



December 2024

# Downing AIM Estate Planning Service and Downing AIM ISA

Terms & Conditions

Downing 

# Important notice

These Terms contain information relating to an investment made through the Downing AIM Estate Planning Service and/or the Downing AIM ISA (the "Service"). An investment may only be made on the basis of these Terms (in particular, the Investor Agreement), the relevant Brochure and the relevant Application Form.

An investment through the Service will not be appropriate for all recipients of these Terms. If you are in any doubt about the content of these Terms and/or any action that you should take, you are strongly recommended to seek advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on opportunities of this type. Nothing in these Terms constitutes investment, tax, legal or other advice by Downing LLP ("Downing") and your attention is drawn to the section headed "Risk factors" on pages 7-9.

These Terms, the relevant Brochure and the relevant Application Form, which are applicable for the Downing AIM Estate Planning Service or the Downing AIM ISA, constitute a financial promotion pursuant to section 21 of the FSMA and are issued by Downing LLP, of 10 Lower Thames Street, London EC3R 6AF which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Such documents do not constitute an offer to provide the Service in any state, country or other jurisdiction where, or to any person or entity whom, such an offer or sale would be prohibited.

Any references to tax laws or levels in the Terms are subject to change and personal circumstances. Past performance is not a guide to future performance and may not be repeated. The value of Shares can go down as well as up and you may not get back the full amount invested. You should consider an investment made through the Service as a medium to long term investment. Investments made through the Service may be illiquid.

Applicants should note that the taxation effects referred to in these Terms generally assume that investors are UK resident and UK domiciled individuals who, on death, expect to have taxable estates worth significantly more than £325,000.

No person has been authorised to give any information, or to make any representation, concerning the Services other than the information contained in these Terms, the specific Brochure or specific Application Form and, if given or made, such information or representation must not be relied upon.

Downing has taken all reasonable care to ensure that the facts stated in these Terms are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in these Terms misleading. All statements of opinion or belief contained in these Terms and all views expressed and statements made regarding future events represent Downing's own assessment and interpretation of information available to it as at the date of these Terms. No representation is made or assurances given that such statements or views are correct or that the objectives of the Service will be achieved. Prospective Investors must determine for themselves what reliance (if any) they should place on such statements, views or objectives, and no responsibility is accepted by Downing in respect thereof.

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If you have any questions, please call us on 020 7416 7780. Please note, telephone calls may be recorded for monitoring purposes.

**For UK investors only.**

**Information correct as at 2 December 2024.**

## How to Apply

- › Read these Terms, the Brochure and the Application Form.
- › Discuss the opportunity with your intermediary.
- › Complete and send your application and subscription to: Downing LLP, 10 Lower Thames Street, London EC3R 6AF or send a copy of your signed application form to the email address below.

**If you have any questions, please contact us**

Telephone: 020 7416 7780

Email: [customer@downing.co.uk](mailto:customer@downing.co.uk)

Web: [www.downing.co.uk](http://www.downing.co.uk)

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# The Service

## Who may this Service be appropriate for?

This opportunity may be appropriate for Investors with the following characteristics:

- › High net worth and sophisticated investors who are UK residents or investors who are receiving advice; and
- › UK residents who are seeking to shelter assets from inheritance tax.

## Investment amounts

The minimum individual Subscription through the Service is £20,000. There is no restriction on the maximum Subscription by an individual.

For Investors looking to invest in the ISA there is no limit to the transfer value of existing ISAs but for new lump sum payments Investors will be restricted by the maximum ISA annual allowance in the relevant tax year.

## Service structure

When Investors make an investment through the Service, they appoint Downing to make investments in Portfolio Companies on a discretionary basis. The Service is based on an agreement between Downing and each Investor, on the Terms set out in the Investor Agreement in these Terms.

Downing will seek to make investments into 25-40 companies that are quoted on AIM and which qualify for Business Relief.

The Shares will be held in the name of the Nominee acting as Nominee for the Investors. The Investors are the beneficial owners of the Shares. Downing will be responsible for discretionary decisions in relation to the selection of, and the exercise of rights in relation to, investments made, but the Investors retain beneficial ownership of the Shares.

Please refer to page 5 for more details on the Investment Objectives and Restrictions.

## Deployment

We aim to be fully invested within a week and typically we can complete routine investment programmes on the same day. Occasionally, this may take longer depending on market liquidity and volatility and if we are waiting for a specific transaction to complete.

## Life of the Service

In order to obtain relief from inheritance tax, Shares must be held on death and must have been held for a minimum period of two years.

## Exit opportunities, distributions and Withdrawals

Investors may withdraw funds from the Service at any time.

It is anticipated that Withdrawals will usually be satisfied within 15 working days of Downing's receipt of an Investor's written request, although this is not guaranteed. In the case of large withdrawals the timescale may be extended.

There are no exit charges or penalties on redemptions. For Investors who have opted for the non-ISA, Downing AIM Estate Planning Service, then any gains on the redemption of Shares from the Service may be subject to capital gains tax. Also, some of the underlying companies may pay dividends, which could be liable to income tax.

Any amount drawn from an Investor's Portfolio prior to death will not be eligible for Business Relief and may be subject to IHT in the normal way.

Investors should bear in mind that their Portfolio will be invested in companies which may have limited liquidity and it may be difficult to accommodate large orders for sales or purchases of underlying investments.

# Operation of the Service

## Client account

Investors' Subscriptions will be held in the Custodian's aggregated client account prior to investment in a Portfolio Company on behalf of the Investor and following the realisation of investments in the Portfolio Companies, prior to the reinvestment into other Portfolio Companies or distribution of proceeds to Investors or beneficiaries, where applicable. Any interest arising on cash held for an Investor in the client account is retained by Downing or Custodian (and is not applied for the benefit of the Investor's Portfolio).

## Death of an Investor

Should an Investor die before his or her Subscription is fully invested, all uninvested sums will be repaid by Downing upon receipt of notice from the Investor's personal representatives.

## Investment in selected companies

When Downing has selected a suitable Portfolio Company, and appropriate Terms & Conditions have been negotiated, it will purchase Shares in the company on behalf of Investors.

All documents of title for investments will be held by the Nominee.

Shares will typically be held in registered form in the name of the Nominee on behalf of the Investor. Any dividends received by the Custodian or the Nominee from the Portfolio Companies will be reinvested by Downing or held in the client account to pay ongoing fees.

## Documentation and communication

Downing will provide each Investor a quarterly valuation statement containing details of all investments in their Portfolio.

In line with current regulations our default option for client communication is via a durable electronic medium. Investors will be able to view their investment Portfolio online using the web-based access provided by the Custodian.

Annual tax letters will be sent to Investors within three months of the end of each tax year.

## Investment Objectives

The Investment Objectives for the Services are to seek investments in Portfolio Companies that:

- a. are listed on the Alternative Investment Market and carry out a Business Relief qualifying trade, which will enable the Investor to benefit from IHT Relief, if their investment is held for at least two years and at the date of death;
- b. have a strategy which Downing believes can generate sustainable growth over the medium and long term; and

- c. are in a typical Portfolio of 25 to 40 underlying businesses, to provide diversification in order to reduce risk to the investor.

Investors should note that the Service achieving any or all of these Investment Objectives is not guaranteed and Investors should consider the risk factors set out in this document, before making any decision to invest in the Service.

## Investment Restrictions

Investments in Portfolio Companies are high risk and the Downing will exercise its discretion in the operation of the Service in line with the Investment Objectives and the Investment Restrictions in accordance with this Agreement.

The Service will seek to invest in accordance with the Downing's Responsible Investment Policy.

## The Custodian

By completing the Application Form, prospective Investors will, inter alia, be deemed to have irrevocably agreed to the Custodian being appointed to exercise the powers, and to carry out duties, on behalf of the Investors in accordance with the provisions of this paragraph, which are as follows:

### (a) Function

The function of the Custodian will be to exercise the powers and duties which are conferred upon it by the Terms of these Terms (including this paragraph).

### (b) Restrictions on transfer

- i. The Custodian shall not be obliged to recognise the title of any person in whom an interest in Shares in any Portfolio Company shall have become vested unless a properly validated notice or evidence of that person's entitlement shall have been provided to the Custodian by Downing.
- ii. The Custodian shall not be obliged to recognise any transfer or assignment of an interest in the Shares to any person unless such person shall have first agreed to enter into a transfer or assignment in a form approved by Downing which shall incorporate an undertaking that such person will be bound by the Terms.

### (c) Custodian's obligations and powers

- i. Cheques will be banked in one or more of the Custodian's FCA approved designated client money bank accounts held by the Custodian on behalf of the Investor.
- ii. The Custodian will make payments from these client money bank accounts in accordance with instructions received from Downing upon the purchase and delivery of securities by Downing. It is the responsibility of

Downing, not the Custodian, to ensure that appropriate investments are made.

- iii. All securities will be registered in the name of the Custodian and (where issued in physical form) will be physically delivered by Downing or its agent to the Custodian.
- iv. The Custodian will hold the securities for safe keeping in its safe or may, at its discretion, place them in the vault of an FCA authorised UK bank, held to the order of the Custodian.
- v. The Custodian will upon receipt of instructions from Downing, together with simultaneous or advanced receipt of sale proceeds, deliver securities in accordance with the instructions of Downing.
- vi. In order to safeguard an Investor's assets, the Custodian will not deliver cash without receipt of securities, or securities without receipt of cash, to any third party including Downing. The Custodian may at its sole discretion agree to place the securities with an approved firm of solicitors in the United Kingdom, held to the order of the Custodian, pending receipt of funds by the Custodian.
- vii. On termination of the Service, Downing will instruct the Custodian to distribute the monies held on behalf of the Investor to the Investor. The Custodian will transfer funds to the Investor's bank or building society accounts upon production of suitable evidence of the designated account holdings.
- viii. The Custodian will be authorised, on the instruction of Downing (which it may give in its discretion), to exercise voting, pre-emption or similar rights in relation to the Shares in accordance with the articles of association of the Portfolio Companies or any agreement entered into in connection with the Subscription for the Shares, and to deal with any rights relating to any share issue made or proposed by a Portfolio Company.
- ix. The Custodian will seek to ensure that any dividends will be reinvested by Downing or held in the client account, where appropriate. In the event that any money in relation to the Shares is received by the Custodian, it shall ensure such money is allocated to the Investor, subject to any legal obligations on the Custodian to make retentions for payment of tax and/or fees and expenses payable to Downing.
- x. The Custodian will be entitled to carry out such other acts and deeds which are in its reasonable opinion necessary or reasonably incidental to its appointment as a Custodian.

#### **(d) Appointment of new Custodian**

Downing makes the arrangements in respect of custody.

Downing may at any time accept the resignation of, or remove, the Custodian, subject to the Terms of the agreement between Downing and the Custodian and appoint a new Custodian in its place, on behalf of the Investors.

#### **(e) Investment**

The Custodian may place any monies for the time being held by it on deposit with any bank or building society, which will be an FCA approved bank, with trust status and a term no greater than one day to ensure liquidity.

#### **(f) Indemnity**

By completing the Application Form, each Investor indemnifies the Custodian against any claim made against it arising out of the fulfilment of its duties as Custodian and any costs, charges or expenses incurred by it in contesting the same, save only where it is established that the subject matter of the claim was the result of a conscious and deliberate breach by the Custodian of its obligations hereunder.

#### **(g) Third Platform Service Limited**

At all times whilst Third Platform Services Limited is appointed to act as the Custodian pursuant to these Terms, the terms and conditions set out in the Addendum shall also bind the Investors in favour of such Custodian. In the event of any inconsistency between the body of these Terms and the Addendum, the Addendum shall prevail.

### **Taxation monitoring**

An external tax adviser has been retained to:

- › Advise on whether the selected Investee Companies should qualify for tax relief; and
- › Provide ongoing monitoring of Investee Companies for Business Relief purposes.

These monitoring costs are included within Downing's management fee.

### **Nominee Service**

All investments will be registered in the name of the Nominee, on behalf of the Investor. The underlying Investors will be the beneficial owners of the investments. The investments will be held in accordance with the Investor Agreement. The Nominee will act on the Investor's behalf as directed by the Investor or by Downing. The shareholdings are held on a pooled basis and may be registered with those of other clients in the name of the Nominee. The Nominee will not act on any instruction from Investors.

# Risk factors

The Investment Objectives of the Service have been formulated on the basis that Investors have the potential to benefit from Business Relief on their Subscriptions and that they are UK resident and UK domiciled. Therefore, this opportunity may not be appropriate for all Investors. Potential Investors are recommended to seek specialist independent tax and financial advice before investing.

Prospective Investors should be aware that the value of Shares in a Portfolio Company can fluctuate. In addition, there is no guarantee that the valuation of Shares will fully reflect its underlying Net Asset Value (NAV), or that Investors will be able to buy and sell at that valuation or at all.

## General risks

An investment made through the Service is subject to a number of risks. Before making any investment decision, prospective Investors should consider carefully the risks attached to investing through the Service together with all other information contained in these Terms, including, in particular, the risk factors described below. This information does not purport to be exhaustive and the risks below are not set out in order of priority. Additional risks and uncertainties not presently known to Downing, or that Downing currently deems to be immaterial, may also have an adverse effect on the business of the Portfolio Company. Investors should consider carefully whether an investment made through the Service is appropriate for them in the light of the information in these Terms and their personal circumstances.

**Capital is at risk:** The value of your investment may go down as well as up. You may not get back the full amount you invested. The Financial Services Compensation Scheme (FSCS) for deposits protection does not apply to the Service. It does, however, apply to funds held in the client money account prior to investment in the Service. Under the FSCS investment protection scheme there may be circumstances in which Investors can claim up to £85,000 of compensation where Downing LLP is unable or unlikely to honour legally enforceable obligations against it (e.g. claims for fraud or misrepresentation). For more details on the FSCS and its eligibility criteria click here: [www.fscs.org.uk/what-we-cover](http://www.fscs.org.uk/what-we-cover)

**Returns are not guaranteed:** Although the Service targets growth, there is no guarantee that this will be achieved.

**Investment risk:** The investments are long term and must be held for at least two years and held at death to benefit from Business Relief. The Portfolio will be invested in smaller companies quoted on the Alternative Investment Market (AIM), and are considered to be higher risk than securities listed on the London Stock Exchange. The performance and valuation of these investments may be more volatile than other securities.

**Liquidity risk:** Your Portfolio may be difficult to sell. AIM companies invested in may be illiquid and such Shares tend to be harder to sell than those of large companies. This means that if you decide to make a withdrawal or transfer from your Portfolio, you may not be able to sell the Shares immediately and you may have to accept a price that is less than the real value of the companies.

**Concentration:** The Service will typically invest in a number of Portfolio Companies. These Portfolio Companies may vary by sector, value, scale, stage, geography and technology. The relative concentration of Portfolio Companies held by the Service across these variables will move over time, as these companies are sold and new Portfolio Companies are added to the Portfolio. The Service may have exposure to high levels of concentration within one or more such variables, for example by sector, which in turn may impact the value of the Investors' Shares in the event of an adverse development within that variable.

**The value of the Shares may go up or down:** An Investor may not get back the full amount invested even after a successful claim against the Wealth Guard Cover, where applicable.

**Past performance:** The past performance of Downing is not a guide to the future performance of an investment made through the Service. The past performance of the Service is not a guide to future performance and there is no guarantee that the Service's objectives will be achieved.

**Identifying suitable investment opportunities:** The performance of investments made, and the availability of Business Relief, through the Service is dependent on Downing's ability to identify suitable Portfolio Companies to invest in, which they believe to be Business Relief qualifying.

**Tax reliefs:** The levels and bases of reliefs from taxation may change and such changes could apply retrospectively. The tax reliefs referred to in these Terms are described in accordance with Downing's, and the Service's taxation adviser's, interpretation of current legislation, rules and published practice in force as at the date of the Terms, which may change and affect the return to Investors. The value of the tax relief will depend on the specific circumstances of individual Investors.

**Maintenance of Business Relief:** Although it is intended that the Service will be operated such that Investors will qualify for Business Relief after two years, there is no guarantee that this will be achieved or maintained. Loss of Business Relief status could occur if, for example, such a company changes its business activities or its corporate structure, or if that company is taken over by another company which does not qualify for Business Relief, or if a

company's Shares become listed on a stock market so that they cease to be unquoted for tax purposes.

**Use of debt:** Where the Portfolio Company takes on third party, prior ranking debt and then suffer from underperformance, their underlying net asset valuation may be impacted to a greater level than if no debt had been taken on.

**Conflicts of Interest:** The Service may co-invest alongside other funds managed or advised by Downing. With these relationships, there's a chance that the interests of one group of Investors will present a conflict with the interests of another group, or with the interests of Downing. In the event of a conflict of interest, Downing's investment committee and conflicts committee (and their external advisers) will work to ensure that this is resolved fairly and in accordance with Downing's conflicts policy.

**Interest rates:** The returns generated through the Service may be affected by changes to bank base rates. The Portfolio Companies may have cash on deposit prior to employing funds in its trades, and profits generated from some trades may also be affected by the level of interest rates. If low bank base rates continue in the medium to long term it may be more difficult to achieve the target returns set out in the Terms & Conditions and the Brochure.

**Global events:** Where macroeconomic events occur that have a far-reaching impact on the operations of the Portfolio Companies and the value of the Portfolio Companies may be reduced. Examples of such macroeconomic events include (but are not limited to), the significant and broad economic impacts caused by a global pandemic (as referred to below), Brexit (as referred to below), cyclical falls in the values in the residential property market, reductions in the availability of credit/investment from financial institutions, sustained falls in major listed stock markets, adverse movements in interest rates and/or currency rates and the failure of political institutions including government.

**Currency movements:** Adverse movements in currency may impact the financial performance of the Portfolio Company. This could be a direct impact where, for example, a Portfolio Company operates outside of the UK and adverse currency movements impact the valuation of that business; or it could be an indirect impact, where, for example, adverse currency movements impact demand levels and operating costs of the Portfolio Companies that are based in the UK. Where appropriate, the Portfolio Companies may consider utilising currency hedging products to minimise currency risk, although such products are not always cost effective.

**Geography:** Although all of the Portfolio Companies

are listed in the UK, the Portfolio Companies may have operational activities and generate earnings outside of the UK. Adverse changes in the non-UK business environment, may impact on the value of these Portfolio Companies. These adverse changes could relate to developments in the tax framework, the regulatory environment, the legal system, the political infrastructure, domestic currency controls, the financial services sector, local supply and demand dynamics, and the currency exchange rate.

**The Wealth Guard Cover policy is not guaranteed to remain in place:** The Insurance Policy is a Downing group policy, paid for by Downing. It is renewable each year (subject to a minimum period of at least two years for each Investor) and there is no guarantee that it will remain in place following the first or any subsequent renewal date, or that it will pay out if a claim is made because there are a number of exclusions.

**The Wealth Guard Cover is subject to conditions:** If the conditions are not met in full, then the policy will not pay out.

**The Life Cover policy is subject to conditions:** If the conditions are not met in full, then the policy will not pay out.

**Insurer:** Downing does not warrant the solvency or ability to pay claims of any Insurer with whom any insurances are placed.

**Current tax practice:** The information in these Terms is based upon current taxation and HMRC practice. Any changes in the legislation or HMRC practice may affect the value of an investment. The levels and bases of reliefs from taxation may change and such changes could apply retrospectively. The tax reliefs referred to in these Terms are described in accordance with Downing's, and the Service's taxation adviser's, interpretation of current legislation, rules and published practice in force as at the date of the Terms, which may change and affect the return to Investors. The value of the tax relief will depend on the specific circumstances of individual Investors.

**An investment in the Service will not be suitable for all Investors:** The Service's objectives have been formulated on the basis to give Investors the potential to save 40% IHT on the value of their Portfolio and that they are a UK resident and UK domiciled. We recommend that Investors seek specialist independent tax and/or financial advice from an adviser authorised under Financial Services and Markets Act 2000 and an appropriately qualified taxation adviser, prior to investing. Downing does not offer tax or investment advice.



# Insurance policies

The Service offers, subject to the Terms, conditions and exclusions below, two insurance policies, being:

- › **Wealth Guard Cover** – covering a loss in value of up to 20% of the Net Initial Investment for those aged under 90 years at death; and
- › **Life Cover** – for Investors aged under 85 years on the Investment Date, covering a fixed sum equal to 40% of the gross Subscription amount where an Investor dies within two years of the Investment Date. Also available on a joint life second death basis where both investors die within two years of the Investment Date.

Cover is capped at a payout of £100,000 per policy for a total of £200,000 if both policies pay-out. Each policy is limited to a £100,000 pay-out across all Downing IHT products, so if investments are held in more than one product, Investors will be required to select which product and which part of each Subscription will be covered by each policy. These limits apply on a per Investor basis so for joint applications the maximum total cover is doubled.

Eligible Investors will receive Wealth Guard Cover by default. If, in their Application Form, they opt to receive Life Cover for some or all of their Subscription, this part of their Subscription will also still be covered by the Wealth Guard Cover.

At the end of the two-year cover period on the Life Cover policy (for those who select it), Investors will still benefit from the Wealth Guard Cover, subject to such policy still being available.

## Wealth Guard Cover Terms & Conditions

### 1. Sum Insured

The cover is only applicable if the value of the Portfolio on a full exit following death has reduced below the Net Initial Investment (less any withdrawals). The initial Sum Insured is a loss in value on full exit following death of up to 20% of the Net Initial Investment, being the funds invested by Investors net of all initial charges as set out on page 18 of these Terms. A maximum Sum Insured under the Wealth Guard Cover of £100,000 usually corresponds to a Subscription of approximately £500,000, depending on the level of initial charges paid. To the extent that Subscriptions are made in excess of the maximum allowed, either in this product or across more than one Downing IHT product, the Investor will be required to select which parts of the Subscription are covered by the Wealth Guard Cover.

Any ongoing Adviser Charges in excess of 0.5% p.a. of the original Subscription (including VAT) will be treated as a withdrawal from the Service and will not be subject to the Wealth Guard Cover.

### 2. Age

The Wealth Guard Cover only covers Investors under 90 years on the date of death.

### 3. Minimum cover period

The Investor is covered for a minimum period of two years from the Investment Date. Once the two-year period has elapsed, the Investors may be removed from cover.

### 4. Annual renewal

The Wealth Guard Cover is renewable each year and may be cancelled by the Insurer or Downing within one month of allotment or thereafter, after the minimum two-year period. As such there is no guarantee that the Wealth Guard Cover will continue or that the Terms of the Wealth Guard Cover will remain the same during the period of an Investor's Subscription in the Service or the relevant Downing estate planning product. In the event that it becomes uneconomic to continue to offer the Wealth Guard Cover, having considered alternative underwriting options, Downing reserves the right to withdraw the Wealth Guard Cover after the minimum two year period.

### 5. Premiums

Premiums are payable by Downing for a group policy. No premiums are payable directly by, or on behalf of, Investors.

### 6. Proceeds

Investors agree to assign beneficial interest in the Wealth Guard Cover to Downing to hold on trust. We agree to act as Trustee on the terms set out in the Application Form.

Where a successful claim is made under the Wealth Guard Cover and Downing (as trustee) receives a payout in respect of the particular Investor, the proceeds received by Downing (as trustee) are payable to such of the Investor's family or beneficiaries as Downing selects, taking into account the persons nominated in the Application Form.

The payment of the proceeds of the Wealth Guard Cover to the selected beneficiaries may be liable to IHT if the initial value transferred into the trust exceeded the investors available nil rate band, which is calculated by taking the nil rate band (currently £325,000) less any other chargeable transfers or chargeable gifts made by the investor in the seven years before the date the Shares are issued to the investor/the policy was assigned to the trust. Where no IHT is payable on the creation of the trust, no IHT will be payable on the distribution of the proceeds to the beneficiary. If IHT is payable on the creation of the trust, IHT will be chargeable at up to 6% on the value of the proceeds distributed to the beneficiary. We recommend that Investors seek independent tax advice for a detailed assessment of any potential IHT liability. Any

change in the taxation legislation or HMRC practice may alter the rate of IHT applicable to any proceeds from the Wealth Guard Cover policy.

Downing will retain the maximum amount of IHT charge from the proceeds of the claim before distributing to the beneficiaries. This will either be released to the selected beneficiaries once the personal representatives have confirmed that all appropriate IHT (if any) has been paid or the retained sum will be transferred directly to HMRC.

## Wealth Guard Cover exclusions

### 1. Initial commission waived

Any amounts of initial commission waived and added to an investment are not covered by the Wealth Guard Cover.

### 2. Age

Investors are covered if they are over 18 years of age at the Investment Date and up to (but not including) their 90th birthday at the date of their death.

### 3. Redemption process

The Subscription made through the Service must be redeemed in full following death to trigger a payment under the Wealth Guard Cover, where applicable.

### 4. General exclusions

No benefit will be payable under the Wealth Guard Cover in the event of death directly or indirectly arising as a result of:

- › War, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, civil commotion, riot, revolution or military or usurped power.
- › Radioactive contamination from:
  - i. ionising radiation or contamination from any nuclear fuel, or from any nuclear waste arising from burning nuclear fuel; or
  - ii. the radioactive, toxic, explosive or other dangerous effect of any explosive nuclear equipment or part of that equipment.
- › Biological or chemical contamination due to or arising from terrorism.

In addition, no benefit will be payable if the evidence required to assess the death claim is not provided to the satisfaction of the Insurers.

## Life Cover Terms & Conditions

### 1. Sum Insured

Where an Investor dies within two years of the Investment Date, the Sum Insured is a fixed amount equal to 40% of the original gross Subscription, being the funds invested by Investors in the Service gross of all initial charges (including any initial adviser charges facilitated through the Service, where applicable). The maximum Life-Cover pay-out is £100,000 per Investor across the Downing IHT products, which corresponds to a gross Subscription of £250,000. To the extent that Subscriptions are made in excess of the maximum allowed, either in this product or across more than one Downing IHT product, the Investor will be required to select which parts of the Subscription are covered by the Life Cover Policy.

If an Investor withdraws some or all of their Subscription before the second anniversary of the Investment Date, the Life Cover policy will not apply in respect of any sum withdrawn. The Life Cover policy fee for the remainder of the two year cover period shall reduce proportionately.

Joint life second death cover is also available, to cover circumstances where both investors die within two years of the investment period. Each Investor benefits from the maximum pay-out for a total of £200,000 (equating to a gross subscription of £500,000).

### 2. Age

The Life Cover policy only covers Investors up to (but not including) their 85th birthday on the Investment Date. For joint Investors, both Investors are required to be under 85 on the Investment Date.

### 3. Cover period

If the Investor is eligible under the eligibility criteria below, the Investor is covered for a period of two years from the Investment Date. Once the two-year period has elapsed, the Investor will no longer benefit from the Life Cover policy and will be automatically transferred across to the Wealth Guard Cover, providing it remains available at that time.

### 4. Premiums

Downing pays the premiums out of the fees charged for the Life Cover (2.25% + VAT p.a. of the original gross investment for the first two years for single life or 1.86% + VAT p.a. for joint life second death). No premiums are paid directly or on behalf of Investors.

If an Investor (or both Investors, in the case of joint Investors) dies before the first anniversary of the Investment Date, no Life Cover policy fee shall be payable from the first anniversary of the Investment Date onwards.

## 5. Proceeds

Investors agree to assign beneficial interest in the Life Cover to Downing to hold on trust. We agree to act as Trustee on the terms set out in the Application Form.

Where a successful claim is made under the Life Cover policy and Downing receives a pay-out (as Trustee) in respect of the particular Investor, the proceeds will be payable by Downing (as Trustee) to such of the Investor's family or beneficiaries as Downing selects, taking into account the settlor's wishes as set out in the application form.

The payment of the proceeds of the Life Cover policy to the selected beneficiaries may be liable to IHT if the initial value transferred into the trust exceeded the investors available nil rate band, which is calculated by taking the nil rate band (currently £325,000) less any other chargeable transfers or chargeable gifts made by the investor in the seven years before the date the Shares are issued to the investor/the policy was assigned to the trust,

Where no IHT is payable on the creation of the trust, no IHT will be payable on the distribution of the proceeds to the beneficiary.

If IHT is payable on the creation of the trust, IHT will be chargeable at up to 6% on the value of the proceeds distributed to the beneficiary.

We recommend that Investors seek independent tax advice for a detailed assessment of any potential IHT liability. Any change in the taxation legislation or HMRC practice may alter the rate of IHT applicable to any proceeds from the Life Cover policy.

Downing will retain the maximum amount of IHT charge from the proceeds of the claim before distributing to the beneficiaries. This will either be released to the selected beneficiaries once the personal representatives have confirmed that all appropriate IHT (if any) has been paid or the retained sum will be transferred directly to HMRC.

## Life Cover policy exclusions

### 1. Age

Investors who are aged under 18 years or 85 years and over on the Investment Date.

### 2. General exclusions

No benefit will be payable under the Life Cover in the event of death directly or indirectly arising as a result of:

- a. Suicide and assisted suicide.

- b. War, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, civil commotion, riot, revolution or military or usurped power.
- c. Radioactive contamination from:
  - i. ionising radiation or contamination from any nuclear fuel, or from any nuclear waste arising from burning nuclear fuel; or
  - ii. the radioactive, toxic, explosive or other dangerous effect of any explosive nuclear equipment or part of that equipment.
- d. Biological or chemical contamination due to or arising from terrorism.
- e. No benefit will be payable if the evidence required to assess the death claim is not provided to the Insurer.

## 6. Medical exclusions

An Investor must declare when completing an Application Form that:

- a. They have not been diagnosed with any form of **terminal illness**.
- b. In respect of a **life limiting illness** or anything that may be diagnosed as a **life limiting illness they**:
  - i. are not currently undergoing or awaiting to undergo any medical investigations; or
  - ii. are not awaiting any form of hospitalisation or awaiting any form of surgery.

**If you have a life limiting illness, you are required to seek a written opinion from a medical professional that your life expectancy is expected to exceed 24 months, with such opinion being dated within one month of the date of your application. This should be sent with your application.**

Failure to confirm these three criteria will exclude an Investor from the Life Cover policy. The Application Form, including the above declarations, must be completed and dated no more than five weeks prior to the Investment Date in order for the above declarations to be valid. If the period is any greater, the Insurer may require the declarations to be repeated.

## Medical definitions

- a. **Terminal illness** – an illness that has no known cure or progressed to the point where it cannot be cured and in the opinion of a registered UK doctor the illness is expected to lead to death within two years.

- b. Life limiting illness** – a medical condition for which there is no known cure and it is expected that death will be a direct consequence of the specified illness.

Life limiting illnesses can include but are not limited to,

- i. Cancer
  - ii. Heart and cardiovascular disease
  - iii. Chronic lung conditions such as Chronic Obstructive Pulmonary Disease (COPD)
  - iv. Neurodegenerative diseases (e.g. dementia)
  - v. Autoimmune diseases
  - vi. AIDS/HIV
  - vii. Bedridden condition
- › **Cancer** – any malignant tumours, carcinoma, leukaemia, sarcoma and lymphoma.
- › **Heart disease** – including heart attack (myocardial infarction, cardiac arrest), angina, cardiomyopathy, heart surgery and/or heart failure.
- › **Chronic lung condition** – requiring the need for regular oxygen treatment and/or bronchodilators and/or hospitalisation.

#### 4. Availability of the Life Cover policy

The provision of the Life Cover policy for new Investors who have not yet been allotted Shares is subject to the continued availability of such cover from the Insurer. If the Life Cover policy is no longer available on Terms acceptable to Downing and an Application Form has been completed selecting such Life Cover, Downing will notify you prior to accepting your application to obtain your consent to proceed with the Subscription without the Life Cover policy in place, subject to the appropriate reduction in the management fee set out on page 14. This will not apply in respect of any Investors whose Shares have been issued and who have selected Life Cover – such persons

will, subject to the eligibility criteria above, benefit from the Life Cover policy for the maximum two-year period.

### Insurance Policy claims process

The claims process following the death of an Investor having a valid claim under either Insurance Policy is as follows:

- a. The Investor's personal representatives should notify Downing of the death, supplying original birth, death, and, if appropriate, marriage certificates.
- b. Downing will forward to the Insurer the Investor's details, a request for payment form, and proof of the Sum Insured. Only Downing may make a claim under an Insurance Policy. The Insurer may request further information in order to be satisfied that the claim is valid and we shall pass such requests to the Investor's representatives, who shall be responsible for providing the requisite responses. Downing will have no other obligation to progress a claim under an Insurance Policy.
- c. The insurance claim will be paid when the Insurer is satisfied with the entitlement to a claim and, in the case of the Wealth Guard Cover, the Subscription through the Service has been redeemed in full following death. Following receipt of the payment by Downing (as trustee), it will then be held by Downing for such of the Investor's family or beneficiaries as Downing selects, taking into account the persons nominated in the Application Form.

In respect of the Wealth Guard Cover, any claim will run concurrently with the process of exiting the Service, although a claim under the Wealth Guard Cover will only be payable once the Subscription through the Service has been redeemed.

No benefit will be payable if the evidence required to assess the death claim is not provided to the Insurer or if the circumstances otherwise do not comply with the Terms & Conditions of the Insurance.



# Charges – how Downing’s charges are applied

## Initial charges

**Initial Adviser Charge:** If an Adviser Charge has been agreed between the Intermediary and the investor in respect of this Service, this may be facilitated from the investment. The fee will be deducted from the amount invested and paid to the Intermediary. Alternatively, the Investor can pay this fee personally to the Intermediary.

**Downing’s initial charge:** No initial charge will be payable on subscriptions into the Service from advised investors.

Where the Investor has come in directly or where initial commission is payable on the application, there will be an initial charge of 2%. Out of its fees Downing will pay or will ensure the payment of any initial commission, where applicable.

## Annual charges

**Downing Management Charge:** 1.5% plus VAT per annum of the value of each Portfolio, payable quarterly in arrears. Where annual trail commission is payable to an Intermediary, Downing will charge an annual fee of 2.0% plus VAT.

Out of its fees, Downing will pay the Insurance Premium, Custodian and Nominee fees and annual trail commission, where applicable.

**Annual Adviser Charge:** An annual Adviser Charge may be facilitated through the Service. The fee will be deducted from the Investor’s Portfolio and paid to the Intermediary every six months. Alternatively, the Investor can pay this fee personally.

## Life Cover charge

If Life Cover is chosen, there is an additional 2.25% + VAT per annum for single life cover or 1.86% + VAT per annum charge for joint life second death cover, based on original gross investment for the first two years only. It is allocated annually in advance. There will be no refund of the charge in the event of death. In the case of funds being withdrawn, pro-rata charges will be rebated to reflect the new amount invested and the sum insured will be proportionately reduced. (See the brochure and this document for details.)

## Charges on exit – performance related

Performance or success fees are not payable.

## Other charges

**Bargain charges:** A charge of £35 will apply to each bargain made within the investor’s Portfolio, payable quarterly in arrears.

A bargain charge will apply to the acquisition of new shares into the investor’s Portfolio or the sale of existing shares from the investor’s Portfolio.

Bargain charges will be capped on an annual basis, so that the total cost of the bargain charges for the 12 month period (or less where applicable) through to the 31 December will be no more than 0.5% per annum of the value of each Portfolio at that date.

## Commission

Intermediaries who are permitted to receive commission (e.g. for execution only clients) can be paid initial commission, usually at the rate of 2% of the amount subscribed. Out of its fees Downing will pay or will ensure the payment of any commission, where applicable.

## Value Added Tax (“VAT”)

All fees and charges are exclusive of VAT unless otherwise stated. VAT will be charged where applicable.

# Taxation

This summary is based upon current UK tax law and published practice and is intended as a guide only. The summary considers the position of individuals who are both UK resident and domiciled. It is not intended to constitute legal or tax advice and prospective Applicants are recommended to consult their own professional advisers concerning the possible tax consequences of investing through the Service.

## Inheritance tax (“IHT”)

Business Relief (“BR”) was introduced in the Finance Act 1976 and amended in subsequent years. Any share in an unquoted company, or a company listed on the Alternative Investment Market, that undertakes an IHT Trade, which has been held for two years or more at the date of death, will benefit from up to 100% BR (i.e. its value will effectively be disregarded for IHT purposes). If the Shares are inherited from a spouse or civil partner, then the spouse’s or civil partner’s period of ownership can be added to the period held by the original holder of the Shares, in computing the two year holding period. The two-year qualifying period will begin on the date Shares are acquired by investors.

Under current legislation, proceeds received on exit from a Portfolio Company can be re-invested into Shares in another Portfolio Company to maintain the Business Relief provided that:

- i. the whole of the proceeds have been used to purchase the replacement Shares; and
- ii. the original and replacement Shares have been held for a total period of at least two years out of the last five years.

## Business Relief qualifying trade

A Business Relief qualifying trading business is any business so long as it is conducted on a commercial basis with a view to making a profit and does not consist wholly or mainly of dealing in land and buildings, Stocks and Shares, or making or holding investments.

Business Relief will not be available to the extent that the Portfolio Company has any assets that:

- i. have not been used wholly or mainly for the business in the previous two years (or since acquisition if shorter); and
- ii. are not required for the future use of the business.

## Insurance policies

The proceeds of the Insurance Policies will be held upon trusts (“Trusts”) declared by the Investor for the benefit of the Investor’s family or beneficiaries as Downing selects. Downing will be the Trustee. This means the proceeds should not form part of the Investor’s estate for IHT.

## Funding your trust - Life Cover only

As the settlor to the Trust, the Investor is deemed to have gifted the premiums to the Trust. The investor may offset their annual exemption (currently £3,000 per year) against the gifts of the premiums, this is applicable to each year when premiums are payable (subject to no other gifts being made earlier in the tax year).

Any amount which is not covered by the annual exemption will be treated as a chargeable lifetime transfer, and may result in an IHT charge. The amount chargeable to IHT will be reduced by the investors available nil rate band, therefore provided they have not made chargeable lifetime transfers equal to or in excess of the nil rate band (currently £325,000) in the 7 years prior to the investment, the premium will be covered by the nil rate band and no IHT will be payable.

Where the investor has either fully or partially utilised their nil rate band within the 7 years prior to the date of the premium payment, the excess value not covered by the annual exemption and the available nil rate band will be liable to IHT. If this occurs, the investor will be required to make an additional payment to the Trust to cover the lifetime charge and complete HMRC forms. The extra amount payable will be 25% of the value of the premium payment which is chargeable to IHT. In practice, we expect this outcome to be relevant in very few cases.

## Payment of proceeds

The payment of the proceeds of the Insurance Policies to your beneficiaries could trigger an IHT charge (an exit charge). The exit charge is calculated based on the initial value transferred to the trust less the available nil rate band at the date of exit (the date in which the proceeds are paid to the beneficiary). The available nil rate band is calculated by taking the nil rate band (currently £325,000) less any chargeable transfers made by the settlor in the 7 years before the creation of the trust.

Provided the value transferred to the trust does not exceed the available nil rate band no IHT will be payable. If the value transferred were to exceed the available nil rate

band, IHT will be chargeable at up to 6% on the value of the proceeds distributed to the beneficiaries. The actual rate of IHT in respect of the Insurance Policy proceeds depends on the length of time between the creation of the trust and the transfer of the proceeds to the beneficiaries. Any change in the taxation legislation or HMRC practice may alter the rate of IHT applicable to any proceeds from Insurance Policies.

Downing will retain the maximum amount of IHT charge from the proceeds of the claim before distributing to the beneficiaries. This will either be released to the selected beneficiaries once the personal representatives have confirmed that all appropriate IHT (if any) has been paid or the retained sum will be transferred directly to HMRC.

Any periodic or exit fees payable from an Investor's Trust will be paid by selling Shares from their Portfolio.

## What happens if an Investor dies within two years?

If the Investor dies within two years of the date of Subscription, the value of the Shares will not benefit from Business Relief. Applicants may wish to cover this risk by taking out Life Cover for two years and should contact their independent financial adviser for details. The Wealth Guard Cover insurance included within the Service does not cover this risk.

If the Shares are transferred to a surviving spouse or civil partner, the capital subscribed can continue to work towards the two-year Business Relief qualification period from the original date of Subscription. Transfers between spouses and civil partners are generally exempt from inheritance tax (although special rules apply where the transferee spouse or civil partner is not domiciled in the UK).

Shares can be transferred directly into the names of beneficiaries, whether or not the original Investor held the Shares for two years or more. There are no transfer or administration fees payable to Downing by the beneficiaries. Additional money laundering requirements may apply.

If a joint account holder dies within two years of the date of Subscription, the value of his/her interest in the Shares will not qualify for the Business Relief. Joint account holders may want to cover this risk by taking out Life Cover for two years and should contact their professional adviser for details. If the joint account holders are spouses or civil partners, transfers between such individuals are generally exempt from inheritance tax and therefore the jointly held shares will pass to the surviving spouse free of IHT.

## Tax position on sale of Shares

When Shares are sold a capital gain or loss may arise, subject to the annual capital gains tax exemption.

If the Investor invests through the ISA Service there will be no capital gains tax to pay on the sale of Shares.

Any Withdrawals from the Service will not benefit from Business Relief.

## Tax position on dividends

The underlying Portfolio Companies may pay dividends, although this is not guaranteed.

For Investors investing through the non-ISA Service this may give rise to an income tax bill, subject to the annual Dividend Income Tax exemption.

If Investors invest through the ISA Service, any dividends paid would not be liable to income tax.

## Important notice

The levels and bases of reliefs from taxation may change or disappear. The tax relief referred to in this section is described in accordance with Downing's, and the Service's taxation adviser's, interpretation of current legislation, rules and practice, which may change and affect the return to Investors. The value of the tax relief will depend on the individual circumstances of Investors.

# Definitions

<b>“Adviser Charge”</b>	fee agreed between the investor and an FCA authorised and regulated adviser, for advice and related services
<b>“AIM”</b>	the Alternative Investment Market of the London Stock Exchange
<b>“Applicable Rules”</b>	the FSMA, the FCA Rules and all other relevant laws and regulations
<b>“Application Form”</b>	Application Form and notes on application for investment under the Service
<b>“Brochure”</b>	document dated December 2022 describing the Service
<b>“BR” or “Business Relief”</b>	Business Relief (formerly known as Business Property Relief) as set out in the IHTA 1984
<b>“CGT”</b>	capital gains tax
<b>“Custodian” or “Administrator”</b>	Third Platform Services Limited (FRN 717915) or such organisation as Downing may appoint to provide, and with whom it has agreed terms for, safe custody and custodial and nominee services in respect of the Service
<b>“Downing”</b>	Downing LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom
<b>“Wealth Guard Cover”</b>	the “Wealth Guard Cover” Insurance Policy in respect of the Service, particulars of which are set out on pages 10 and 11
<b>“FCA”</b>	Financial Conduct Authority and any successor body
<b>“FSMA”</b>	Financial Services and Markets Act 2000 (as amended) including all regulations pursuant thereto
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IHT”</b>	inheritance tax
<b>“IHTA 1984”</b>	Inheritance Tax Act 1984
<b>“Insurer”</b>	an AM Best A-rated Insurer, with whom Downing has arranged an Insurance Policy
<b>“Insurance Policy”</b>	Wealth Guard Cover and/or the Life Cover
<b>“Intermediary”</b>	authorised Intermediary who signs the Application Form and whose details are set out in the Application Form
<b>“Investment Objectives”</b>	the Investment Objectives of the Service, as described on page 5
<b>“Investment Restrictions”</b>	the Investment Restrictions that apply to the Services, as described on page 5
<b>“Investor”</b>	individual (and certain trustees or corporate) who completes an Application Form which is accepted by Downing and so enters into the Investor Agreement and invests in Portfolio Companies through the Service
<b>“Investor Agreement”</b>	agreement to be entered into between each Investor and Downing, in the Terms set out on pages 18 to 32 of these Terms
<b>“ISA Manager”</b>	a suitable manager of an ISA product or service selected by Downing and approved by HMRC
<b>“Life Cover”</b>	the “Life Cover” Insurance Policy in respect of the Service, particulars of which are set out on pages 11 to 13
<b>“Market Value”</b>	investments listed on a recognised stock market measured using bid price plus, where applicable, any cash
<b>“ML Regulations”</b>	Money Laundering Regulations 2017
<b>“NAV”</b>	Net Asset Value
<b>“Net Initial Investment”</b>	initial Subscription through the Service less Downing’s initial charge and any initial Adviser Charge
<b>“Nominee”</b>	Third Platform Services Limited (FRN 717915) or such organisation as Downing may appoint to provide, and with whom it has agreed terms for, safe custody and custodial and nominee services in respect of the Service
<b>“Portfolio”</b>	an Investor’s holdings in Portfolio Companies through the Service
<b>“Portfolio Company”</b>	the underlying companies within the Service, where Investors will become direct shareholders
<b>“Service”</b>	Downing AIM Estate Planning Service and Downing AIM ISA both services have been set up to enable Investors to invest in companies which Downing believe will qualify for Business Relief, by way of the Investor Agreement with Downing
<b>“Shares”</b>	Shares in a Portfolio Company purchased by the Service on behalf of Investors
<b>“Subscription”</b>	amount subscribed through the Service, as set out in the Application Form
<b>“Sum Insured”</b>	for the Wealth Guard Cover, the loss suffered upon the death of an Investor limited to the lesser of 20% of the value of the Net Initial Investment or £100,000 (less any subsequent redemptions or Withdrawals taken from an Investor’s Portfolio). For the Life Cover policy, the lesser of 40% of the original gross investment or £100,000 (less any subsequent redemptions or Withdrawals taken from an Investor’s Portfolio). If both policies are held limited to £100,000 in total. Both are subject to the Insurance Policy Terms & Conditions applicable at the time of the claim
<b>“Terms”</b>	this document
<b>“Withdrawals”</b>	amounts withdrawn by an investor from their Portfolio in cash or, at the sole discretion of Downing, stock transferred in specie at Market Value



# Investor agreement

This Investor Agreement (the "Agreement") sets out the Terms upon which Downing agrees to invest the Subscription and manage the Portfolio of investments ("Portfolio") for the Investor. Upon acceptance of a signed Application Form, this Agreement (together with the Brochure and Terms & Conditions) will constitute a binding agreement between the Investor and Downing in respect of the Service.

## 1. Definitions, construction and interpretation

1.1 The following Terms shall have the following meanings in this Agreement:

**"FCA Rules"** the rules of the FCA as set out in the FCA's Handbook of Rules and Guidance and any other rules and guidance issued by the FCA from time to time;

**"Investment"** shares in a Portfolio Company acquired by Downing and held by the Custodian on behalf of the Investor;

**"Investment Services"** the discretionary management services provided under Clause 4 of this Agreement;

**"Joint Account"** means an account of two or more Investors holding as joint tenants (rather than tenants in common);

**"Non-Readily Realisable Investments"** are investments in which the market is limited or could become so; they can be difficult to deal in and it can be difficult to assess what would be a proper market price for them;

**"Service"** for each individual Investor, a mandate for Investment Services provided by Downing for that Investor in accordance with the Terms of this Investor Agreement.

**"Terms"** the Terms and Conditions of the Downing Estate Planning Service, as annexed to this Agreement and amended from time to time.

1.2 Words and expressions defined in either the Terms or the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.

1.3 Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as amended from time to time, re-enacted or replaced and to any codification,

consolidation, re-enactment or substitution thereof as from time to time in force.

1.4 References to the singular only shall include the plural and vice versa.

1.5 Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.

1.6 Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

## 2. Setting up a Portfolio

2.1 This Agreement comes into force on the date that Downing accepts the Investor's Application Form. An Application Form is accepted when:

2.1.1 the application has been recorded on the register of applications maintained by Downing;

2.1.2 Subscription monies from the Investor have been received by the Custodian; and

2.1.3 there are no further items or actions outstanding that would reasonably prevent the Subscription from being able to take place.

2.2 Where an Investor submits an Application Form which is accepted by Downing, the Investor hereby appoints Downing to fulfil its role in managing their Portfolio on the Terms and subject to the conditions set out in this Agreement. Downing agrees to accept its appointment and obligations on the Terms set out in this Agreement.

2.3 Investors should be aware that the right to cancel a distance contract within 14 days does not apply to this Agreement as it falls within the exemption contained in FCA rule COBS 15 Annex 1. Please speak to your adviser or us if you would like further information.

2.4 Provision of this Service requires:

2.4.1 the appointment of Downing by the Investor upon the Terms of this Agreement; and

2.4.2 the appointment of a third party to hold the Investor's Investments on behalf of the Investor, in respect of which Downing is entered into certain agreements with the Custodian for the provision of Custodian, Nominee, settlement and associated services to which Clause 9 refers.

- 2.5 If investing through the ISA account then subject to the applicable ISA Regulations, Investors have the right at any time by notice in writing to Downing to transfer in cash all or part of your Downing ISA (with all rights and obligations of the parties to it) to another ISA Plan Downing. Instructions to transfer all of your Downing ISA Investments will entitle us to terminate your Downing ISA.
- 2.6 Downing is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 545025. Downing is a Limited Liability Partnership registered in England and Wales under company number OC341575 and with a registered address at 10 Lower Thames Street, London EC3R 6AF. The FCA's registered address is 12 Endeavour Square, London E20 1JN.
- 2.7 This Agreement is supplied to you in English and we will continue to communicate with you in English for the duration of this Agreement. The Investor has been classified according to FCA guidelines as a Retail Client. If other firms regulated by the FCA would normally classify the Investor as a Professional Client, we may wish to re-classify the Investor as a Professional Client. We will notify you in writing if we wish to change your client classification. Downing shall inform its clients in a durable medium about any right that client has to request a different categorisation and about any limitations to the level of client protection that a different categorisation would entail. This information must be provided to clients prior to any provision of services. Guidance relating to client categorisation is available in the legal section of our website at <http://www.downing.co.uk/assets/client-categorisation-guidance>
- 2.8 The Investor has the right to request a different client categorisation. However, if the Investor does so and if Downing agrees to such categorisation the Investor may lose protections afforded by certain FCA Rules. This may include, but may not be limited to:
- 2.8.1 the Investor will not be given any of the additional disclosures required to be provided to Retail Clients (for example on costs, commissions, fees and charges, foreign exchange conversion rates and information on managing investments);
- 2.8.2 Downing is entitled to assume that the Investor has the necessary level of experience and knowledge to understand the risks involved in relation to any investment, service, product or transaction contemplated by these Terms;
- 2.8.3 the FCA Rules impose detailed requirements on financial promotions directed at Retail Clients. Promotions directed at Professional Clients are simply subject to the high-level requirement that they are fair, clear and not misleading;
- 2.8.4 if Downing were to hold money on behalf of a Retail Client, Downing would have to notify the client of whether interest is payable (which is not required for Professional Clients); and Downing would not be able to transfer the money to a third party without notifying a Retail Client and without explaining who is responsible for that third party's actions or omissions, and the consequences where that third party becomes insolvent;
- 2.8.5 if Downing were to manage client assets, Downing would be obliged to provide Retail Clients with more detailed information periodically. A Retail Client has a right to a periodic statement every three months, rather than every six months for a Professional Client; and
- 2.8.6 where Downing places Investors' orders with third parties for execution, the factors taken into account in obtaining the best possible execution result for a Professional Client will differ to those for a Retail Client. It should be noted that Professional Clients can no longer opt out of best execution.
- 2.9 The Investor confirms that he/she is suitably knowledgeable of the risks associated with an investment into the Service and/or has been suitably advised of these risks.
- 2.10 The Investor confirms that he/she is not seeking advice from Downing on the merits of entering into this Investor Agreement to establish their Portfolio and provision of the Service.
- 2.11 The Investor agrees that Downing may hold information about them and their affairs in order to verify their identity and financial standing (among other things Downing may consult a credit or mutual reference agency, which may retain a re-cord of the enquiry).

2.12 Anti-money laundering regulations aim to prevent criminal property being used or disguised as legitimate wealth. To satisfy these regulations the Investor may have to produce satisfactory evidence of their identity before Downing can do business with them, and from time to time thereafter. This identification process is designed to assist in the prevention of crime within the financial services industry. If the Investor does not provide the information when requested, Downing may be unable to accept any instructions from them or provide them with any services.

### 3. Subscriptions

3.1 In respect of the Investor's Subscription:

3.1.1 the investor shall make a Subscription in cash or, at the sole discretion of Downing, in specie of not less than £20,000 to their Portfolio at the same time as submitting his/her Application Form to invest; and

3.1.2 the Investor may make further Subscriptions to the Service subject to a minimum of £10,000.

3.2 The Investor may make a withdrawal of his/her Portfolio, or terminate the Agreement, pursuant to Clause 14 below. If an Investor wishes to withdraw money or investments from their Portfolio, written instructions must be provided. Downing will, subject to the restrictions set out in the Terms, arrange for the cash return to be realised and paid to an Investor's nominated bank account once the sale proceeds have been received.

3.3 Subscriptions received shall be deposited in a client account held in the name of the Custodian pending their investment into Portfolio Companies. Any interest paid on such deposits will be payable to Downing and the Custodian and not the Investor.

3.4 The Investor acknowledges that any monies held on deposit by Downing or the Custodian are held at the Investor's risk and that neither Downing, nor any Custodian, nor any director or officer of any of them, will be liable to the Investor in the event of any loss in value of such Investments or the insolvency of any bank with which Investor's funds are deposited, nor will they be so liable in the event of any restriction on their ability to withdraw funds from such bank for reasons beyond the reasonable control of any of them.

### 4. Investment Services

4.1 Downing will manage the Investor's Subscription and Portfolio, and exercise all discretionary investment powers in relation to the selection of exercising rights relating to management and sale of Investments of the Service on the Terms set out in this Agreement.

4.2 Downing shall not, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, the Investor or to act as the agent of the Investor.

4.3 The Investor acknowledges and agrees that the Custodian is not obliged to seek or accept any instruction or direction directly from the Investor in respect of the Custodian's execution of instructions from Downing relating to the exercise of the Investor's rights relating to Investments. The Custodian will not accept any instructions directly from the Investor.

### 5. Investment Objectives and Restrictions

5.1 In performing its Services, Downing shall have regard to the Investment Objective and the Investment Restrictions.

5.2 Downing shall at all times have regard to:

5.1.1 the need for the Investments to attract the Business Relief; and

5.1.2 all Applicable Rules.

5.3 Downing reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested for the Investor and it considers this to be in the best interests of the Investor having regard to availability of Business Relief for the Investor.

5.4 In the event of a gradual realisation of Investments, prior to Withdrawals from or termination of the Service under Clause 16.1, the cash proceeds of realised investments may be placed on deposit (in an interest bearing client account) or invested in UK Government securities or in other investments of a similar risk profile. Any interest paid on such deposits will be payable to Downing and not the Investor.

### 6. Terms applicable to dealing

6.1 The Investor should be aware that a Portfolio will be invested in a range of unquoted securities traded on AIM, they may be illiquid and such

Shares tend to be harder to sell than those of larger companies.

- 6.2 Subject to both the Applicable Rules and the Manager's conflicts of interest policy (a summary of which is included at Schedule 2 of this Agreement) the Manager may make use of dealing commission arrangements in respect of deals undertaken for a Portfolio as may be disclosed to the Investor from time to time.
- 6.3 Subject to both the Applicable Rules and the Manager's Portfolio management policy (at Schedule 1 of this Agreement) the Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.4 Downing may aggregate your transactions with those of other customers and of its employees in accordance with the Applicable Rules. It is likely that the effect of such an allocation will not work to the Investor's disadvantage; however, occasionally this may not be the case. Downing will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the Applicable Rules.
- 6.5 As an FCA authorised firm, Downing is required to take all reasonable steps to obtain the best possible result on behalf of clients when placing orders for execution that result from decisions by Downing. Set out in Schedule 3 is Downing's summary of its policy in respect of this requirement. Where applicable, Downing's decisions will normally be executed by itself or the Custodian in accordance with its Execution Policy.

## 7. Reports and information

- 7.1 Downing, and where applicable the Custodian, shall supply such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.
- 7.2 Downing or the Custodian shall provide the Investor with online access to their Portfolio and with a periodic statement every quarter in respect of each Portfolio. The report will comprise the cost, current value and dividends of all holdings within a Portfolio as at the last business day of the period in question. The performance of the investments will be measured against a stock market index.

## 8. Fees and expenses

- 8.1 Downing shall receive fees for its Services, and reimbursements of its costs and expenses, as set out in the Brochure and the Terms. Downing will pay the costs of the Custodian.
- 8.2 An initial charge, if applicable, shall be deducted from the amount of each Investor's investment in accordance with the Terms before the balance is invested in the Portfolio.
- 8.3 Fees and any other charges relevant to an Investor's Portfolio or, where there are insufficient monies available to meet the fees and charges, Downing may at its discretion either:
  - 8.3.1 allow this to roll up (interest free); or
  - 8.3.2 sell investments within the Portfolio of a sufficient value to cover charges or commissions involved.

## 9. Management and Custodian obligations

- 9.1 Downing will arrange for the Custodian to provide the Custodian services in relation to the Investor's Subscription and Investments held in the Portfolio, and for the Custodian to provide the Nominee services. The Custodian will act as Custodian for the cash and other assets in the Investor's Portfolio and the Nominee will be the legal owner of the Investments held in the Portfolio.
- 9.2 By accepting the Terms of this Agreement, the Investor agrees that:
  - 9.2.1 Downing is authorised to enter into the Custody Services Agreement on the Investor's behalf as the Investor's agent, to give instructions to the Custodian and to agree any subsequent amendments to the Custody Services Agreement on the Investor's behalf provided that Downing notifies the Investor of such amendments in accordance with the FCA rules;
  - 9.2.2 the Investor is bound by the Terms of the Custody Services Agreement; and
  - 9.2.3 the Custodian and Downing are each authorised to transfer cash and investments from the Investor's account to meet the respective fees and settlement or other obligations under the Custodian Agreement and the fees of the Custody Services Agreement.



- 9.3 Under the Custodian Agreement, the Investor will remain the customer of Downing but will also become a customer of the Custodian for settlement, Nominee and custody purposes only. Downing retains responsibility for compliance and regulatory requirements regarding the management of the Investor's Subscription and Portfolio. The Custodian does not provide investment advice, give or offer any opinion regarding the suitability of any transaction for the Portfolio. The Investor shall direct all inquiries regarding their Portfolio to Downing and not to the Custodian. The Custodian will not accept instructions from the Investor directly.
- 9.4 The Investor acknowledges that, although the Custodian will not commingle securities with its own property, the Custodian may commingle the Investments with securities held for other clients, including those who subscribe for their own discretionary mandate including the Service. In addition, Investments deposited with the delegate of the Custodian may be held in an omnibus account by the delegate of the Custodian. In each case, individual client entitlements may not be identifiable by separate certificates or other physical documents of title, entries on a register or equivalent electronic record. If there is an irreconcilable shortfall following any default by the Custodian, or a delegate of the Custodian, the Investors may not receive their full entitlement and may share in the shortfall pro rate with other Custodians or Nominees, other clients or delegates' other clients.
- 9.5 Downing is authorised at any time to replace the Custodian with an alternative Custodian that is, in Downing's opinion, suitable for provision of custody services in respect of the Service and capable of providing the settlement, Nominee and custody services and/or to vary the Terms from time to time, or terminate, the Custodian Agreement. In each case, Downing will endeavour to ensure that it does so on Terms no less beneficial to the Investor.
- 9.6 The Custodian will use reasonable care and skill in providing services under the Custodian Agreement.
- 9.7 The Custodian shall not, in the absence of fraud, negligence, wilful default or breach of contract directly relating to such cost, expense or liability on the part of the Custodian or any delegate, be liable to Downing or to any Investor for any act or omission in the course or in connection with the proper provision of the services rendered by it hereunder or for any loss or damage which Downing or the investor may sustain or suffer as a result, or in the course, of the proper discharge by the Custodian or any delegate of its duties hereunder or pursuant hereto.
- 9.8 The Investors indemnify the Custodian from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against the Custodian, judgements, suits against the Custodian, proper costs and expenses or disbursements (other than those resulting from the fraud, negligence, wilful default or breach of contract on the part of the Custodian) which may be imposed on, incurred by or asserted against the Custodian in properly performing its obligations or duties to the Service under the Custodian Agreement.
- 9.9 The Investors or Downing shall pay or reimburse the Custodian from time to time on demand for any transfer taxes payable upon transfers, exchanges or deliveries of securities made under the Custodian Agreement in accordance with the Terms.
- 9.10 The Custodian is authorised to deduct from any cash received or credited to the Investor's account, any amount of taxes or levies required by any revenue or governmental authority for whatever reason in respect of the Investor's accounts.
- 9.11 The Custodian shall register all securities in respect of which registration shall be necessary in order to perfect the transfer thereof or title thereto as soon as reasonably practicable after receipt of the necessary documents by or to the order of the Custodian in any name permitted by the FCA Rules. Where securities are subject to the law or market practice outside of the United Kingdom and it is, in the Custodian's opinion, in the Investors' best interests to do so, the Custodian may register or record or arrange the registration or recording of securities in the Custodian's name or the name of a third party. If legal title to securities is held by the Custodian, a Nominee or a third party, securities may not be segregated or separately identifiable from the Custodian's assets, or the assets of a Nominee or third party and, in the event of the Custodian's default or the default or insolvency of a Nominee or third party (as the case may be), securities may not be as well protected from the claims of the Custodian's creditors or the creditors of a Nominee or third party (as the case may be).

9.12 The Custodian shall hold the certificates and other documents from time to time, representing or evidencing title to the securities by physical possession of the certificates or other instruments representing the securities in registered or bearer form, including, inter alia, brokers' receipts or confirmations for future contracts, options or similar investments.

9.13 The Custodian shall clearly identify securities held by it or to its order hereunder as being the property of the Investors and shall maintain its records so as to ensure that it is readily apparent that the securities are the property of Investors. Documents of title for securities shall be recorded and accounts in which securities are held shall be named or designated to make it clear that the relevant property belongs beneficially to the Investors (on an omnibus basis and not by individual identification). Where securities are held by a delegate of the Custodian, the Custodian will take reasonable steps to ensure that the records of the relevant entity make it clear that securities are held by or on the Custodian's behalf for the Investors and that they do not belong to the Custodian or any such delegate of the Custodian. The purpose of this is to make clear in the event of the failure of any such entity, that the securities are held on behalf of third parties and are not available to creditors of that entity if it fails. However, it cannot be guaranteed that there would be no loss of securities in the event of such a failure. Where securities are held by a delegate of the Custodian outside the UK, it may not be possible under the relevant law of that country for securities to be separately identifiable from the assets of the delegate of the Custodian or from the Custodian's assets and accordingly there may be a greater risk of loss in the event of a failure of any such delegate of the Custodian.

9.14 Downing has discretion to exercise (or if it so chooses, not to exercise) any conversion, Subscription, voting or other rights (such as those that may arise in takeover situations, other offers and capital reorganisations) relating to investments held in a Portfolio together with discretion to sell any or all of the Portfolio. By entering into this Agreement, the Investor hereby authorises Downing to act on their behalf and exercise all rights attaching to Shares held in its Portfolio as it shall deem fit and at its discretion.

9.15 Where assets are pooled with third parties, distribution of entitlements to any benefits or entitlements arising from corporate events will be allocated pro rata. Fractions of entitlements

arising from this process will be rounded down to the nearest whole unit or share.

9.16 The Custodian, as soon as reasonably practicable, will claim and account for all dividends and other payments or entitlements received in relation to investments in a Portfolio, but is entitled to deduct or withhold any sum on account of any tax required to be so deducted or withheld and provide you with evidence of such deduction or withholding for your tax records.

## 10. Obligations of Downing

10.1 Downing shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable it to provide the Investment Services properly and efficient, and in compliance with the FCA Rules.

10.2 The Investor must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 10.1 above refers.

## 11. Obligations of the Investor

11.1 The Service established by this Agreement is set up on the basis of the declaration made by the Investor in his/her Application Form which includes the following statement by the Investor: the Investor confirms that the information stated in the Application Form in relation to him/her is true and accurate as at the date of the Application Form.

11.2 The Investor must immediately inform the Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 11.1 above refers.

## 12. Delegation and assignment

12.1 Downing may employ agents, including any members of its corporate group, to perform any administrative, custodial or ancillary services to assist Downing in performing the Service, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents but otherwise shall have no liability in respect of such agents.

12.2 Downing may from time to time change or amend the Terms of the relationship with the Custodian, including replacement thereof and negotiate such Terms on an arm's length basis in good faith.

12.3 Downing may assign this Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to the Investor. This Agreement is personal to the Investor and the Investor may not assign it.

### **13. Potential conflicts of interest and disclosure**

13.1 Downing and the Custodian may provide similar services or any other services whatsoever to any other customer and neither Downing nor the Custodian shall in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable by Downing or the Custodian, Downing or the Custodian will use all reasonable endeavors to ensure fair treatment as between the Investor and other customers in compliance with the FCA Rules.

13.2 Downing may from time to time change or amend the Terms of the relationship with the Custodian, including replacement thereof and negotiate such Terms on an arm's length basis in good faith.

13.3 Downing may assign this Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to the Investor. This Agreement is personal to the Investor and the Investor may not assign it.

### **14. Liability**

14.1 Both Downing and the Custodian will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to the Investor under the FCA Rules.

14.2 Downing shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment Objectives and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or willful default or fraud of Downing or any of its employees.

14.3 The Investor agrees to indemnify Downing from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against Downing, judgements, suits against Downing, proper costs and expenses or disbursements (other than those resulting from the fraud, negligence, willful default or breach of contract on the part of Downing) which may be imposed on, incurred by or asserted against Downing in connection with the services provided

by Downing hereunder and/or the investment by the Investor in Shares. Where Downing is entitled to recover such loss both from the Investor and from other Investors who have completed an Application Form on a like basis, Downing agrees to only recover such loss from the Investor in proportion to the Investor's respective interest in the Shares on the date of such claim.

14.4 Downing may be separately engaged by some of the companies that the Investor will invest in (or any of its respective subsidiaries) to assist those companies to raise finance. Downing may receive a fee from each such company for its services. Part of the Downing's fee from such unquoted companies may therefore be calculated by reference to the amount that the Investor invests.

14.5 Downing gives no representations or warranty as to the performance of the Portfolio. IHT Investments are high risk investments, being Non-readily realisable investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. Investors should consider the suitability of investment in IHT Investments carefully and note the risk warnings set out in these Terms.

14.6 If the Custodian should fail to deliver any necessary documents or to account for any Investments, Downing will take all reasonable steps on the Investor's behalf to recover such documents or Investments or any sums due or compensation in lieu thereof but, subject thereto to Downing's general duty of good faith, shall not be liable for such failure.

14.7 In the event of any failure, interruption or delay in the performance of Downing's obligations resulting from acts, events or circumstances not reasonably within Downing's control (including, but not limited to: acts or regulations of any governmental or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or services; and acts of war, terrorism or civil unrest) Downing shall not be liable to the Investor for consequent loss in the value of, or failure to perform investment transactions for the account of, the Service.

### **15. Joint accounts**

15.1 Joint accounts are only available in Downing AIM Estate Planning Service. An ISA account cannot be held in joint name.

15.2 Where Investors are applying for a Joint Account the following additional Terms shall apply:

15.2.1 each Joint Account holder is jointly and severally liable for the obligations of the Investor under this Agreement;

15.2.2 Downing is entitled to accept instructions from any Joint Account holder, save as otherwise expressly agreed between Joint Account holders and Downing in writing;

15.2.3 statements, reports or information will be sent to the first Joint Account holder unless otherwise expressly agreed between Joint Account holders and Downing in writing;

15.3 In accordance with Applicable Rules, on the death of one Joint Account holder their interest passes to the other Joint Account holder.

15.4 Downing is not responsible for advising Joint Account holders on the tax consequences of a Joint Account.

## 16. Withdrawals and termination

16.1 An Investor may make one or more Withdrawals:

16.1.1 to provide distributions, if so indicated on the Application Form or as otherwise directed by the Investor from time to time which will be implemented by way of a disposal of Shares of the Portfolio to the value of the required distributions (subject to liquidity constraints);

16.1.2 to make a partial withdrawal from the Service, subject to a minimum remaining value in the Investor's Portfolio of £15,000, provided the Investor gives not less than 15 days' prior written notice of such a request, and subject to liquidity constraints should a cash withdrawal be requested; and

16.1.3 for complete withdrawal of the Portfolio and so termination of the Service, in which case all investment of their Portfolio shall be sold and cash transferred to the Investor, subject to liquidity constraints. In respect of making Withdrawals however, the Investor should note:

- i. that he/she may lose Business Relief in respect of them;

- ii. that it may not be practicable for the Shares to be sold, in which case there may be a delay in completing the withdrawal. If it is practicable to effect, and the Investor decides to proceed with an early withdrawal, Downing will, unless otherwise requested (and subject as set out below), effect the withdrawal on the date of the next allotment following that in which such decision is made; and

- iii. Downing has a lien over the Investor's Investment in respect of damages or accrued

- iv. but unpaid fees and shall be entitled to dispose of all or any such investments in order to discharge the Investor's liability and to pay any balance to the Investor.

- v. any gains on the redemption or realisation of Shares from the Service may be subject to capital gains tax or income tax depending on the circumstances. Further information is included in the relevant Tax sections of the Terms;

- vi. any Withdrawals are subject to the availability of purchasers for the Shares and/or the liquidity of the Portfolio Companies, which shall be determined by Downing in its discretion. It is therefore not guaranteed that any Withdrawals will be effected within any particular timeframe.

If Downing receives notification of the Investor's death, the Investor's Downing ISA will be terminated. The Investor's Downing ISA will cease to benefit from any tax advantages from the date of their death. The AIM Shares will be realised in full once practicable to do so and the proceeds paid to the Investor's personal representative, or alternatively the holdings may be transferred upon receipt of the necessary documentation and completion of the relevant anti-money laundering checks.

On termination, a contract note will be sent to the Investor or their personal representative.

16.2 Downing reserves the right at any time to terminate this Agreement on no less than 30 days' written notice to the Investor, or on immediate notice if required by any competent regulatory authority. The Agreement will terminate if Downing ceases to be appropriately authorised by the FCA or become insolvent and is not replaced by another appropriately authorised and regulated entity in

accordance with Clause 16.3. On termination of provision of the Service, all Shares in the Investor's Portfolio may be transferred into the Investor's name or as the Investor may otherwise direct.

16.3 Should the Service terminate pursuant to Clause 16.2, Downing shall endeavour to make arrangements to transfer the Service to another Fund Manager in which case that manager shall assume the role of Downing under this Agreement, failing which the Agreement shall terminate forthwith and, subject to Clause 17, the Investments in the Investor's Portfolio shall be transferred into the Investor's name or as the Investor may otherwise direct.

### **17. Consequences of termination**

17.1 On termination of this Agreement pursuant to Clause 16, Downing will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

17.2 An Investor may withdraw from a Portfolio (and so, by terminating the Agreement in respect of that Portfolio, partially terminate this Agreement) at any time; in which case all his/her Investments from that Portfolio shall be, at the Investor's discretion, either transferred to a new custodian of the Investor's choice, or, be sold and cash transferred, but the Investor should note:

17.2.1 Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that the Investor will pay fees, expenses and costs properly incurred by Downing and the Custodian up to and including the date of termination and payable under the Terms of this Agreement.

17.2.2 On termination, Downing may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 8 of this Agreement.

17.2.3 It may not be practicable for the Shares to be sold, in which case there may be a delay in completing the withdrawal. If it is practicable to effect, and the Investor decides to proceed with a withdrawal, Downing will, unless the Investor otherwise requests, effect the withdrawal as soon as practicably possible.

### **18. Risk warnings and further disclosures**

18.1 Your attention is drawn to the risk warnings set out in these Terms.

18.2 Downing will not borrow money on behalf of Investors, nor lend securities or enter into stock lending or similar transactions. For the avoidance of doubt, the Portfolio Companies may borrow money or enter into similar transactions.

18.3 Downing cannot require Investors to add further monies following Subscription through the Service.

18.4 Downing will not use the Subscriptions to invest in warrants, units in collective investment schemes or derivatives of any sort.

### **19. Confidential information**

19.1 None of Downing, Custodian nor the Investor shall disclose to third parties or take into consideration information either:

19.1.1 the disclosure of which by it would be or might be a breach of duty or confidence to any other person; or

19.1.2 which comes to the notice of an employee, officer or agent of Downing or the Custodian but properly does not come to the actual notice of that party providing services under this Agreement.

19.2 Downing and the Custodian will at all times keep confidential all information acquired in consequence of the Services, except for information which:

19.2.1 is in the public knowledge;

19.2.2 they may be entitled or bound to disclose under compulsion of law;

19.2.3 is requested by regulatory agencies or relevant tax authorities;

19.2.4 is given to their professional advisers where reasonably necessary for the performance of their professional services; or

19.2.5 is authorised to be disclosed by the other party.

Downing and the Custodian shall use all reasonable endeavours to prevent any breach of this sub-clause.



## 20. Complaints and compensation

- 20.1 Downing has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from Downing on request. Should an Investor have a complaint, they should contact Downing. If Downing cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service. Any complaints shall be the responsibility of Downing.
- 20.2 Downing participates in the Financial Services Compensation Scheme, established under the FSMA, which provides compensation to eligible Investors in the event of a firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are limited to a maximum of £85,000 per Investor per institution. Further information is available from the Financial Services Compensation Scheme, on the website [www.fscs.org.uk](http://www.fscs.org.uk).

## 21. Notices, instructions and communications

- 21.1 Notices of instructions to Downing should be in writing and signed by the Investor, except as otherwise specifically indicated.
- 21.2 Downing may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.
- 21.3 All communications to the Investor shall be sent (whether postal or electronic) to the latest address notified by the Investor to Downing and shall be deemed to be received by the Investor on the second day after posting or on the day after dispatch in the case of electronic communication. All communications by the Investor shall be made in writing, in English, to Downing at 10 Lower Thames Street, London EC3R 6AF or (save as otherwise provided) shall be made by telephone to Downing, in which case conversations may be recorded for the avoidance of any subsequent doubt. Communications sent by the Investor will be deemed received only if actually received by Downing. Downing will not be liable for any delay or failure of delivery (for whatever reason) of any communication sent to the Investor.

## 22. Amendments

Downing may amend these Terms and Conditions in this Agreement by giving the Investor not less than 10 business days' written notice. Downing may also amend these Terms by giving the Investor written notice with immediate effect if such is necessary to comply with HMRC requirements to maintain the Business Relief or to comply with the Applicable Rules.

## 23. Data protection

All data which the Investor provides to Downing is held by that party subject to the Data Protection Act 2018. The Investor agrees that Downing and Custodian may pass personal data to each other and to other parties insofar as is necessary in order for them to provide their services as set in this Agreement and to the FCA and any regulatory authority which regulates them and in accordance with all other Applicable Rules.

Personal information will be stored on Downing's database and, where the Investor has so consented, may be used by Downing to send the Applicant details of new and existing products (including by email). Downing is registered under the data protection laws of the United Kingdom.

## 24. Entire agreement

This Investor Agreement, together with the Application Form, comprise the entire agreement of Downing with the Investor relating to the provision of the Service.

## 25. Rights of third parties

Aside from the Custodian and the Nominee, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any Terms of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that act.

## 26. Severability

If any Term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term in, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

## 27. Governing law

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

## ISA Specific Terms

To the extent there is any conflict or inconsistency between the General Terms set out above and these ISA Specific Terms, these ISA Specific Terms shall take precedence in relation to the provision of the Downing AIM ISA.

### 1. ISA Manager status

- 1.1 IBP Markets Limited acts as the ISA Manager of the Downing AIM ISA and has been approved by HMRC to act as an ISA Manager in respect of the Stocks and Shares component of an ISA. They will manage the Investors' Downing AIM ISA in accordance with the Applicable Rules. It is intended, subject to HMRC approval, to transfer the role of ISA Manager to Third Platform Services Limited.
- 1.2 Downing only offers a Stocks and Shares ISA and does not offer a cash ISA.

### 2. Subscribing to the Downing AIM ISA and further payments

- 2.1 If an Investor subscribes to the Downing AIM ISA, they may not subscribe to another Stocks and Shares ISA in the same UK tax year.
- 2.2 Investors should seek advice from their Adviser regarding whether or not they are eligible to subscribe to the Downing AIM ISA, and how much they can subscribe in any particular tax year. Investors are responsible for ensuring that they do not exceed their maximum allowance in the relevant tax year.
- 2.3 The minimum investment in the Downing AIM ISA is specified in the Brochure and these Terms. Subscriptions to the Downing AIM ISA may comprise a combination of either (a) and (b) below, or (b) only:
  - 2.1 an initial Subscription of such amount as does not exceed the maximum allowance in the relevant tax year;
  - 2.1 the transfer of existing ISA(s) from other ISA Manager(s) in cash or, at the sole discretion of Downing, in specie.
- 2.2 Because the rules on taxation can change, Downing cannot guarantee that the UK tax treatment of the Downing AIM ISA will continue during the lifetime of the investment. If an Investor is uncertain about this or any aspect of how an investment may relate to an Investor's tax position, they should seek professional advice.

- 2.3 Investors can make a lump sum payment to their Downing AIM ISA by cheque or by electronic bank transfer. Other than for lump sums which constitute their first Subscription, and provided that their original application remains valid, Investors may need to complete an additional Application Form which can be obtained from Downing or from their Adviser.
- 2.4 All applications to the Downing AIM ISA are accepted on a rolling basis, which means that if Investors wish to subscribe in subsequent tax years they may not have to complete a new Application Form. This is an optional arrangement and Investors are under no obligation to make further investments. Provided that Investors make a Subscription to their account either through a lump sum or any other type of payment in each consecutive tax year, and the basis on which they pay their Adviser remains the same, they may not need to complete a new Application Form as their original Application Form may remain valid.
- 2.5 The ISA investments will be registered in the name of the Nominee but will be and must remain beneficially owned by the Investor. This means that Investors will not be the registered legal owner of those investments but they will be entitled to the benefit that they can provide.

### 3. Cash balances in the Downing AIM ISA

- 3.1 In accordance with the ISA Regulations, the Investor's Downing AIM ISA must be fully invested into qualifying investments at all times. Cash may only be held temporarily for the purpose of purchasing such qualifying investments.
- 3.2 All uninvested cash received or held for the account of an Investor's Portfolio shall be treated by the Administrator under the FCA Rules as 'client money' on the basis set out in the General Terms.
- 3.3 Where cash is held in the Investor's ISA, interest will be paid in the same way as interest is paid on client money as set out in the General Terms.

### 4. Delegation

- 4.1 Downing and the Administrator reserve the right to delegate any of their functions or responsibilities under these Terms to another person and Investors authorise Downing or the Administrator to disclose to that person such information about the Investor's Downing AIM ISA as is necessary for this purpose. Downing will satisfy itself that any such person is competent to carry out such functions or responsibilities.

## 5. Transfers and Withdrawals

- 5.1 Investors may at any time request that all or part of the investments held in their Downing AIM ISA be sold and the proceeds arising be transferred or paid to them within such reasonable time as the Investor stipulates (which, subject to the ISA Regulations, must not exceed 30 days). In such cases, Investors would receive the cash sum, subject to the deduction of any fees (where appropriate).
- 5.2 Downing will accept the transfer of the Investor's existing ISA from another ISA Manager in cash, subject to the minimum investment specified in the Brochure.
- 5.3 Transfers will only be accepted from an account in the Investor's name. The Investor will need to complete a transfer authority form and return this to Downing, and their existing ISA Manager, with their written instructions. The Investor represents and warrants that the value of their current ISA stated on the transfer authority form is correct as at the time the form is completed. Investors should be aware that on receiving a Transfer Authority Form, Downing reserves the right not to accept a transfer of an existing ISA or an initial Subscription (if applicable) if it reasonably appears to Downing that the value of the existing ISA, together with the initial Subscription (if applicable), would not achieve the minimum investment specified in the Brochure once the Investor's investments have been liquidated and all outstanding costs, charges and fees, settled.
- 5.4 Downing will not be responsible for any loss or delay caused in the transfer or payment of proceeds to Downing where this is due to something Downing cannot reasonably control.
- 5.5 On the Investor's written instructions and within such reasonable time as they stipulate (subject to a maximum of 30 days) Downing will transfer the Investor's Downing AIM ISA to another ISA Manager provided they agree to the transfer. Whilst under normal circumstances, Downing will carry out the ISA transfer within the time stipulated, occasionally it may take longer to complete due to circumstances outside of Downing's control. Downing will only transfer the Investor's Downing AIM ISA in full to another ISA Manager, no partial transfers will be allowed. The Investor may be liable to pay the fees and charges of third party Administrators and/or Custodians arising from any transfer.
- 5.6 Downing will liquidate the holdings in the Investor's Downing AIM ISA and transfer the cash realised to the new ISA Manager subject to any retentions or deductions that Downing may be entitled or bound to make under these Terms or under the Applicable Rules. When Downing transfers the cash realised from liquidating the ISA to another ISA Manager, all rights and obligations of the parties to the Investor's Downing AIM ISA are transferred with it to the new Manager. The new ISA Manager may require the Investor to complete a Transfer Application Form.
- 5.7 Where an Investor requests a transfer or withdrawal in accordance with this clause 5 and their Downing AIM ISA holds units and/or Shares in a UK UCITS scheme, non-UCITS retail scheme or a UCITS scheme in respect of which dealing has been suspended in accordance with the applicable FCA rules (or any direct foreign equivalent), this 30 day period may be extended to seven days after the suspension ends.

## 6. Termination

- 6.1 The following provisions apply in addition to those set out in section 16 of the General Terms.
- 6.2 Downing may terminate the Investor's Downing AIM ISA on notice in accordance with the relevant ISA Regulations.
- 6.3 Downing will notify the Investor if their Downing AIM ISA has become, or will become, void because of any failure, either on Downing's part or on the Investor's part, to satisfy the relevant ISA Regulations. If an ISA is made void, the Investor may lose all or part of their tax exemption relating to the ISA. Downing is required to provide HMRC with full details of any void ISAs, including the personal details of the Investor.
- 6.4 If at any time Downing ceases to provide the Service to the Investor because the Investor has notified Downing in accordance with section 16 of the General Terms, Downing will hold the assets within the Investor's Downing AIM ISA at the time at which Downing receives the Investor's notice, but will no longer manage the assets on a discretionary basis. The Investor's notice to terminate this Agreement shall constitute notice to terminate their ISA which will, in such circumstances, be affected 30 days following such notice and clause 5.1 of these ISA Specific Terms will apply as relevant.

6.5 The Investor's Downing AIM ISA will automatically cease to be exempt from tax from the date of their death but Downing will continue to act on any authorisation previously given until it is notified of the Investor's death. Downing will then continue to act on the instructions of the Investor's personal representatives in accordance with the ISA Regulations, as applicable, until their Downing AIM ISA is closed. Upon the Investor's death, their Downing AIM ISA will lose its ISA tax status and will, in effect, become an investment account.

#### **Schedule 1:**

##### **Portfolio management policy**

1. Downing will select companies on the basis of the Investment Objectives and Investment Restrictions of that particular Service.
2. Downing is aware that Shares in Portfolio Companies should be held for two years to obtain the benefits of the Business Relief.
3. Downing may look to exit an investment prior to the end of two years provided the proceeds due to the Investor are reinvested in a Portfolio Company in a manner that does not prejudice Business Relief.
4. Once the Investor dies, Downing will use reasonable endeavours to liquidate the holdings with a view to the holdings becoming fully liquid within three months, however this is not guaranteed.

#### **Schedule 2:**

##### **Conflict of interest policy**

Downing has produced a policy to manage effectively the conflicts of interest that may arise from its business as required by the rules and guidance contained in the Senior Management Arrangements, Systems and Controls rules issued by the FCA ("SYSC"). The policy has been reviewed and approved by Downing and is subject to monitoring by Downing.

Under the SYSC, Downing is required to take all reasonable steps to identify conflicts of interest between:

1. Downing, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of Downing; or
2. one client of Downing and another client.

Downing believes that it should identify any conflicts that may arise in other situations including between Downing and any of its shareholders. Where Downing owes a duty

to such clients, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of damage to the interests of its clients.

A copy of Downing's "conflict of interests" policy is available upon request.

#### **Schedule 3:**

##### **Execution policy: General**

##### **Execution factors and execution criteria:**

When executing orders in relation to financial instruments on behalf of the Investor, we will take all reasonable steps to achieve what is called 'best execution'.

This means that our policy and procedures are designed to obtain the best possible execution result, subject to and taking into account your characteristics, client classification (categorisation as a retail client) and the characteristics of the order, the financial instruments that are the subject of that order and the execution venues to which that order can be directed.

Price will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, Downing may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

Downing will determine the relative importance of the execution factors by using its commercial judgment and experience in light of market information available and taking into account the execution criteria. The execution criteria are defined as the characteristics of the client, order (orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some Shares are more liquid than others, and will be less easily tradable in volume) and the execution venue.

Our commitment to provide our clients with best execution does not mean that we have any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted to.

##### **Specific instructions**

Downing does not routinely accept specific instructions as to how it should execute orders; however, where an Investor has provided Downing with specific instructions regarding an order, Downing will execute the order in accordance with those specific instructions. Investors should be aware that providing specific instructions to Downing in relation to the execution of a particular order may prevent Downing from taking the steps set out in this execution policy to obtain the best possible result in respect of the elements covered by those instructions.

## Monitoring and review

Downing will review the effectiveness of its execution policy and order execution arrangements on an annual basis. Whenever a material change occurs that affects its ability to continue to obtain the best possible result for the investor, Downing will notify the Investor of any material changes to its execution arrangements or its execution policy by posting an updated version on its website.

## Notification of changes

Downing will notify its clients of any material changes to its order execution arrangements and policy. It may provide information, including details of any changes, either in a durable medium or via its website.

## Process

Downing generates its decision to deal in a particular instrument for all of its clients interested or potentially interested in that instrument simultaneously as it makes its investment management decision. This can, depending on the client, be either through the discretion allowed to an individual Investment Manager working for Downing or through an investment committee meeting of Downing called to decide whether to proceed with the investment/disinvestment decision for a particular client. The client order is then communicated by the responsible Downing Investment Manager with an Intermediary entity, such as a stockbroker authorised to transact on the recognised stock exchange concerned. If the Intermediary entity can execute the order to the Terms specified by Downing, the order is fulfilled.

## Price

Depending on whether Downing is investing or realising, it will normally consider, and instruct the entities with which it places orders that, the best result for its clients in relation to exchange traded instruments is to pay the minimum total consideration (investing) or obtain the maximum total consideration (realising) for its clients, representing the price of its financial instruments, plus or minus (as the case may be) the costs related to execution such as legal expenses, dealing costs and commissions. Despite being securities quoted on recognised stock exchanges, they will not always be highly liquid as Downing specialises in Small Cap and AIM quoted securities and inevitability it can, on occasion, particularly in adverse market conditions, be difficult for the stockbrokers Downing places orders with to actually execute these orders. In some circumstances, therefore, the relative illiquidity of the relevant securities or size of the relevant holding may require consideration to be given to other execution factors, such as the ability to find the necessary liquidity and affect the transaction in the required size or the impact on the market as it may affect securities which are retained.

## Execution venues

For each instrument we execute on behalf of clients, consideration is made on an ongoing basis of the variety of venues or sources of liquidity available, to enable us to obtain the best possible result for execution of transactions on a consistent basis. In order to satisfy this policy we may consider one of the following venues:

- › Systematic internalisers;
- › Regulated markets;
- › Multilateral Trading Facilities (MTFs); and
- › Third party investment firms and/or affiliates acting as Market Maker or other liquidity providers.

Where we believe best execution can be achieved outside of regulated markets or MTFs, we will do so, after obtaining your consent.

In certain financial instruments there may only be one execution venue. In executing a trade in such circumstances we will presume that we have provided the best possible result in this respect for these types of instruments.

## Execution factors

In relation to each type of instrument the following factors will be considered to determine the venue used, the manner in which we instruct them or whether we directly execute your orders in the market place:

- › Price;
- › Costs;
- › Speed;
- › Settlement quality;
- › Size of the order;
- › Investment Objectives of the Portfolio; and
- › Any other matters considered relevant.

The relative importance of each factor is determined using the following criteria:

- › Client characteristics, including regulatory categorisation;
- › Client characteristics and nature of the order, including whether any specific instructions are given in relation to any individual or series of transactions;



- › Characteristics of the financial instruments that are the
- › Subject of the order; and
- › Characteristics of the execution venue to which the order can be directed.

Normally liquidity would be the deciding factor and it is important that the venues used are able to deliver the volume of securities required within a reasonable time frame.

Where liquidity is not the primary factor, Downing will create appropriate audit trails to support which execution factor is relevant, the reason why, and provide evidence to support that best execution has been achieved.

### **Order handling**

Downing is committed to prompt and fair treatment of all clients' orders.

### **Monitoring**

Downing actively monitors compliance with its Best Execution Policy on a quarterly basis.

### **Order execution policy**

Downing will place instructions with the entities it selects to execute orders with a view to achieving the minimum or maximum total consideration (depending on whether it is investing or realising) since that is of primary importance for Downing in achieving the best possible result for its clients in relation to transactions in exchange traded financial instruments. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result for the investor in Terms of total consideration.

In selecting the Intermediary entity to execute the orders, normally a stockbroker, Downing will, in the case of instruments traded on UK exchanges (which make up the majority of Downing's transactions), ensure that all the stockbrokers it transacts with are authorised by the FCA and owe it a duty of best execution under the FCA's rules on best execution. When appointing a stockbroker or other Intermediary located elsewhere in the EEA, Downing will ensure that the broker concerned is authorised by its local regulator and owes Downing a similar duty of best execution under the rules of that regulator. In the case of overseas stockbrokers, Downing will take reasonable steps to consider how the overseas stockbroker acting for it is providing a best execution type service and if appropriate will seek another stockbroker to represent the Downing.

Consideration will be given to using the broker of the investee company where Downing considers that it may improve access to liquidity. Downing will also review the best execution policies, and where relevant conflicts policies of the stockbrokers concerned and seek to monitor their execution quality. Downing will maintain a record of the stockbrokers who are authorised to act for each investor.

Although limit orders in normal market size which are not immediately filled may be publicised in order to facilitate the earliest possible execution of an order, Downing may instruct an Intermediary not to disclose such orders where it, or the Intermediary, considers that non-disclosure may improve the result for the client.

In certain circumstances, Downing may execute the purchase and sale of the same financial instrument between clients' accounts, known as a "Matched Bargain". Downing will only undertake this where it believes that this will secure the best possible result for clients.

# Addendum

## 1. Relationship with third platform services

- 1.1 Downing has entered into an agreement (Custody Agreement) with Third Platform Services Limited, (Third Platform Services), on behalf of each Investor whereby Third Platform Services has agreed to provide clearing and settlement, safe custody and associated services for Investors who are subject to these Terms. Third Platform Services is providing these services in place of IBP Markets Limited, from whom this role is being transferred. Third Platform Services may also provide additional services such as investment dealing services as we may from time to time agree with Third Platform Services.
- 1.2 Third Platform Services, with company number 09588254, has its registered office at Birchin Court, 20 Birchin Lane, London, EC3V 9DU. Third Platform Services is authorised and regulated under register number 717915 by the FCA which is at 12 Endeavour Square, London E20 1JN and is a member of the London Stock Exchange.
- 1.3 The current terms and conditions of Third Platform Services and the principal terms of the Custody Agreement with them as it applies to Investors are set out or summarised below.
- 1.4 In consideration of Third Platform Services making their services available to Investors, Investors agree that:
  - 1.4.1 Downing is authorised to enter into the Custody Agreement on behalf of Investors as their agent and that Investors are bound by the terms of the Custody Agreement as summarised in this Addendum which constitute the formation of a contract between Investors and Downing and also between Investors and Third Platform Services;
  - 1.4.2 Downing is authorised to give instructions (as provided for in the Terms and the Custody Agreement) and provide information concerning Investors to Third Platform Services and Third Platform Services shall be entitled to rely on any such instructions or information without further enquiry;
  - 1.4.3 Third Platform Services is authorised to hold cash and investments on Investors' behalf and is authorised to transfer cash or investments from Investors' account to meet Investors' settlement or other obligations to Third Platform Services.

- 1.5 Third Platform Services neither provides investment advice nor gives advice or offers any opinion regarding the suitability or appropriateness (as appropriate) of any transaction or order and relies on information provided to it by Downing in respect of all such matters. In the same way Downing is not responsible for Third Platform Services' actions, omissions or any obligation Third Platform Services may owe you under the FCA Rules or the regulatory system.

## 2. Categorisation and capacity

- 2.1 For the purposes of the FCA Rules, Third Platform Services shall (unless Investors are otherwise separately notified by them) adopt the same client categorisation in relation to you as that determined by Downing and rely on information provided to them by Downing as to that categorisation.
- 2.2 The following provisions shall apply to Investors if they fall within the categories specified below:
  - 2.2.1 joint account holders shall be jointly and severally liable to Third Platform Services and Third Platform Services may discharge its obligations to make any payment or account to all such holders by making such payment or account to any one or more of them;
  - 2.2.2 the trustees of any trust shall be regarded as Third Platform Services' client (as opposed to any beneficiary) and shall be jointly and severally liable to Third Platform Services; and
  - 2.2.3 all the partners of any partnership which is Third Platform Services' client shall be jointly and severally liable to Third Platform Services.
- 2.3 Where an Investor is acting as agent on behalf of another (whether disclosed to us or not) it will be, and at all times remain, liable to Third Platform Services as principal in relation to any bargains which are to be performed under the terms set out in this Schedule and Third Platform Services will treat you as its client under the FCA Rules. Investors agree that they will be liable to Third Platform Services jointly and severally with any such underlying person in respect of all obligations and liabilities arising from instructions given to Third Platform Services.

## 3. Client accounts

- 3.1 Third Platform Services shall open and maintain one or more account(s) on its books in connection with the services to be provided by Third

Platform Services under the terms set out in this Addendum. Any cash and investments delivered by an Investor or held for an Investor's account shall be recorded in such account(s).

#### 4. Communication and instructions

- 4.1 Third Platform Services shall only accept instructions concerning your account(s) from Downing and not directly from an Investor, unless a separate specific agreement has been entered into relating to the giving of instructions, including such further mandate and/or indemnities as Third Platform Services may require. In the absence of actual notice in writing to the contrary received from Downing in sufficient time to prevent the processing of any instructions, Third Platform Services shall be entitled to rely upon and act in accordance with any instruction which Third Platform Services believes in good faith to have been given by Downing and our agents on an Investor's behalf. Third Platform Services reserves the right to take such action as it considers appropriate in the event that it has sought instructions from Downing and Downing has failed to respond within a reasonable time. Third Platform Services will not be responsible for any delays or inaccuracies in the transmission of any instructions or other information due to any cause outside Third Platform Services' reasonable control.
- 4.2 Third Platform Services may, in its absolute discretion, refuse to accept any order or other instruction for an Investor's account(s). Third Platform Services will advise Downing of its decision and may advise us of the reason for its decision unless prevented from doing so by law, Court order or instruction by the FCA.
- 4.3 Investors should direct all enquiries regarding their account to Downing and not to Third Platform Services.
- 4.4 Any communications (whether written, oral, electronic or otherwise) between an Investor, Downing and/or Third Platform Services shall be in English.

#### 5. Dealing

- 5.1 Third Platform Services will be responsible for executing bargains as instructed by Downing on an Investor's behalf.
- 5.2 For this purpose Downing, rather than an Investor, shall be Third Platform Services' client for the purposes of the FCA Rules. If Third Platform Services provides dealing services for an Investor's account and in doing so executes a transaction on an Investor's behalf the following provisions shall apply:

- 5.2.1 all such bargains shall be executed by Third Platform Services subject to applicable FCA rules and guidance (**FCA Rules**) and the rules of any relevant exchange, market or other execution venue;
- 5.2.2 instructions from Downing in relation to such bargains will be regarded by Third Platform Services as specific instructions from an Investor;
- 5.2.3 bargains will be conducted in accordance with Third Platform Services' execution policy as amended from time to time, details of which are available at the following web address - [www.thirdfin.com](http://www.thirdfin.com) - including the possibility that it will execute some bargains otherwise than on an exchange, market or other execution venue within the European Economic Area (**EEA**);
- 5.2.4 Third Platform Services may combine orders that are received for an Investor's account with orders that are received for the accounts of its other clients or with its own orders. Investors acknowledge that aggregation of such orders may operate on some occasions to your advantage and on some occasions to your disadvantage;
- 5.2.5 Third Platform Services may aggregate any order with its own orders, orders of connected persons and orders of other customers and clients. Third Platform Services will only aggregate orders if the conditions set out in the relevant FCA Rules are met: that it would be unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated; and that Third Platform Services will disclose to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and that an order allocation policy will be established and effectively implemented. This disclosure is taken as compliance with that requirement;
- 5.2.6 following the execution of any bargains by Third Platform Services Downing will, unless an Investor has otherwise instructed us, send a contract note or advice to such Investor. The terms of any contract note shall be conclusive as to any matter contained or provided in such note unless Third Platform Services is notified in writing by us forthwith or, in any event, prior to the settlement date for such transaction.

## 6. Settlement of transactions

- 6.1 All bargains will be due for settlement in accordance with the terms of the relevant contract note or advice. Investors undertake to ensure that all investments and other documents of title and/or transfer forms that are required and or/any relevant cash balance are delivered, transferred or paid to Third Platform Services (or to Third Platform Services' order) in sufficient time on or before the contractual settlement date to enable Third Platform Services to settle the transaction and that all cash and investments held by, or transferred to Third Platform Services will be and remain free from any lien, charge or encumbrance. All payments due to Third Platform Services will be made without set-off, counterclaim or deduction.
- 6.2 Investors acknowledge that in settling bargains on an Investor's behalf, Third Platform Services is acting as agent on the Investor's behalf and that Third Platform Services will not be responsible for any default or failure on the part of any counterparty to a transaction or of any depository or transfer agent and delivery or payment will be at an Investor's entire risk.
- 6.3 Investors acknowledge that they shall not have any rights in respect of any cash or investments that are due to be received pursuant to a transaction and that Third Platform Services shall have no obligation to account to them for any such cash or investments until Investors have performed their obligations in relation to such bargains and Third Platform Services, as agent for the Investor, has been able to settle the transaction. Third Platform Services shall, without further notice to an Investor, be entitled to sell or otherwise dispose of any such investments and apply any proceeds or any such cash received by Third Platform Services under a relevant settlement in discharge or reduction of any of your obligations in relation to such bargains.
- 6.4 All bargains will be settled in accordance with:
  - 6.4.1 the rules, customs and practices of the exchange, market or other execution venue on which the bargain was executed and their related clearing house, clearing system or depository; and
  - 6.4.2 the terms of any applicable agent or custodian employed by Third Platform Services, including but not limited to, any right of reversal of any bargain (including any delivery or redelivery of any investment and any payment) on the part of any such entity or person.

## 7. Custody

- 7.1 Third Platform Services will register an Investor's investments either:
  - 7.1.1 in an account designated with the Investor's name, if this has been requested by Downing; or
  - 7.1.2 in the name of a nominee or a custodian nominated by Third Platform Services (which may be Third Platform Services' own nominee).
- 7.2 All investments held in custody will be pooled and allocated between clients in accordance with the FCA Rules, in particular the FCA Custody rules. Accordingly, individual entitlements may not be identifiable by separate certificates, documents of title or entries on the issuer's register. In the event of an irreconcilable shortfall following a default by any custodian or any third party holding or delivering clients' investments, Investors may not receive their full entitlement and may share in any shortfall on a pro rata basis.
- 7.3 Third Platform Services will be responsible for receiving and claiming dividends and interest payments to be credited to Investors. Third Platform Services will also credit any trail, renewal or similar commission it receives for Investors' account. All dividends, interest and commission credited to an Investor's account or paid to an Investor will be net of any withholding tax and other deductions required to be made by Third Platform Services and/or the payee in accordance with applicable legal or regulatory requirements. Third Platform Services will provide details of all such deductions required to be made by it and will pass on such information in relation to such deductions by others as it may receive. Downing will be responsible for any costs and expenses Third Platform Services may incur in receiving and claiming dividends, interest payments and commission. Third Platform Services, its nominee and any relevant custodian will not be responsible for reclaiming any withholding tax and other deductions but nonetheless may do so.
- 7.4 Third Platform Services shall not be responsible for informing Downing of any corporate actions or events concerning investments held in custody including take-over offers, capital reorganisations, company meetings, conversion or subscription rights but will nevertheless do so insofar as reasonably practicable. Third Platform Services will take up or participate in such events as instructed by us provided that such instructions are received within such time as Third Platform

Services may stipulate. All entitlements relating to corporate actions in connection with investments held in pooled accounts will be allocated as far as is reasonably possible on a prorata basis, however, Third Platform Services may if this is not possible adjust the allocation of entitlements in such a way as appears to them to achieve a fair treatment for all participants in the pool.

7.5 Third Platform Services may appoint agents, nominees and custodians (whether in the United Kingdom or overseas), to hold investments held in custody. Third Platform Services may also appoint sub-custodians (including sub custodians overseas) being qualifying custodians for the purposes of the FCA Rules, to Investors' investments for their account or Downing (as the case may be) on such terms as Third Platform Services considers appropriate. Third Platform Services will exercise reasonable care in the selection of agents, nominees and custodians and before nominating a custodian it will undertake a risk assessment of that custodian in accordance with the FCA Rules which it will copy to Downing within a reasonable time before the Custodian is appointed. Third Platform Services may from time to time notify Downing of its arrangements for holding securities in its own name or the name of its nominees and Investors agree that any such arrangements as so notified shall be binding on them. Third Platform Services will be responsible for the acts and omissions of its nominee, however, in the absence of fraud or wilful default, Third Platform Services shall not be responsible for the default of any agents, nominees and custodians, securities depository, intermediate broker, clearing or settlement system or participant in such a system. In the case of any investments held overseas there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the United Kingdom and there may be different practices for the separate identification of investments.

## 8. Client money

8.1 Any money (in any currency) received by Third Platform Services for the account of any Investor will be received and held by Third Platform Services in accordance with the FCA Rules in particular the FCA Client Money rules. Client Money will (unless Downing instructs Third Platform Services to pay such money into an individual Investor account established by Downing) be held in an omnibus Client Money account with an approved bank, or banks, nominated by Third Platform Services in which Third Platform Services will hold all money it is holding on behalf of Investors.

8.2 In the event of an irreconcilable shortfall in the omnibus Client Money account following a default of an approved bank or any third party holding money on behalf of Investors (such as a clearing house, settlement or money transfer system) Investors may not receive their full entitlement and may share in any shortfall on a pro rata basis. It is Downing's responsibility to bring these arrangements to an Investor's attention.

8.3 Third Platform Services may, from time to time, hold Client Money in a client bank account with an approved bank outside the United Kingdom. In such circumstances, the legal and regulatory regime applying to the approved bank with which such money is held will be different from that of the United Kingdom and, in the event of a default of the approved bank, such money may be treated differently from the position that would apply if the money was held by an approved bank in the United Kingdom. It is Downing's responsibility to bring these arrangements to your attention.

8.4 Third Platform Services will pay interest on Client Money at such rate as it may specify and such interest will be credited to each Client Money account not less than once every six months.

8.5 Investors agree that Third Platform Services will cease to treat as Client Money any unclaimed balances after a period of six years and Third Platform Services has otherwise taken reasonable steps to trace Investors and return any balance to them. Third Platform Services will nevertheless make good any subsequent valid claim against such balances.

8.6 Third Platform Services may also appoint agents, sub-nominees and sub-custodians (whether in the United Kingdom or overseas), to hold investments held in custody. Third Platform Services will exercise reasonable care in the selection of agents, sub-nominees and sub-custodians and before nominating a custodian it will undertake a risk assessment of that custodian in accordance with the FCA Rules. Third Platform Services will be responsible for the acts and omissions of its nominee, however, in the absence of fraud or wilful default, Third Platform Services shall not be responsible for the default of any sub-nominee, custodian, sub-custodian, securities depository, intermediate broker or agent, clearing or settlement system or participant in such a system. In the case of any securities held overseas there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the United Kingdom and there may be different practices for the separate identification of securities.



8.7 Third Platform Services reserves a right to retain all cash, investments or other assets of any description paid or delivered (or which are due to be paid or delivered) to Third Platform Services for an Investor's account.

## 9. Security and default

9.1 As continuing security for the payment of all sums due to Third Platform Services including any present and future obligations by an Investor, Investors hereby agree to grant and grant Third Platform Services a continuing general lien and right of set-off over and in respect of, all and any investments, documents of title to property, documents representing property and all money, investments and other assets of any nature held by or subject to the control of Third Platform Services (its nominees and custodians) for an Investor's account (including, without limitation, the benefit of all contractual rights and obligations and any proceeds of sale).

9.2 Investors and Downing will, at the request of Third Platform Services, take such action as may be required to perfect or enforce any security interest and each irrevocably appoints Third Platform Services as their attorney to take any such action on their behalf.

9.3 Investors represent and warrant with us, to Third Platform Services that all money, investments or other assets of any nature transferred to or held by Third Platform Services their nominees and custodians for an Investor's account are your sole and beneficial property or are transferred to or held by Third Platform Services their nominees and custodians with the legal and beneficial owner's unconditional consent and are free of such owner's interest and, in any event, are and will be transferred to or held by Third Platform Services their nominees and custodians free and clear of any lien, charge or other encumbrance and undertake that neither an Investor nor Downing will charge, assign or otherwise dispose of or create any interest therein.

9.4 If an Investor fails to comply with any of its obligations to Third Platform Services, the security interest referred to in Clause 9.1 shall be enforceable and the powers conferred by Section 101 of the Law of Property Act 1925 (as varied and extended by this Custody Agreement) shall be exercisable. Section 103 of the Law of Property Act 1925 shall not apply to this Custody Agreement. In such circumstances Third Platform Services may without prior notice and

free of any interest of yours, sell, charge, pledge, deposit, realise, borrow or otherwise deal, with any investments or other assets Third Platform Services their nominees and custodians are holding for an Investor's account on any terms it considers appropriate. The proceeds of any sale or realisation of such investments or other assets and any moneys from time to time deposited with or held by Third Platform Services their nominees and custodians under this Custody Agreement, shall be applied towards the satisfaction of your liabilities to Third Platform Services.

9.5 Third Platform Services shall have no liability whatsoever to an Investor or Downing for any cost, loss, liability and expense, including without limit any loss of profit or loss of opportunity incurred or suffered by you or us in consequence of any exercise by Third Platform Services of any right or remedy hereunder and any purchase, sale, or other transaction or action that may be undertaken by Third Platform Services shall be at such price and on such terms as Third Platform Services shall reasonably determine.

9.6 In exercising any right or remedy pursuant to this Clause 9, Third Platform Services is authorised to combine accounts, effect such currency conversions and enter into such foreign exchange transactions with, or on behalf of, Investors or Downing, at such rates and in such manner as Third Platform Services may reasonably determine.

9.7 No third party shall be required to enquire as to the validity of the exercise by Third Platform Services of its powers under this Clause 9.

## 10. Liability and indemnity

10.1 Neither Third Platform Services, nor any of its directors, employees or agents, shall be liable for any loss or damage sustained by an Investor as a direct or indirect result of the provision by Third Platform Services of its services, save that nothing in the terms set out in this Addendum exclude or restrict any liability of Third Platform Services resulting from:

10.1.1 death or personal injury;

10.1.2 breach of any obligation owed to you under the regulatory system; or

10.1.3 the negligence, fraud or wilful default of Third Platform Services.

10.2 Third Platform Services shall not in any event be liable for loss of profits, loss of opportunity, loss of business, loss of savings, loss of goodwill, claims by third parties, loss of anticipated savings (whether direct or indirect) or for any type of special, direct, indirect or consequential loss howsoever caused, even if caused by Third Platform Services negligence and/or breach of contract and even if such loss was reasonably foreseeable or Third Platform Services had been advised of the possibility of your incurring the same.

10.3 Investors undertake to indemnify Third Platform Services and each of its directors, employees and agents on an after-tax basis, against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than Third Platform Services' corporation tax) which are caused by:

10.3.1 the provision by Third Platform Services of its services to an Investor;

10.3.2 any material breach by an Investor of any of these Terms;

10.3.3 any default or failure by an Investor in performing your obligations to make delivery or payment when due; or

10.3.4 any defect in title or any fraud or forgery in relation to any investments delivered to Third Platform Services by an Investor or on an Investor's behalf or in relation to any instrument of transfer in relation to such investments (including any electronic instruction) purporting to transfer such investments.

10.4 Third Platform Services shall not be entitled to be indemnified against the consequences to it of its breach of any obligation owed to an Investor under the regulatory system or its own negligence, fraud or wilful default.

10.5 Third Platform Services shall not be responsible or liable for any failure to provide any of the services if such failure results wholly or partly from any event or state of affairs beyond Third Platform Services' reasonable control (including, without limit, any failure of communication or equipment, any failure or interruption in the supply of data, any political crisis or terrorist action, the suspension or limitation of trading by any exchange, market or other execution venue, clearing house, broker, intermediary, settlement agent or OTC counterparty or any fire, flood or

other natural disaster) and, in such circumstances, all and any of Third Platform Services' obligations shall be suspended pending resolution of the event or state of affairs in question.

10.6 The provisions of this Addendum shall continue to apply notwithstanding the fact that Downing or Third Platform Services cease to provide services and shall be in addition to any other right of indemnity or claim whether pursuant to these Terms or otherwise and shall not be affected by any forbearance, whether as to payment, time, performance or otherwise.

## 11. Charges

11.1 Any fees or charges payable by an Investor in relation to the services provided by Third Platform Services and taxes payable via Third Platform Services will be set out in our charging schedule as notified to Investors from time to time. Third Platform Services is entitled to pay such charges out of assets and money held for an Investor or by set off under Term 9 or to require an Investor to pay them direct to it or via us. Investors may be liable for other taxes or charges not payable via Third Platform Services.

## 12. Conflicts of interest

12.1 Third Platform Services or its associates may provide services or enter into bargains in relation to which Third Platform Services, or its associates, has, directly or indirectly, a material interest or a relationship of any description with a third party which may involve a conflict of interest or potential conflict of interest with Investors. Third Platform Services or any of its associates may, for example:

12.1.1 be the counterparty to a transaction that is executed by Third Platform Services (whether or not involving a mark-up or a mark-down by Third Platform Services or its associates);

12.1.2 be the financial adviser to the issuer of the investment to which any instructions relate;

12.1.3 have a (long or a short) position in the investments to which any instructions relate; or

12.1.4 be connected to the issuer of the investment to which any instructions relate.

12.2 Third Platform Services may receive remuneration from fund managers in connection with Third Platform Services providing services to them. These payments are calculated by reference to the value of assets that Third Platform Services holds in custody for its clients.

12.3 Third Platform Services has adopted conflict of interest policies in accordance with the FCA's requirement for authorised firms to pay due regard to the interests of their clients, treat them fairly and manage conflicts of interest fairly, both between themselves and their clients and between different clients.

12.4 Investors acknowledge that neither Third Platform Services nor any of its associates is required to disclose or account to them for any profit made as a result of acting in any manner described above.

### 13. Data protection and confidentiality of information

13.1 Third Platform Services may use, store or otherwise process personal information provided by Investors or Downing in connection with the provision of the services for the purposes of providing the services, administering an Investor's account or for purposes ancillary thereto. In the UK, Third Platform Services operates in accordance with, applicable data protection legislation. The Custody Agreement sets out certain obligations on Third Platform Services as the Data Processor of Investor's personal information, as required by that legislation.

13.2 The information Third Platform Services holds about an Investor is confidential and will not be used for any purpose other than in connection with the provision of the services. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Third Platform Services will only disclose your information to third parties in the following circumstances:

13.2.1 where required by law or if requested by the FCA or any other regulatory authority or exchange having control or jurisdiction over Third Platform Services (or any associate);

13.2.2 to investigate or prevent fraud or other illegal activity;

13.2.3 in connection with the provision of services to you;

13.2.4 for purposes ancillary to the provision of the services or the administration of your account, including, without limitation, for the purposes of credit enquiries or assessments;

13.2.5 if it is in the public interest to disclose such information;

13.2.6 at an Investor's request or with an Investor's consent. This is of course subject to the proviso that Third Platform Services may disclose an Investor's information to certain permitted third parties, such as members of its own group, its service providers and its professional advisers who are bound by confidentiality codes.

13.3 Third Platform Services will not sell, rent or trade Investors' personal information to third parties for marketing purposes without your express consent.

13.4 Please be advised that, in using the service, Investors explicitly agree that Third Platform Services may send Investors' information internationally including to countries outside the European Union, including the United States of America. Some of these jurisdictions offer differing levels of protection of personal information, not all of which may be as high as the UK in terms of the possible risks and safeguards. However, Third Platform Services will always take steps to ensure that your information is used by third parties in accordance with its policy from time to time.

13.5 In accordance with data protection laws Investors are entitled to a copy of the information Third Platform Services hold about you. In the first instance, you should direct any such request to Downing and Downing will pass an Investor's request on to Third Platform Services. Investors should let Downing know if you think any information Third Platform Services holds about you is inaccurate and Downing will ask Third Platform Services to correct it.

### 14. Complaints

14.1 In the event of any complaint regarding Third Platform Services' services Investors should contact the Compliance Officer of Third Platform Services.

14.2 The Compliance Officer will, as soon as is practicable, investigate the matter with any employees who may be directly concerned to

determine the appropriate course of action. After investigating, the Compliance Officer will write to the Investor detailing the results of the investigation and offering, where appropriate, redress.

14.3 Third Platform Services will consider a complaint to be closed in any of the following circumstances:

- (a) If at any time an Investor has accepted in writing an offer of redress or have written to the Third Platform Services confirming that the Investor is satisfied with its response to the complaint (or simply confirm in writing that the Investor wishes to withdraw the complaint). The Compliance Officer will write to the Investor acknowledging receipt, making redress (if appropriate) and confirming that the complaint has been closed; or
- (b) If the Investor has not replied to an initial or interim letter offering redress having been invited to do so within eight weeks of the date of the letter.

## 15. Investor compensation

15.1 Third Platform Services is covered by the UK Financial Services Compensation Scheme. Depending on the type of business and the Investor's circumstances, compensation, may be available from that scheme if Third Platform Services cannot meet its obligations to the Investor. Further information about compensation arrangements is available from the Financial Services Compensation Scheme.

## 16. Amendment

16.1 Investors agree that Third Platform Services has the right under the Custody Agreement to alter these Terms at any time, upon giving prior notice to us unless it is impracticable in the circumstances to give such notice. Investors are unable to influence any such amendments.

## 17. General

17.1 Third Platform Services' obligations to Investors shall be limited to those set out in the Custody Agreement, the Terms and this Addendum and Third Platform Services shall, in particular, not owe any wider duties of a fiduciary nature to you.

17.2 No third party shall be entitled to enforce this Addendum in any circumstances.

17.3 Any failure by Third Platform Services (whether continued or not) to insist upon strict compliance with any of the terms set out in this Addendum shall not constitute nor be deemed to constitute a waiver by Third Platform Services of any of its rights or remedies.

17.4 These terms set out in this Addendum shall be governed by English law and Investors hereby irrevocably submit for the benefit of Third Platform Services to the non-exclusive jurisdiction of the courts of England.

# Appendix

## Settlement agreement

### Parties

1. The Investor (“Settlor”)
2. Downing LLP, 3rd Floor, 10 Lower Thames Street, London EC3R 6AF (Downing)

### Background

1. The Settlor wishes to assign absolutely to Downing (as trustee) all of their beneficial interest in the trust established in respect of an Insurance Policy (as defined in the Terms & Conditions) (“the Property”) for Downing to hold on trust subject to the Terms of this settlement (“Settlement”).
2. It is intended that this Settlement shall be irrevocable. The parties to this Settlement accept that no Insurance Policy shall have no settlement value and provides protection only on death subject to the Terms of such Insurance Policies. No rights or obligations under this Settlement may be assigned by any party.

### 1. Definitions and interpretation

In this Settlement, where the context admits, the following definitions and rules of construction shall apply.

- 1.1 **“Application Form”** means the relevant Application Form signed by the Settlor in respect of the Downing AIM Estate Planning Service and/or the Downing AIM ISA.
- 1.2 **“Beneficiaries”** shall mean the persons nominated by the Settlor in Section 4 of the Application Form signed by or on behalf of the Settlor.
- 1.3 **“Terms & Conditions”** shall mean the Terms and Conditions, Brochure and associated Application Form issued by Downing relating to the specific Downing AIM Estate Planning Service as at the date of the Application Form which is signed by the Settlor.
- 1.4 **“Trust Fund”** shall mean:
  - a. the Property; and
  - b. any interest earned by Downing on the Property and any other accumulations of income added to the Property, all of which shall be held subject to the powers and provisions of this Settlement.
- 1.5 **“Trust Period”** shall mean the period ending on the earlier of:
  - a. the last day of the period of 125 years from the date of this Settlement; and

- b. such date as shall for the time being be specified pursuant to the power conferred by clause 7 of this Settlement.

Otherwise, the words and phrases used in this Settlement shall have the meaning ascribed to them in the Terms & Conditions.

### 2. Assignment

The Settlor hereby assigns absolutely and irrevocably to Downing all the Settlor’s interest in the Property on the effective date referred to below.

### 3. Effective date

This Assignment and Settlement shall take effect on the Investment Date in respect of any Insurance Policy that becomes effective on or around such date or, if later, the date upon which the Settlor receives any beneficial interest in the trust established in respect of an Insurance Policy.

### 4. Power to add beneficiaries

- 4.1 The Settlor or his survivor or such person as the Settlor or his survivor shall have nominated in writing or if none Downing, may, at any time during the Trust Period, add to the Beneficiaries such persons as the person making the addition shall, subject to the application, if any, of the rule against perpetuities, determine.
- 4.2 Any such addition shall be made in writing to Downing:
  - a. naming the persons to be added; and
  - b. specifying the date or event, being before the end of the Trust Period, on the happening of which the addition shall take effect.
- 4.3 This power shall not be exercised so as to add to the Beneficiaries the Settlor or any person who shall previously have added property to the Trust Fund or the spouse or civil partner for the time being of the Settlor or any such person.

### 5. Discretionary trust of capital and income

- 5.1 Downing, whilst agreeing to make reasonable endeavours to act in accordance with the Settlor’s wishes set out in the Settlor’s Application Form, shall hold the capital and income of the Trust Fund upon trust for or for the benefit of such of the Beneficiaries in such manner, and to make payments to the Beneficiaries at such times, as Downing shall in its discretion decide.
- 5.2 The exercise of Downing’s powers under clause of this Settlement shall be subject to the application of the rule against perpetuities.



## **6. Trusts in default of appointment**

- 6.1 Subject to the provisions of clause 5 of this Settlement, Downing shall hold the capital and income of the Trust Fund upon trust absolutely for such of the children and remoter issue of the Settlor as shall be living at the end of the Trust Period and, if more than one, in equal Shares per stirpes, so that no person shall take if any of his ascendants is alive and so capable of taking.
- 6.2 If at the end of the Trust Period, there is no one who meets the requirements of clause 6.1 of this Settlement, Downing shall hold the capital and income of the Trust Fund on trust absolutely for a charity of Downing's choosing.

## **7. Power to alter trust period**

Downing may, at any time during the Trust Period, specify by deed, in relation to the whole or any part of the Trust Fund, a date for the purposes of clause 1.2(b) of this Settlement. The date specified shall not be earlier than the date of execution of such deed or later than the date on which the applicable perpetuity period expires.

## **8. Administrative powers**

Downing shall, in addition and without prejudice to all statutory powers, have the powers and immunities set out in this Settlement. No power conferred on Downing shall be exercised so as to conflict with the beneficial provisions of this Settlement and the powers conferred on Downing shall be exercisable only during the Trust Period and subject to the application, if any, of the rule against perpetuities.

## **9. Exclusion of Settlor and spouse or civil partner**

- 9.1 No discretion or power conferred on Downing or any other person by this Settlement or by law shall be exercised, and no provision of this Settlement shall operate directly or indirectly, so as to cause or permit any part of the capital or income of the Trust Fund to become in any way payable to or applicable for the benefit of the Settlor or any person who shall previously have added property to the Trust Fund or the spouse or civil partner for the time being of the Settlor or any such person. The prohibition in this clause shall apply notwithstanding anything else contained or implied in this Settlement.

## **10. Proper law, forum and place of administration**

- 10.1 The proper law of this Settlement shall be that of England. All rights under this Settlement shall be construed, and its construction and effect shall be determined, according to the laws of England.
- 10.2 The courts of England shall be the forum for the administration of these trusts.

## **11. Power of investment**

- 11.1 Downing may apply any money to be invested in the purchase or acquisition of such property, of whatever nature and wherever situate and whether of a wasting nature, involving liabilities or producing income or not, or in making such loans with or without security, as they think fit so that they shall have the same powers to apply money to be invested as if they were an absolute beneficial owner.
- 11.2 Downing shall not be required to diversify the investment of the Trust Fund.

## **12. Power of management**

Downing shall have all the powers of an absolute beneficial owner in relation to the management and administration of the Trust Fund.

## **13. Power to insure property**

Downing may insure all or any part of the Trust Fund against any risk, for any amount and on such Terms as they think fit but shall not be bound to do so.

## **14. Payment of expenses**

Downing shall have power to pay out of income or capital, as it may in its discretion determine, any expenses relating to the Trust Fund (or any assets comprised within it) or its administration.

## **15. Power to appoint agents**

Downing may employ and pay at the expense of the Trust Fund any agent in any part of the world to transact any business in connection with this Trust without being responsible for the fraud, dishonesty or negligence of such agent if employed in good faith.

## **16. Powers to delegate**

- 16.1 Downing may engage any person or partnership as investment adviser to advise it on the investment of all or any part of the Trust Fund and it may, without being liable for any consequent loss, delegate to such investment adviser discretion to manage investments on such Terms as Downing thinks fit.
- 16.2 Downing may, without being liable for any consequent loss, delegate to any person the operation of any bank, building society or other account.

## **17. Payment of taxes**

In the event of any inheritance tax or probate, succession, estate duty or other duties, fees or taxes whatever becoming payable in any part of the world in respect of the Trust Fund or any part of it in any circumstances whatever, Downing may pay all such duties, fees or

taxes (notwithstanding that they are not recoverable from Downing or the Beneficiaries) out of the capital or income of the Trust Fund at such time and in such manner as it thinks fit. The power to pay duties, fees and taxes conferred by this clause shall extend to any related interest and penalties and to the provision of information to, or the filing of returns with, any relevant tax authorities.

#### **18. Trustee charging**

Downing shall be entitled to reimbursement of its proper expenses and to remuneration for its services in accordance with such Terms and Conditions as may from time to time be agreed between Downing and the Settlor.

#### **19. Protection of Downing generally**

Downing shall not be liable for any loss to the Trust Fund however arising except as a result of the fraud or dishonesty of Downing.

#### **20. Release of powers**

Downing may by deed release or restrict the future exercise of all or any of the powers conferred on it by this Settlement.

#### **21. Power to vary administrative provisions**

Downing may by deed amend or add to the administrative provisions of this Settlement.



# Investments that matter

## December 2024

Downing is a trading name of Downing LLP. Downing LLP is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England and Wales (No. OC341575). Registered Office: 10 Lower Thames Street, London EC3R 6AF.

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Downing 