



1 Our investment services

The investment service you choose will depend upon the level of involvement you wish to have in managing your investments, the complexity of your requirements, your approach to investing and the value of investments that you wish to make. Your country of residence may also impact the products/ services that we can offer you due to restrictions within the territory.

1.1 Stockbroking Services

This service is intended for experienced investors who understand how to construct and manage a portfolio themselves. We will decline applications for this service if (in our assessment) you do not have the required level of knowledge and experience.

We will establish a Stockbroking account for you once we have established that you (or a Designated Manager (see Section 6.22 of the Customer Terms & Conditions)) have this required level of knowledge and experience to manage your own portfolio and make your own investment decisions.

In terms of the Stockbroking service, we will not provide you with advice as to:

- Whether an investment is suitable for you (and no suitability report will be issued by us);
- Whether any other investment at that time may be more or less suitable;
- The suitability of a transaction (i.e. price or other terms);
- The implications of a transaction for the structure of your portfolio as a whole; or
- Whether any advice given previously in relation to any other service we provide you remains suitable for you, either in general or relating to your proposed transaction.

Provision of research reports as requested by you and any general guidance as described above will not be based on your personal circumstances or attitude to risk. It will not be a recommendation of advice from us as to whether any investment decision by you – whether or not based on or influenced by our research information – is or would be suitable for you.

Your Investment Manager may offer information to assist you in determining the timing of transactions, but for the avoidance of doubt, will never be advising you to buy or sell.

When you open a Stockbroking account you are required to acknowledge that Killik & Co does not accept any liability for any loss, or loss of profit, on dealings undertaken through the account.

Additional information about how Stockbroking orders are carried out in your best interests, including the handling of Limit orders, is set out in our Best Execution policy. Details of how we ensure the fair aggregation and allocation of client orders is set out in our Conflicts policy. Both policies are available on the Killik & Co website.

1.1.1 Execution Only Service

In certain circumstances we will open an account and accept instructions from you on an Execution Only basis.

Circumstances may include where you have moved to a jurisdiction where advice cannot be provided or where you have given authority to a regulated third party to give instructions to us on your behalf. Clients on this service will not have access to our inhouse research.

In terms of this service, we will not provide you with advice as to:

- Whether an investment is suitable for you (and no suitability report will be issued by us);

- Whether any other investment at that time may be more or less suitable for you;
- The suitability of any transaction (i.e. price or other terms);
- The implications of a transaction for the structure of your portfolio as a whole.

1.2 Advised Investment Service

This service is for clients who wish to be actively involved in every investment decision. You will agree with us an Investment Approach suitable to your objectives as described in Section 1.4 of the Customer Terms & Conditions. You will be the manager of your investments (see Section 1.3) and always decide whether to accept our advice or not.

We will ensure that our advice remains suitable for your individual circumstances. We refer to such instances as “Client Led Advice” (CLA). Only investments supported by our in-house Research are kept under review on an ongoing basis by our Research team and, for this reason, we will guide you towards these, where suitable to do so.

From time to time, and also at our discretion, we may accept Execution Only instructions from you within our Advised Service. This will be on the same Execution Only basis as has been described in Section 1.1.2 (i.e. without advice and with no judgement as to suitability or appropriateness). Where you purchase, on an execution only basis, something that is not supported by our inhouse Research, we will not keep it under review.

At least annually, we will carry out periodic reviews of your portfolio confirming with you your investment approach and identify any rebalancing of your investments that may be required to continue to meet your needs.

You (or your Designated Manager – see Section 6.22 of the Customer Terms & Conditions) are under no obligation to accept our advice, however should you reject our advice, you acknowledge that your portfolio may become less diversified or less able to meet your Investment Approach. In this case, we will have fulfilled our suitability and appropriateness obligations to you by making suitable and appropriate recommendations, whether or not you choose to accept them.

This service is not intended or designed for high volume / day trading and we may suspend your account if we believe, in our sole discretion, that you are using it for this purpose.

Risks: Your capital is at risk and you could get back less than you invest, particularly over shorter time periods. Some holdings may be in a foreign currency, which means portfolios may carry some currency risk. Recommendations could include financial instruments that are illiquid and there may be occasions where it is not possible immediately to sell them to provide protection against falling prices or to raise cash.

1.3 Managed Investment Services

For Managed Investment Services, we are the manager of your investments and shall have your full authority to make all of the decisions on which investments to choose and on how much to invest in each one.

We will construct a bespoke portfolio to meet your investment needs (see Section 1.4 of the Customer Terms & Conditions) in line with what we consider is suitable for your Investment Approach. This will utilise any of a combination of the Managed Investment Service strategies available at the time and we will select from these in in line with the Investment Approach agreed with you.

Your portfolio may be invested in direct equities, fixed income instruments and funds, with both UK and overseas exposure. Whilst, individually, certain strategies may not conform to your Investment Approach, we use them collectively to create an overall portfolio that is designed to meet your Investment Approach.

Where a fund-based strategy is incorporated into your portfolio, the underlying funds charge an annual management fee which is reflected in the price of the fund. Some strategies may therefore have a higher weighting towards index funds in order to keep the average fund charges lower. For strategies that invest in actively managed funds, the inherent costs within such funds are also an important factor that we consider.

We do not undertake that you will be fully invested at all times. As new funds are received from you, these may be invested immediately or over a period of time

at our discretion. Both the investment selection and the timing of such investments will be determined by us as the manager of the portfolio and in line with your best interest as our client.

We have your authority to use our discretion to act or refrain from acting in relation to instructing the Custodian about corporate events, such as: taking up any rights issues; exercise of conversion or subscription rights; dealing with takeovers or other offers or capital changes; and exercising voting rights. We will endeavour to exercise these rights in your best interests and according to our Shareholder Engagement Policy.

Each client portfolio is constructed individually, therefore no two client portfolios will be exactly alike. Consequently, the performance of client portfolios will vary according to factors such as the date of joining, the asset allocation across the strategies, individual stock selections and portfolio size.

All portfolios can be adjusted to enable income to be paid to suit your requirements. Unless you tell us otherwise, the default for income withdrawals from Managed accounts will be “smoothed income.” This means that we will agree with you a fixed monthly amount based on predicted income for the year. In any month where the income generated by your portfolio is less than the fixed monthly amount, this will be topped up by selling a sufficient amount of stock. If you do not want smoothed income, you must tell your Adviser.

Holdings that are retained in your portfolio for sentimental reasons or to manage a Capital Gains Tax (CGT) liability, but which otherwise would not fit into our portfolio model, may be ignored for the purposes of asset allocation and portfolio rebalancing but will continue to be monitored by your Investment Manager.

Risks: Your capital is at risk and you could get back less than you invest, particularly over shorter time periods. Some holdings may be in foreign currency, which means portfolios may carry some currency risk. Certain strategies may invest in financial instruments that are illiquid and there may be occasions where it is not possible immediately to sell them to provide protection against falling prices or to raise cash. For fund-based strategies, certain funds may require notice

of a month or more before they can be liquidated. In extreme situations, funds can be closed to redemptions for longer periods. The portion of a portfolio invested in such funds is likely to be very small.

1.4 Specialist Managed services

Specialist Managed services address specific client circumstances and requirements in line with what we consider is suitable for your Investment Approach.

1.4.1 Inheritance Tax Portfolio

Nature of service: The Service is designed to deliver Inheritance Tax (IHT) mitigation through investment in shares that qualify for Business Relief (BR), whilst offering the potential for growth in the overall value of your portfolio. Investments will be acquired on the reasonable belief that they are BR qualifying investments at the time of purchase but there can be no guarantee that HMRC will grant BR on each investment made in the portfolio. Tax relief is subject to change. Portfolios may not necessarily be fully invested at all times and this may reduce the extent of IHT mitigation. Investing in BR qualifying investments is not the only method of mitigating IHT and you should take financial advice to assess whether there may be other strategies that are more suitable for you.

Risk: Due to the smaller nature of companies that are BR qualifying, investment in this service must be considered high risk. Smaller company investments: carry a higher degree of risk than investing in more liquid shares of larger companies; are generally more volatile in price than shares in more regularly traded, larger companies, so the value of your portfolio is likely to fluctuate; can be very illiquid and there may be occasions, especially when markets are volatile, where it is not possible immediately to sell to protect against falling prices or to raise cash. The value of your investments may decline, and there is a risk that this may outweigh any IHT saving. Any relief from IHT that may be available by investing in BR qualifying securities is subject to a minimum two- year holding period. If you die before the portfolio has been invested for two years, there will be no tax benefit..

1.4.2 Special Situations Portfolio

Nature of service: The service invests primarily in small to medium sized UK company shares. It is

intended to be used as a distinct, high risk element within your total portfolio. There may be an element of exposure to the bonds of such companies, as well as to collective investment vehicles such as unit trusts, open ended investment companies (OEICs), investment trusts, exchange traded funds (ETFs) and other funds. The portfolio aims for above average capital growth and all income that is generated by the portfolio will be reinvested.

Risk: Smaller company investments: carry a higher degree of risk than investing in more liquid shares of larger companies; are generally more volatile in price than shares in more regularly traded, larger companies; can be very illiquid and there may be occasions, especially when markets are volatile, where it is not possible immediately to sell to protect against falling prices or to raise cash. Portfolios may be concentrated in a relatively small number of stocks and sectors.

1.4.3 Managed Trust Service

Nature of service: The service will be built using a combination of “top down” asset allocation and “bottom up” selection of individual investments in relevant asset classes. We will take account of the selected investment objective and any expected calls on capital when constructing and managing the portfolio.

Risk/Objectives: The trustees will have selected an investment objective. In order to best achieve these investment objectives, portfolios will be exposed to a degree of risk and trustees should understand that the value of the portfolio investments may fluctuate. It is important for the trustees to establish at the outset the degree of risk that is acceptable and to determine whether this is compatible with the investment objective.

1.4.4 Gilt Saver

Nature of service: The Service is actively managed and seeks to achieve its investment objective by primarily investing in pound sterling denominated, short-dated UK Government Bonds (gilts), UK Government Treasury Bills (t-bills), short-dated supranational bonds, as well as short-dated bonds issued by government guaranteed organisations.

Risks/Objectives: Bonds are negotiable and consequently prices as well as yields, can fluctuate

from issue until redemption. The value of debt securities may change depending on economic and interest rate conditions as well as the credit worthiness of the issuer. In an environment where interest rates are rising, even shortdated and good quality bonds may see their prices decline. This is because most bonds pay a fixed interest rate, which becomes less attractive when interest rates rise. However, the strategy does still offer you an accessible cash management option.

1.4.5 Silo Investment Service

Nature of the service: This service constructs a diversified portfolio of funds selected by our own research team. The underlying funds charge an annual management fee which is reflected in the price of the fund. This is a digital service and paperwork will be sent electronically.

Risks/Objectives: As part of the onboarding process in the Killik App you will be guided to select an investment objective. In order to best achieve these investment objectives, portfolios will be exposed to a degree of risk and investors should understand that the value of their investments may fluctuate. It is important for you to establish at the outset the degree of risk that is acceptable to you and to determine whether this is compatible with your investment objective. The funds selected are readily tradable and can usually be liquidated in whole or in part at any time.

1.5 Discretionary Services closed to new business

1.5.1 Managed Portfolio

Nature of service: The strategy will be built using a combination of “top down” asset allocation and “bottom up” selection of individual investments in relevant asset classes. We will take account of your selected investment objective and any expected calls on capital when constructing and managing your portfolio. We may choose to allocate portions of your Managed Portfolio to our specialist Investment Managers and services, where appropriate and will tell you when this is the case. Your prior consent will be sought where the fees for a specialist service are higher than the Managed Portfolio. Whilst, individually, the specialist services may not conform to your chosen

mandate, we use them collectively to create an overall portfolio that does meet your chosen mandate and is suitable for you.

Risk/Objectives: You will have selected an investment objective. In order to best achieve these investment objectives, portfolios will be exposed to a degree of risk and investors should understand that the value of their investments may fluctuate. It is important for you to establish at the outset the degree of risk that is acceptable to you and to determine whether this is compatible with your investment objective.

1.5.2 Multi-Manager

Nature of service: This service constructs a diversified portfolio of funds selected by our own research team. The number of funds in your portfolio will depend upon its value. The underlying funds charge an annual management fee which is reflected in the price of the fund. In respect of fund purchases made before 31 December 2012, we may still receive a trail commission from the fund manager where it has not been possible to switch to a non-trail paying version.

Risk/Objectives: You must select an investment objective from the list below. In order to best achieve these investment objectives, portfolios will be exposed to a degree of risk and investors should understand that the value of their investments may fluctuate. It is important for you to establish at the outset the degree of risk that is acceptable to you and to determine whether this is compatible with your investment objective. The funds selected are readily tradable and can usually be liquidated in whole or in part at any time. However, certain funds may require notice of up to twelve months before they can be liquidated. In extreme situations, funds can be closed to redemptions for longer periods. The portion of a portfolio invested in such funds is likely to be very small.

1.5.3 EIS Portfolio Service

Nature of service: The service is designed to deliver Enterprise Investment Scheme (EIS) tax benefits. In order to do this, we will acquire investments for your portfolio which we reasonably believe at the time of acquisition to be EIS qualifying investments. These investment opportunities will be sourced either by us or by selected venture capital partners. As part of

this service, amounts may also be placed with selected venture capital partners or Fund Managers who will invest on a discretionary basis on the terms of the relevant discretionary management agreement or fund into investments they believe to be EIS qualifying. This is a discretionary portfolio service and is not an unregulated collective investment fund or fund. There is no limit to the amount which may be invested in any single investee company or fund, or on the proportion of your portfolio in any such single investee company or fund.

Risk: EIS qualifying investments will typically be in small unlisted companies. These investments carry a higher degree of risk than investing in the shares of larger companies. Investments in unlisted companies are likely to have little or no liquidity, and due to this they are likely to be impossible to sell at a time of your own choosing. Investment in the EIS Portfolio Service must always be considered high risk. The value of your investments may decline, and there is a risk that this may outweigh any income tax saving. Any relief from income tax that may be available by investing in qualifying EIS investments is subject to a minimum three year holding period. Governments can and do change the tax rules. Although this services may help mitigate Income Tax it is not suitable for everyone and there may be other tax planning methods available that are more suitable for you. If you are unsure you should always seek independent financial planning and tax advice. Tax treatment depends on individual circumstances and may be subject to change in the future.

1.6 Derivative and Currency Services

Derivative services are intended for experienced investors due to the potential risks involved.

We may provide clients who meet the criteria and have requested to opt-up to Elective Professional status with advice on derivative products (Options, Warrants, CFDs, Spread betting), for the purposes of hedging and speculation. With the exception of traded options and warrants to be held within your portfolio, this advice will be Restricted Advice, as defined by the FCA, which means we will use selected third-party providers only and will not consider the full range of providers available for dealing these instruments. We may also

receive payments from those providers for introducing you to their services.

For Retail Clients, if appropriate, we will provide execution-only services and may, if required, offer guidance (not advice) on derivative products. With the exception of traded options and warrants to be held within your portfolios, we will introduce you to our preferred third-party providers for the execution of trades in these instruments.

Derivative products can be high risk depending on the nature of the transaction. For example, CFDs and Spread Betting are leveraged products which means that losses can exceed your initial deposit. You are responsible for any and all losses and performance of transactions, including for the avoidance of doubt: commission, fees, margin or losses.

With the exception of derivative products held in your portfolio, you will become a client of the third party for the purposes of execution and settlement of derivatives and currency transactions and subject to their separate Terms and Conditions. Accordingly, the normal terms of custody services do not apply to Derivative and Currency Services. We may pass information that we have collected about you to our third-party providers in order that they may categorise you correctly for the purposes of FCA Client Categorisation rules. You will be a client of Killik & Co for the purposes of receiving advice, guidance or execution-only services on derivative transactions.

Currency Services

Currency Services are intended for all clients, however currency hedging via currency forward contracts is only appropriate for clients who can demonstrate an understanding the product.

For all clients, we will provide execution-only services and may, if required, offer guidance (not advice) on transaction structure. If appropriate, we will provide execution-only services and may, if required, offer guidance (not advice) on currency hedging transactions via FX forward contracts. We will introduce you to our preferred third-party providers for the execution of trades in these instruments.

You will become a client of the third party for the purposes of execution and settlement of currency transactions and subject to their separate Terms and

Conditions. Accordingly, the normal terms of custody services do not apply to Currency Services. We may pass information that we have collected about you to our third-party providers in order that they may categorise you correctly for the purposes of FCA Client Categorisation rules. You will be a client of Killik & Co for the purposes of receiving guidance or execution-only services on currency transactions.

Authority: You grant Killik & Co (and where necessary, the Custodian) discretion to settle margin payments with the third party provider by transferring funds from any of your Killik & Co accounts and/or to determine whether to close out positions where funds are not available to meet a margin call. We will always attempt to contact you in advance and will use our discretion only where we are unable to contact you in the time available.