
SAFETY FIRST STRATEGY – INVESTMENT ADVISORY SERVICE

CLIENT FEE AGREEMENT

(NON FACE TO FACE SERVICES)

This Agreement is made between:K A LINCOLN > INVESTMENTS....."The Company"
and.....Brewin Dolphin Ltd....."The Partner"
and:.....
....."The Client"

This Client Fee Agreement (Non Face-to-Face Services) is supplementary to The Company's Client Agreement aka Terms of Business and Single Client Disclosure Document aka 'Key Facts about our services and costs' and sets out the basis for the fees that apply to the 'Safety First Strategy' - Investment Advisory Service.

This Agreement also sets out The Partner charges relating to the Execution Only & Administration Services which are an essential feature and benefit of the Safety First Strategy – Investment Advisory Service.

Please note that The Company has negotiated a number of substantially reduced charges with The Partner which are only available to The Client when The Client has contracted to use The Company Safety First Strategy – Investment Advisory Service.

IT IS AGREED THAT:

1. This Client Fee Agreement – upon which we intend to rely - relates solely to the provision of investment advice and services where the sole investments used are directly held gilt edged securities issued by HM Treasury. For your own benefit and protection you should read this agreement carefully before signing it. If you do not understand any point please ask for further information.
2. The Client engages The Company to act in respect of advising them of the most suitable gilt edged securities to counter the actual and potential risks associated with the collapse of the economy, investment markets and savings rates as envisaged and described in various documents that can be read and downloaded from The Company website: www.kalincolinvestments.co.uk These documents are: 'Greed is NOT Good,' 'The Safety First Strategy,' 'INVESTMENTS – ARE YOURS SAFE,' 'Savings' & 'Predictions for 2009 & Beyond' and have been made available to The Client by The Company for their information.

3. The Client is notified via this agreement that they are advised to read the document: 'Investing in Gilts' Fourth Edition December 2004 published by the United Kingdom Debt Management Office. This informative guide can be accessed via The Company website from the 'Links' section where it can be read and downloaded. We make this document available to The Client for the purpose of disclosing - in an open and impartial manner - the potential advantages and disadvantages of an investment strategy based on the use of dated Conventional and Index Linked gilts. However, unless notified to the contrary by The Company, The Client is advised via this agreement that The Company's authorised Independent Financial Adviser, K A Lincoln Cert PFS CeMAP, does not currently advocate the use of Index Linked gilts in clients' investment portfolio's though he may do at some point in the future if his prognosis is that inflation is likely return to any significant degree.
4. The Partner charges detailed in this agreement are based on the provision of an 'Execution Only' Service & Administration Service where the INVESTMENT PORTFOLIO is made up of Gilt Edged Investments issued by HM Treasury and cash in a bank deposit account.
5. As part of the Administration Service The Partner will report and send a quarterly valuation pack to The Company, with a copy to be sent to The Client should they wish for the accounting periods ending: 5th Jan, 5th April, 5th Jul, and 5th Oct.
6. The Company will act in accordance with their Client Agreement aka Terms of Business in arranging the investments for The Client.
7. Should further work be required outside this Fee Arrangement, a fresh agreement will be issued, so no misunderstanding can arise between The Company and The Client.
8. The Client shall not be entitled to assign or transfer the benefit of this Agreement.
9. Unless otherwise agreed separately all fees and charges will be deducted from the value of The Client INVESTMENT PORTFOLIO/S either from cash held on deposit or through the sale of gilts held.
10. The validity, construction and performance of this Agreement shall be governed by English Law.
11. The Client shall not be entitled to terminate this agreement in any way other than by the sale of their gilt holdings prior to the value of the INVESTMENT PORTFOLIO/S being paid to The Client or any authorised investment firm appointed by The Client.
12. The terms of this agreement shall apply until such time as the value of the INVESTMENT PORTFOLIO/S (less any fees due) has been returned to the client, or paid by cheque or electronically to an authorised investment firm appointed by The Client because The Client has notified The Company, in writing, that they wish to terminate the agreement.
13. The Company reserves the right to vary the terms of this agreement if there are any changes in legal, tax or regulatory requirements or other requirements affecting The Company that are beyond the control of The Company.

THE COMPANY FEES

There are two basic fee structures. The first applies to the **GROWTH** - INVESTMENT PORTFOLIO where the primary objective is to maximise capital growth and the second applies to the **INCOME** - INVESTMENT PORTFOLIO where the primary objective is to provide the highest initial income.

If the **INCOME** - INVESTMENT PORTFOLIO is selected the income generated by the INVESTMENT PORTFOLIO (net of charges) will be automatically paid into The Client's nominated bank account during the first or second weeks of January and July each year. The amount of income that is paid out of the **INCOME** - INVESTMENT PORTFOLIO is approximately 0.25% p.a. higher than is retained within the **GROWTH** - INVESTMENT PORTFOLIO as the ONGOING INVESTMENT ADVICE & SERVICING FEE is approximately 0.25% p.a. lower.

Income generated from the **GROWTH** - INVESTMENT PORTFOLIO is usually reinvested when the balance (over and above what is needed to pay the Company and Partner charges) exceeds £1000. There may be circumstances, when it is in The Client's best interests for a smaller or larger amount than this to be reinvested and consequently The Company reserves the right to exercise its discretion in this regard.

GROWTH - INVESTMENT PORTFOLIO:

- **INITIAL INVESTMENT ADVICE & PORTFOLIO ESTABLISHMENT FEE (IIA&PE-FEE):** £500 for all INITIAL INVESTMENTS made into the INVESTMENT ACCOUNT during the INITIAL INVESTMENT PERIOD, which is six months from the date that the initial FACTFIND is signed.
- **REINVESTMENT OF INCOME FEE (ROI-FEE):** 1% of the amount being reinvested subject to a £500 maximum.
- **TOP UP INVESTMENT ADVICE FEE (TUIA-FEE):** Any investments made outside the INITIAL INVESTMENT PERIOD will be subject to a fee of 1% of the value of the INVESTMENT subject to a minimum fee of £200 and maximum fee of £500. The OIA&S-FEE and S-FEE will also be applied to TOP UP INVESTMENTS and the AD-FEE will be applied to TOP UP INVESTMENTS made during the INITIAL INVESTMENT PERIOD. For the avoidance of doubt a TOP UP INVESTMENT will have deemed to be made when the investment is credited to the INVESTMENT PORTFOLIO.
- **ONGOING INVESTMENT ADVICE & SERVICING FEE (OIA&S-FEE):** 0.125% per quarter based on the value of the INVESTMENT PORTFOLIO on the accounting date at the end of each quarterly accounting period. The accounting periods are: 5th April, 5th July, 5th October, and 5th January. For ISA INVESTMENT PORTFOLIOS the accounting periods are the end of each calendar month though the OIA&S-FEE is paid to The Company quarterly.
- **SUCCESS FEE (S-FEE):** 6 % of the capital gain of any investment made into the portfolio which is payable on part or full sale of gilts held in the INVESTMENT PORTFOLIO/S. The S-FEE is only payable on any capital gain made from the sale of gilts. It is calculated by subtracting the selling price from the buying price of the gilts and then multiplying the difference by the number of gilts sold. Please note that for the purpose of calculating any S-FEE due we assume that the most recent gilts bought are the first to be sold. The S – FEE will apply to all gilts sales made while the agreement is in force. GILTS ARE NOT SUBJECT TO CAPITAL GAINS TAX.
- **AGREEMENT DURATION FEE (AD-FEE):** This fee is calculated on the basis that the minimum fee for contracting The Company's Safety First Strategy - Investment Advisory Service is 3% (subject to

a £15,000 maximum) of the value of all INVESTMENTS made into the INVESTMENT ACCOUNT/PORTFOLIO within the INITIAL INVESTMENT PERIOD regardless of how long the INVESTMENT PORTFOLIO is held. This fee will only be charged if the sum total of all remuneration received by The Company for the duration of the agreement is less than 3% (subject to a £15,000 maximum) of the value of all INVESTMENTS made into the INVESTMENT ACCOUNT/PORTFOLIO within the INITIAL INVESTMENT PERIOD.

INCOME - INVESTMENT PORTFOLIO

- **INITIAL INVESTMENT ADVICE & PORTFOLIO ESTABLISHMENT FEE (IIA&PE-FEE):** As for the GROWTH portfolio
- **TOP UP INVESTMENT FEE:** As for the GROWTH portfolio
- **ONGOING INVESTMENT ADVICE & SERVICING FEE (OIA&S-FEE):** 0.0625% per quarter based on the value of the INVESTMENT PORTFOLIO on the accounting date at the end of each quarterly accounting period. The accounting periods are: 5th April, 5th July, 5th October, and 5th January. For ISA INVESTMENT PORTFOLIOS the accounting periods are the end of each calendar month though the OA&S-FEE is paid to The Company quarterly.
- **SUCCESS FEE (S-FEE):** 9% of the capital gain of any investment made into the portfolio which is payable on part or full sale of gilts held in the INVESTMENT PORTFOLIO/S. The S-FEE is only payable on any capital gain made from the sale of gilts. It is calculated by subtracting the selling price from the buying price of the gilts and then multiplying the difference by the number of gilts sold. Please note that for the purpose of calculating any S-FEE due we assume that the most recent gilts bought are the first to be sold. The S – FEE will apply to all gilts sales made while the agreement is in force. GILTS ARE NOT SUBJECT TO CAPITAL GAINS TAX.
- **AGREEMENT DURATION FEE (AD-FEE):** As for the Growth Portfolio.

THE PARTNER CHARGES

- **SFS DEALING CHARGES:** 0.375% transaction commission (no min.) plus £12.50 transaction charge.

NB: The Partner's standard 'Execution Only' dealing charges are a transaction commission of: 1.75% (on first £12,500); 0.70% (on next £12,500) & 0.5% on the balance plus £12.50 transaction charge - £30 minimum.

- **SFS ADMINISTRATION SERVICE FEE:** 0.0625% per quarter based on the value of the portfolio on the accounting date at the end of each quarterly accounting period.

NB: The Partner's standard 'Execution Only' Administration Fee is 0.125% per quarter on all ISA accounts

DEFINITIONS

- **SAFETY FIRST STRATEGY – INVESTMENT ADVISORY SERVICE:**

Please refer to the document entitled 'THE SAFETY FIRST STRATEGY' for a detailed definition. This document can be downloaded from the 'download centre' on The Company website at www.kalincolninvestments.co.uk

- **FACTFIND**

This is a document that The Client is required to complete, as it provides The Company with the client specific information it needs to recommend the most suitable investment/s.

- **DIRECTLY HELD GILT:**

This is a gilt/s owned by The Client but held electronically via a nominee company being Giltspur Nominees Ltd who is a wholly owned subsidiary of The Partner.

- **INVESTMENT ACCOUNT**

An account set up with The Partner by The Client for the purpose of holding gilts and/or cash. Once the investment account has been credited with cash and/or gilts it becomes an INVESTMENT PORTFOLIO.

- **INVESTMENT PORTFOLIO:**

An investment account that The Client has opened with The Partner that contains one or more directly held gilts and/or cash.

- **INVESTMENT:**

This is a cash premium paid electronically or by cheque into the investment account for the purpose of buying gilts. It may also include in specie transfers of directly owned securities (e.g. shares); collective investments (e.g. unit trusts) or pension fund/s made into the investment account. Once an in specie transfer is received, it is sold by The Partner and the proceeds used to buy gilts.

- **INITIAL INVESTMENT/S:**

ALL INVESTMENTS transactions that were either made or agreed to be made into the INVESTMENT PORTFOLIO when the investment account is first opened.

- **INITIAL INVESTMENT PERIOD:**

Six months from the date that the initial FACTFIND is signed.

- **TOP UP INVESTMENT/S:**

Any INVESTMENT made into the INVESTMENT PORTFOLIO that is not an INITIAL INVESTMENT.

- **REINVESTED INCOME**

This is gilt coupon income paid into the INVESTMENT PORTFOLIO that is used to buy more gilts. Reinvestment of income only takes place in GROWTH portfolios.

Understood and Agreed to by.....

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Dated thisday of2009

22042009

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ON: 22/04/2009

**THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP. CASH DEPOSITS ACCOUNTS ARE NOT REGULATED
BY THE FINANCIAL SERVICES AUTHORITY. IF YOU ARE UNSURE ABOUT THE SUITABILITY OF INVESTMENTS**

PLEASE CONTACT US FOR ADVICE

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