

## Terms of Business

*These General Terms of Business apply to all services we agree to provide to Customers and apply to all Customers. The specific Service, our fee and the term applicable to each Service for each Customer will be set out in a separate document that references the latest version of these Terms of Business. All Customers will be advised of any changes to the Terms of Business.*

### 1. Status

- 1.1. Fowler Drew Limited is authorised and regulated by the Financial Conduct Authority (FCA).
- 1.2. We provide both advisory and discretionary services and these are subject to different FCA requirements in respect of how we describe our status to you. Where we provide any client with a personal recommendation in relation to a Retail Investment Product (RIP), which is regulated as advice, we are required to state whether we are Independent or Restricted. We are Independent, because we can provide that advice on the full range of types of RIP and on a comprehensive group of products within each RIP type. A RIP is defined by the FCA as a life policy, unit, stakeholder pension scheme (including a group stakeholder pension scheme), personal pension scheme (including a group personal pension scheme), an interest in an investment trust savings scheme, a security in an investment trust, structured capital-at-risk product or any other designated investment which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset.
- 1.3. Our permitted regulated businesses are managing investments (with discretionary powers); dealing in investments as agent; advising on investments; arranging and bringing about deals in investments; and making arrangements in investments. Our permitted regulated investment types are securities and rights to or interest in securities; units; stakeholder pension schemes and life insurance policies (including pensions).
- 1.4. We are not authorised to hold our clients' money. We do not provide custody services. All investments will be held in your name and are never owned by us. We have permission to control clients' money which enables us to operate clients' accounts with other parties under limited powers. We never handle cash or accept cheques made payable to us, unless that cheque is in settlement of charges for which we have sent you an invoice.
- 1.5. We will treat you as a retail customer.
- 1.6. We will place your own interests above our own and will advise you immediately of any conflict of interest and how we plan to ensure demonstrable fair treatment.
- 1.7. Should you have any complaint, it should be addressed formally in writing to the Compliance Officer at Fowler Drew. We will send you an acknowledgement and thereafter keep you informed of any progress in our investigations. We expect to resolve any complaint swiftly, but in any event we will send you a written 'final response' within 8 weeks of our receipt of the complaint in which we will either i) offer redress or remedial action, whether or not we accept the complaint, or ii) reject your complaint. If you remain dissatisfied with our final response you are entitled to refer your complaint to the Financial Ombudsman Service (0300 123 9123) [www.financial-ombudsman.org](http://www.financial-ombudsman.org) within 6 months of receipt. In exceptional circumstances we may not be in a position to make a

final response within 8 weeks, in which case we will send you written notice explaining our reasons and inform you that you are able to refer the complaint immediately to the Ombudsman. You have 6 years from the event you are complaining about (or if later, 3 years from when you could have reasonably known you had cause to complain) to refer your case to the Ombudsman for their consideration. We have the right to waive these time limits if we think it appropriate and we will inform you in our final response if we have consented accordingly.

- 1.8. The Financial Ombudsman Service deals with complaints against authorised firms that are still trading. As an authorised firm we are 'members' of the Financial Services Compensation Scheme which is the UK's statutory fund of last resort for customers of financial services firms that are unable, or likely to be unable, to pay claims against it, including awards made by the Ombudsman. You may be entitled to compensation from the scheme if we cannot meet our obligations with regard to a successful claim for financial loss arising from bad investment advice, poor investment management or misrepresentation. Investments covered include: stocks and shares; unit trusts; futures and options; personal pension plans and long-term investments such as mortgage endowments. The maximum level of compensation available is £50,000 per person per firm.

## 2. Services

- 2.1. A Scope of the Services Letter will set out the specific Services Fowler Drew consents to provide under these Terms of Business.
- 2.2. The three core elements of the delivery of the Services are:
  - an Initial Planning phase covering all your financial goals or focused advice limited to a specific need
  - Continuous Investment Services
  - New Financial Planning as later required.
- 2.3. These service elements form part of a single service. We do not provide Continuous Investment Services without Initial Planning having been performed first and we do not normally provide any planning services except in conjunction with Continuous Investment Services. Once we have completed any financial planning actions identified in the Initial Planning phase, we remain available to meet your needs for New Financial Planning during the term of the Services, either at your or our prompting.
- 2.4. Whereas Initial Planning and Continuous Investment Services will normally be covered by the same Scope of the Services Letter, ad hoc New Financial Planning will require a specific Scope of the Services Letter, including any fee to be charged, before we perform the service.
- 2.5. Continuous Investment Services are organised by one or more client goals, or defined purposes for their money. For the most efficient planning of household financial goals, we may nominally 'associate' you and other members of your immediate family (whether or not they are themselves our clients and to the extent you or they provide us with the information), their holdings and their use of tax 'wrappers', as if they are contributing resources to one or other of your goals. These associated assets form the resources making up a 'virtual' goal-based portfolio. The suitability of the portfolio constructed and maintained by us to deliver the goal objectives will be determined at the goal level (rather than at the level of an individual product or wrapper). Portfolio progress (including resources required to achieve defined objectives relative to actual goal

resources), past performance and appropriate performance benchmarks, will all be reported quarterly at the goal level.

- 2.6. The development of a goal-based portfolio is a collaborative process between you and us, making use of our proprietary modelling, based on economic and capital market behaviour. The outputs of modelling are best estimates but their accuracy cannot be guaranteed. Where decisions are needed that we cannot model and quantify, we rely on other methods to estimate and describe alternatives.
- 2.7. Goal-based portfolios have their own unique model, with specified and quantified values for the key variables or parameters that will determine probable outcomes: dates or time horizons based on the planned cash flows (normally withdrawals to fund spending); amount of money, as existing resources assigned to the goal or future contributions; risk tolerance, as a function of jointly planning the resources and outcomes specific to each time horizon; constraints on outcomes, such as minimum tolerable outcomes; required confidence levels. No portfolios will have the same asset exposures other than randomly as a function of the combination of parameters.
- 2.8. The starting values for the parameters that you control are a key output of the Initial Planning phase. Once adopted, you will thereafter retain control over the parameters through regular interaction with us, informed by updated modelling outputs, in a continuous process of replanning of the goal. Revisions to the parameter values should always have the purpose of making the portfolio more efficient in terms of your objectives. Revision of the parameters may be prompted by the progress of the goal-based portfolio, changes in your own circumstances or changes in your personal preferences and priorities.
- 2.9. The model outputs are at the level of asset allocation: proportional exposures to different asset types and markets within an asset type (weights), divided between risky assets, with uncertain real returns, and risk-free assets, consisting normally of investments with fixed returns to a specified date or cash. These exposures are implemented by us using a selected population of specific instruments (securities or collective investment funds). You will at every stage know before we carry out any transactions i) what asset types will form the portfolio and ii) what specific investments will be used to implement the asset exposures. In addition to these identified model holdings, we may agree to assign non-model holdings to the goal-based portfolio, such as holdings you had previously acquired that may be hard to realise, that have large latent gains or that you specifically wish to retain. Non-model holdings will reduce the certainty of future returns or other outputs of the model that assume the use only of model holdings.
- 2.10. Our continuous maintenance of the portfolio is constrained by an implied instruction, when appointing us under these Terms, to follow the model, by rebalancing the weights to those output by the model. Our discretion is limited to the transactions necessary to adjust the exposures to the identified instruments to keep the portfolio consistent with the model in a tax-efficient way. Tax efficiency is not an exact science and will be maximised in our judgement through the use of wrappers with different tax treatment and through the use of annual allowances.
- 2.11. New Financial Planning consists of financial planning that is not associated with the continuous process of revising the parameters for a goal-based portfolio and maintaining the portfolio's tax efficiency, as set out above. It is differentiated either by i) not being associated with a goal plan or ii) degree, if in our judgement, the replanning is not a review of the parameters but a new plan. Non-investment advice, any requirement for new platform arrangements or new wrapper types, and the

establishment of trusts will normally be treated at our discretion as New Financial Planning, depending on the amount of work involved.

## General observations about the Services

- 2.12. Our ability to advise you well and to ensure the Services you require are being effectively provided depends partly on the accuracy and completeness of the information we hold about you. We would ask that you i) inform us promptly if such information changes and ii) request your other financial advisers and agents keep us fully informed of changes they are aware of that may have a bearing on our service to you and that they generally co-operate with us. We may also initiate requests for confirmation that the information we hold is still valid before effecting transactions that depend on that information.
- 2.13. The provision of the Services may require us to be able to communicate with you at short notice and to receive prompt acknowledgement. We ask you to advise us of planned periods of absence and possible means of communicating during those periods. If communication between us is a persistent problem we may need to terminate the provision of the Services.
- 2.14. We will expect you to make the same demands of us when responding to communications from you. If we cannot answer your request immediately, we will advise you when we expect to be able to respond.
- 2.15. We may at any time recommend appointing alternative advisers or additional firms where specialist advice is required, and on which our own advice may partly depend, such as complex taxation, trusts and business planning.
- 2.16. We believe the role of a professional adviser is to help you make informed choices about financial planning options for which you can take personal responsibility. This means we will want to be sure you understand the implications of alternative courses of action and that we are not effectively making high-level decisions for you, as proxy. It does not mean we will avoid making recommendations or that we hope to limit our proper responsibility for advice. The legal limitations are set out in section five of these Terms of Business.
- 2.17. Where partners/spouses plan together, we owe the same duty of care to each. In situations where one chooses to rely significantly on the other in the area of financial decision making, we will therefore need to satisfy ourselves from time to time that agreement exists between them as to what has been decided. We will send reports as a matter of course to both and will encourage both to attend review meetings.
- 2.18. Projections of outcomes in a goal whose objective is spending will normally be expressed as quantities available for spending. In those cases, the outcome probabilities derived from modelling will be converted to after-tax quantities using estimates based on assumptions about total income, gains and tax liabilities including those that are not within our control. Pre- and post-tax projections will not therefore have the same accuracy.

## 3. Transactions

- 3.1. We will act in all cases as intermediary or agent in arranging transactions on your behalf, not as principal, whether in policies, schemes, units or securities.

- 3.2. Continuous Investment Services are provided in conjunction with a third party 'platform' company with whom clients have a direct contractual relationship. The platform company acts as custodian of the client's investments and carries out transactions. The platform's application forms provide limited powers for us to operate the different accounts on the platform on the client's behalf and to take agreed adviser remuneration from the platform. The choice of platform is a recommendation we will make, not a condition of our providing Continuous Investment Services, though we reserve the right not to work with a particular platform on the basis of service levels that will impact us as well as the client.
- 3.3. In a goal-based portfolio with its own model, the reasons for making changes in individual investments will be: to give effect to a change in the weights in individual holdings that your model calls for (rebalancing); to alter the means of implementing the same asset allocation, either across all wrappers or within individual wrappers; to invest new contributions in line with the model; to fund any planned withdrawal of money from the platform. The timing of rebalancing changes is driven by outputs of new model 'runs' with new market conditions as inputs to that model run. The frequency of client model runs is monthly. Though we run all models that frequently, not every run calls for rebalancing transactions: that depends on the degree of change in relative market prices of the assets between runs.
- 3.4. Transactions in model holdings undertaken for the reasons above will be implemented as if under a standing instruction from you to follow the model and do not require us to make a recommendation, or you to accept a recommendation, before we transmit the instruction to the platform for execution. This limited discretion to rebalance to the new model exposures is conditional on our regular checking with you that the goal parameters you control, on which the transactions partly depend, are still valid and up to date. We will only ask for prior approval for transactions in holdings of the goal-based portfolio that are not model holdings.
- 3.5. In the case of transactions in RIPs that require a recommendation and acceptance under FCA rules, we will make a recommendation in the FCA-prescribed form and will require your acceptance before instigating transactions on your behalf. This includes the new platform accounts or wrappers needed to hold portfolio investments, those recommendations forming part of the Initial Planning reports we provide. Unless the transaction is in a product or policy which you have statutory rights to cancel, we will not normally accept verbal acceptance of our recommendation. When we do act on verbal instructions, we will require confirmation in writing as soon as possible afterwards. Written confirmation includes email if we may reasonably believe it to be from you.
- 3.6. Where individual investments held within Individual Savings Accounts (ISAs) form part of a goal-based portfolio, we will assume, unless you instruct us otherwise, that new subscriptions to use your annual ISA allowance may be made by us by instructing the platform on your behalf, without prior reference to you (unless we need you to fund it from cash held by you outside the portfolio assets under our control), that you will not make new subscriptions yourself and that other agents appointed by you will have been instructed not to make new subscriptions on your behalf.
- 3.7. All transactions between agreed reporting dates will be summarised in the quarterly reports that we post to the Fowler Drew portal.
- 3.8. We have an obligation as an FCA regulated firm to execute orders on terms most favourable to our client, known as 'best execution'. We have no 'internal dealing' as we have no related entities. Our investments are in collective investment funds and

government securities and orders in these are transmitted on the client's behalf to the client's platform for execution by the platform. As a regulated broker it is the platform that owes the duty of best execution to our mutual clients.

#### 4. Remuneration

- 4.1. Our remuneration has three components that match the elements described in section 2: an asset-based fee for Initial Planning, which may be subject to a floor or a cap; a regular asset-based fee for Continuous Investment Services; ad hoc fees for New Financial Planning. An up-to-date schedule of fees and the basis of calculation will be posted on our website. The Initial Planning fee will cover any deployment actions required. The fee for Continuous Investment Services is determined by reference to the value of the assets assigned to the goal(s), on a regressive, sliding scale. New Financial Planning fees are set either in relation to scope or value depending on its nature.
- 4.2. The agreed fee and payment basis will be set out in the Scope of the Services Letter.
- 4.3. Fees for Initial Planning and New Financial Planning may be partly or fully paid in advance at our discretion. These fees may be payable by providers if we are intermediating a product. Otherwise, we will issue you an invoice. Continuous Investment Services fees are payable monthly in arrears. They will normally be paid by the platform provider or a pension provider (if different) on your behalf under an adviser remuneration mandate you sign. In those cases, the payment may be made at any point in the month rather than in arrears. In the event of that third party not paying fees in a timely manner we will invoice you directly for any unpaid amount. Asset-based fees subject to a declining scale, or paid from one account on behalf of other accounts, will be estimated as a single percentage rate based on recent valuations of the assets and then reconciled annually (or more frequently in the event of large changes in valuation). Where a balancing payment is due from us, we will either pay it away or, if small, adjust the next payments. Underpayments will similarly be collected from the client or adjusted in the next calculated fee rate.
- 4.4. Overdue amounts beyond 14 days will attract interest at 8% over the Bank of England Base Rate from the due date. In the event we need to employ a debt collection agent, the amount will also be increased by that agent's charges.
- 4.5. The level and basis of any additional fees for New Financial Planning, or for services not forming part of our core services that we consent to perform, will be agreed with you before the service is provided.
- 4.6. Where we facilitate the provision of wealth services by third parties outside our own core services, we may receive remuneration from them, in which case it will be fully disclosed to you.
- 4.7. The following arrangements for our remuneration in the event of the death of a client will apply. In the case of a couple appointing us, the provision of the service and the fees due will continue, although the accounts from which fees are paid may need to be altered. In the case of an individual client appointing us, both the service and fee accrual will cease from the date we are notified of the death, including any remuneration paid on the client's behalf by a platform or pension administrator. We remain willing to assist the executors and family as required in which case we reserve the right to charge a time-based fee. Any arrangements to continue to provide the services for all or part of the deceased's assets will require a written request to do so by the executors or beneficiaries and may require an indemnity. In the event of a client losing mental capacity, the provision of services and collection of fees will continue consistent with the Power of

Attorney they should previously have put in place. In the absence of a valid Power of Attorney, our ability to continue to provide services will depend on the Court of Protection.

- 4.8. We follow HMRC guidance in applying VAT to our invoices, under advice from tax professionals. Intermediation between client and providers of financial services and products, whether platforms or providers of RIPs, is exempt from VAT. This is the business model on which the Continuous Investment Services offering is based. Though we use our investment management permissions to rebalance portfolios without recommendation and acceptance of each trade, this is subject to the limitations set out in section 3. Initial Planning is normally exempt as it is an integral component of Continuous Investment Services, being the basis of the intermediation necessary to establish the platform, the platform accounts and the population of investments available on the platform that will be used as suitable portfolio holdings. Any New Financial Planning intended to lead to the purchase of a product is exempt. Other financial advice, not involving intermediation between client and product providers, is subject to VAT at the standard rate.

## 5. Conflicts of Interest

- 5.1. We are committed to conducting our business according to the principle that we avoid conflicts of interest where possible and, where not avoidable, we manage them fairly. We have policies and procedures in place to identify, consider and manage potential conflicts of interest with the effectiveness of these controls being monitored on an ongoing basis.
- 5.2. To help us identify potential conflict of interest we have considered a number of areas including:
- Circumstances where we could make a financial gain, or avoid a financial loss, at the expense of a client.
  - Situations where we could have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome.
  - Where a financial or other incentive to favour the interest of one client or group of clients over the interests of another client or group of clients might arise.
  - Where we may or will receive from a person other than a client an inducement in relation to a service provided to a client, in the form of monies, goods or services, including the standard commission fee for that service.
- 5.3. We maintain a register of all identified potential or actual conflicts of interest that could arise in the course of conducting business. The register also records the means by which the conflict or potential conflict has been managed and mitigated.
- 5.4. Full details of our conflicts of interest policy are available upon request.

## 6. Limitations of Liability

- 6.1. Subject to this section six, we will not be liable in respect of any act or omission of any person, firm or company through whom transactions in investments are effected on an arms' length basis for your account or any other person having custody or possession of your assets from time to time, or any clearing or settlement system.

- 6.2. We will not be responsible for any loss of opportunity whereby the value of your investments could have been increased or for any decline in the value of the investments however arising, except to the extent that such loss or decline is due to our negligence, wilful default or fraud, or that of any of our employees.
- 6.3. We will not be liable for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by us, however arising, except to the extent that any such error or action (or the omission thereof) is due to our negligence, wilful default or fraud or that of any of our employees. No warranty is given by us as to the performance or profitability of your investments under our advice or management.
- 6.4. We will not be liable for the taxation consequences of any transaction effected on your behalf as part of the agreed Services.
- 6.5. We will not be liable to you for any partial or non-performance of our obligations under these Terms of Business by reason of any cause beyond our reasonable control, including without limitation any breakdown or failure of transmissions, communication or computer facilities, industrial action, any law, order or regulation of a governmental, supranational, regulatory body or authority, or the failure of any broker, custodian, sub-custodian, dealer, exchange, clearing house or regulatory or self-regulatory body to perform its obligations for any reason.
- 6.6. Nothing in these Terms of Business will exclude or restrict any duty or liability to you which we may have under the regulatory system.

## 7. Means of Communicating

- 7.1. We will communicate with you and receive documents and information from you only in English.
- 7.2. You may communicate with us in person, by telephone, mail or (if we may reasonably assume it to be from you) email. We may request written forms of communication or documents with an original signature for specific purposes.

## 8. Personal Data

- 8.1. The provision of Services, and any discussions before an agreement to provide them is concluded, is likely to require us to collect certain personal data from you, and from third parties with your consent. The General Data Protection Regulation requires us provide certain information to you about your rights and our obligations, including our lawful basis for processing that personal data, at the point we collect it. That information is set out in a Privacy Policy that you have been provided separately from these Terms of Business.
- 8.2. In order to provide any Services to you we are required by law to perform certain anti-money laundering checks, both at outset and on a continuing basis. Rather than request verification of your identity and residence directly, we may undertake a search with a credit reference agency. They may check the details you supply against any particulars on any database (public or otherwise) to which they have access. They may also use your details in the future for verification purposes to assist other companies in connection with our Services, avoiding the necessity you provide proofs yourself to those other companies. A record of the 'soft search' will be retained by the credit reference agency, visible to you but not to companies.



## 9. Term

- 9.1. An agreement to provide Services comes into force at the date specified in the Scope of the Services Letter and remains in force unless terminated with immediate effect by either party giving written notice to the other.
- 9.2. We undertake to monitor any transactions we have instigated on your behalf prior to termination if not completed and settled until after termination unless you request otherwise.
- 9.3. Our final invoice for the agreed Services will be adjusted pro rata for the time when notice was given. Fees accrued for Initial Planning up to the time when notice was given must be met in full even if the value of the planning to that point has been lessened as a consequence of not proceeding to deployment and Continuous Investment Services.
- 9.4. The specific arrangements required to cover termination will be set out in a separate Disengagement Letter which we will send you as soon as possible after notice has been given.

## 10. Governing Law

- 10.1. These Terms of Business apply to any service agreement between Fowler Drew and its Customer, as specified in a Scope of the Services Letter, and will be governed by and construed in accordance with English law.