a consistent scale of commission and fees as set out in the investment review.

The choice of market (venue) in achieving best execution is important. It is not our policy to determine the venue other than through our choice of firm. We require them to select the most appropriate venue to achieve best execution on our behalf. Their access to the

best choice of venue will influence our choice of firm depending on the nature of the transaction.

While we will take all reasonable steps based on those resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of best execution of your orders, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf.

Unexecuted Limit Orders

Where the client requires a set price to be achieved through the placing of a limit order, it may not always be possible to execute the transaction under prevailing market conditions. We would then be required to make such orders public ahead of execution unless you agree that we need not do so. We intend not to publish your unexecuted limit order during the period that it remains unexecuted as we do not believe it would be in your best interest to do so unless you expressly request otherwise.

NW Brown will keep our performance in delivering this policy on behalf of clients under periodic review and undertake to review it in its entirety annually.

NW BROWN & COMPANY LIMITED
CONFLICTS OF INTEREST POLICY**RETAIL CLIENT****Part One: Our Obligations in Relation to Conflict Management**

When carrying on regulated business on behalf of clients we are obligated to identify and manage conflicts that could have a detrimental effect on the client. Implementation of this obligation applies on a home state basis across all EEA Member States.

We will take all reasonable steps to identify such conflicts between:

- NW Brown or any person directly or indirectly linked to the firm by control and its clients, or
- one client and another

We will maintain and operate effective organisational and administrative arrangements and take all reasonable steps designed to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients.

We will keep records of any services and activities performed by NW Brown in which a conflict has arisen or may arise. Such obligation may, in some circumstances, be discharged through the maintenance and compliance with this policy statement.

We will keep our performance in delivering this policy on behalf of clients under periodic review and undertake to consider its effectiveness in its entirety annually.

Part Two: Identification of Conflicts

We have carried out an evaluation of potential conflicts, which exist or might exist under the two categories referred to above which may be summarised as follows:

Firm vs Client Conflicts

- employee personal share dealing
- staff interests, trusteeships and directorships
- NW Brown proprietary positions
- staff bonus and incentives
- the recommendation of additional internally provided products or services
- transaction activity generated more for the benefit of the firm than the client (churning business)
- any unwarranted bias by the firm towards higher commission business

Client vs Client Conflicts

- order allocation
- staff inducements/hospitality
- corporate finance advice to one client which may have financial implications to another
- favouring of one clients requirements ahead of another in terms of time and resource
- an investment made on behalf of one client is matched with a sale on behalf of another

We have taken all reasonable steps to put in place effective internal procedures to address these areas of potential conflict taking into account the nature, complexity and scale of our business.

Where we cannot be confident that the risks of damage to the interests of the client will not be prevented we will disclose the general nature and/or the sources of conflict to you.