Important Information

Terms and Conditions

Protecting your interests

Regulation & status
Gate Capital Group Limited of 55 Bishopsgate, London, EC2N 3AH is authorised and regulated by the Financial Conduct Authority (FCA). Our FCA Number is 189170. You can check this by going to the FCA Register at www.fca.org.uk/register or by contacting the FCA directly on 0800 111 6768.

We provide independent advice on packaged retail investment and insurance products (these include but are not limited to pensions, investment bonds, units, annuities, ISAs and savings plans) and structured investment products only. Our recommendations will be based on an assessment of a sufficient range of relevant products that are sufficiently diversified in terms of type and provider to ensure your investment objectives can be suitably met.

Client category
It is a requirement of the Financial Conduct Authority that all clients are categorised into one of three categories (Retail, Professional or Eligible Counterparty). We have categorised you as a 'Retail Client'. This affords you the maximum protection under current legislation. You have the right to request a different categorisation but if you do so, you must be aware that 'Professional Clients' and 'Eligible Counterparties' may receive a lower level of consumer protection.

Method of Communication
Gate Capital Group Limited will communicate with you in person, by telephone and by email.

Services and products not regulated by the FCA
Some of the products and services we provide are not currently regulated by the FCA and include but are not limited to arranging and advising on certain types of offshore schemes and investments. Because advice given on these products is not regulated by the FCA you may not have any rights to financial redress under the Financial Ombudsman Service or Financial Services Compensation Scheme with regard to any future disputes. We will make you aware if our recommendation includes such products or services.

Registration of investment / retention of policy documents
Where we arrange an investment, we will register these in your name unless otherwise agreed in writing. All contract notes and documents of title in respect of your investment will be forwarded to you, unless otherwise instructed in writing, as soon as practicable after being received by us. Where a number of documents relating to a series of transactions are involved, we will normally retain the documents until the series is complete and then forward them to you all together.

Client Instructions
We prefer that any instructions be given in writing. If any advice or instructions are given orally, then they must be confirmed in writing to avoid possible disputes. We may refuse at our discretion to accept certain instructions, although such discretion will not be exercised unreasonably. When we have arranged any transactions on your behalf, we will not give you any further advice or service unless you have specifically agreed to an ongoing service for which we will be separately remunerated as detailed in a Fee Agreement.

Client money
Gate Capital Group Limited does not handle client money. We never handle cash or accept a cheque made payable to us unless it is a cheque in settlement of our fees in accordance with a signed fee agreement. Crossed cheques for investments should only be made payable directly to the investment. You should decline to give money to, or write cheques payable personally to an individual adviser and any receipt by them personally of such a payment from you will not be regarded by us as being a transaction for which we will have any responsibility.

Our client's financial instruments or funds may be held by a third party on behalf of Gate Capital Group Limited. These financial instruments or funds may be held in an omnibus account by a third party. Gate Capital Group Limited will inform you of this fact and will provide a prominent warning of the resulting risks. In certain circumstances, it may not be possible for these financial instruments to be separately identifiable from the proprietary financial instruments of that third party or of Gate Capital Group Limited. Again, Gate Capital Group Limited will inform you of this fact and will provide a prominent warning of the resulting risks. Your rights relating to those financial instruments or funds may differ accordingly.

Gate Capital Group Limited will inform you about the existence and the terms of any security interest or lien which it has or may have over your financial instruments or funds, or any right of set-off it holds in relation to those instruments or funds. Where applicable, it will inform you of the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds.

Conflict of interest & material interest
Occasions can arise where we, or one of our other clients, may have some form of interest in business which we are transacting for you. If we become aware that our interests or those of one of our other clients conflicts with your interests, we will inform you and obtain your consent to proceed. Our conflicts of interest policy is available for inspection upon request.

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Verification of identity
As part of our regulatory duties, we are obliged to verify as a minimum, the identity, place of residence, source of funds and source of wealth of each client. This process may require sight of certain documentation. We are unable to forward any applications or money to third parties/product providers until our verification requirements have been met. We take no responsibility for any delay in investing where Identity Verification is outstanding. In circumstances where sufficient verification is not received in a timely manner after we have received completed applications, the application(s) and any monies may be returned to you un-invested. Please note that verification may include the interrogation of online resources such as the electoral roll and Her Majesty's Treasury's financial sanctions lists.

Risk Warnings
You are advised that because investments can fall as well as rise in value, you may not get back the full amount invested. Past performance is not a guide to future performance. Other key risks will be included within our suitability report and in product provider literature. Please ensure that you fully understand all such risks – ask us if you need more information or clarification. A comprehensive guide to the risks of investing is included as an Annex to this document.

Our services

Advice
Details of the services we provide and how we work with clients are contained in the Information about our services document.

Payment for Services
When we have agreed a fee for any work or service that we will provide on your behalf, we will require you to sign a Fee Agreement to confirm the services that will be provided and the fees that will apply, together with details of how those fees will be paid and what cancellation rights you have.

Termination of your agreement with us
The information contained in this and other disclosure documents including the fee agreement remain in force until cancelled by you or us, or until superseded by a later version. Please refer to our fee agreement for information about your cancellation rights. Legal Governance of any Agreement is governed by and shall be construed in accordance with English Law and the parties shall submit to the exclusive jurisdiction of the English Courts.

Product cancellation
After being put in place, most financial products will carry a right to cancel for a short period of typically 14 days. Please refer to the specific product literature for more information.

Complaints Procedure
If you have any complaint about the firm, or a service we have provided, please let us know by writing to our office address or by email or telephone. We promise to deal with your complaint in a fair and objective manner. We will provide you with a copy of our formal complaints procedure upon request or upon receipt of a complaint. If we are unable to resolve a complaint to your satisfaction you have the right to take your complaint to the Financial Ombudsman Service http://www.financial-ombudsman.org.uk/ .
We are covered by the Financial Services Compensation Scheme (FSCS) and you may be entitled to compensation from the scheme if for any reason we cannot meet our obligations. This will depend on the type of business and the circumstances of the claim.

Investments - Most types of investment business are covered up to a maximum limit of £50,000.
Insurance - Advising and arranging are covered for 90% of the claim, without any upper limit.

Further information about the compensation scheme arrangements is available from the FSCS www.fscs.org.uk/consumer.

Annex - Risks of Investing

A. General Investment Risks

1. Market risk: It concerns the danger of the price level of the market of the entire or part of the category of assets of the relevant investment product diminishing.

The four most common market risk factors are the following:

- **Share risk**: the danger that the prices of shares change as a result of different factors, a situation which can affect the fulfilling of obligations of the financial bodies.
- **Interest rate risk**: upwards or downwards.
- **Currency risk**: fluctuations in the value of sterling against other currencies.
- **Commodity risk**: fluctuations in the price of commodities such as gold or other precious metals.

The changing of the share index or other indexes is also a factor which is taken into consideration during the evaluation of the market risk.

2. Credit risk: Concerns the danger of weakness in the fulfilling of obligations of the contracting party like, for example, the weakness in the payment of dividends or interest etc. This risk is possible to be pre-assessed and restricted through the credit evaluation of the contracting parties. The effect of the credit risk is multiple: it might affect an issuer - and consequently their financial instruments- credit institution or investment company - and as a result, affect their solvency.

3. Liquidation: (settlement risk): concerns a special form of credit risk and occurs due to the non-smooth fulfilment of the obligations of the contracting parties who are participating in payment systems and settlement of transactions on financial instruments. For example, when one of the contracting parties is not delivering the titles which he has sold and is obliged to hand in, or, in relation to buying, when he is not paying the owed title price. In cases where the investment concerns products which are the object of negotiation in organised markets, this danger is minimised because of the strict supervision of organised markets. This danger increases in cases where the investment is made in relation to products outside the stock exchange.

4. Liquidity risk: Liquidity risk is a financial risk caused when an asset cannot be sold on time or at a reasonable price.

5. Transaction risk: Changes in the currency may affect the value of an investment which is carried out in a different currency from sterling.

6. Fiduciary risk: the risk that an agent handling funds on behalf of a principal (e.g. a trustee) will not live up to his/her full fiduciary responsibility or act in the client's best interest. This could be due to negligence or fraud.

7. Diversification risk: it is the risk taken by an investor who invests all his money in only one financial instrument (i.e. too many eggs in too few baskets).

8. Performance risk: It is about the risk relating to the fluctuation of the performance of the assets of the investment.

9. Deflation (Inflation) risk: The course of the General Index of Consumer Prices affects the real value of invested capital and desired performances.

10. Tax risk: In relation to the dangers regarding the taxation of income from investments in financial instruments, as well as any changes in the tax legislation, the client will be notified from his investment advisor regarding the relevant investment product in which he desires to invest in.

11. Systemic risk: the weakness of a financial institution to fulfil its obligations can cause weaknesses of other financial institutions or businesses to fulfil their own obligations. This can potentially lead to a domino effect.

B. Dangers/risks per category of investment instruments

Gate Capital Group Ltd provides investment services which lead in transactions on the following financial instruments, which involve the following basic risks:

1. Bonds

A bond is a security which embodies the issuer's promise to give money to the beneficiary. This obligation usually comprises the payment of capital during expiry and of interest during the periods named in the terms of the issuance. The basic characteristics of each bond are: a) its nominal value which is not the same as the negotiation price but is the sum which the issuer must pay during expiry of the bond, b) the interest rate/coupon and c) the expiry of the bond. Bonds can be issued either by governments or governmental bodies or by companies (corporate bonds). Under this meaning, bonds are a form of state or company borrowing. They are issued in various forms:

a) As non-secured bonds: the owner of the bond has a claim against the issuer like the rest of his creditors.

b) As bonds connected to the security provided in favour of owners of bonds: the claim of the owners of bonds is secured in this case,

i) by real security in the favour of those which is provided on certain characteristics of the issuer's assets
ii) by guarantees of third parties iii) by assigning claims etc.

Furthermore, the owners of bonds may enjoy additional protection according to special agreements with the issuer or because of their privileged standing against other bond owners or creditors.

c) Low security bonds: In case the issuer goes into bankruptcy the bond owner is satisfied only after all other creditors of the issuer –if there are, still, assets- as especially defined in the bonded loan.

d) Convertible or exchangeable bonds which embody conversion rights in shares or other financial instruments or exchange with other financial instruments.

The issuers must take the responsibility to pay the interest rate which might be:

a) Stable b) Fluctuating interest rate determined on the basis of a generally well-known interest index rate such as EURIBOR, FIBOR or LIBOR.

Special attention must be given to complex bonds, whose interest rate is determined on the basis of complex interest rate indexes coming from product agreements. These indexes, which determine the interest rate on the basis of financial instruments products or other techniques for risk handling or for improving performance, are embodied in this way in the entire structure of the bond. These bonds are included in the category of **complex financial instruments** and investing in these requires great attention and specialisation.

It is emphasised though that the market value of these bonds is materially affected by the dangers incorporated in them which shape the interest rate. It is not recommended therefore to non-specialised investors. The interest is paid, usually, in predetermined time intervals (monthly, quarterly, half-yearly, annually or during the expiry of the bonded loan). Bonds without an interest share (coupon) are also issued and interest is incorporated in the value of the bond. The investors do not collect interest during the bond but obtain the bond with a discount to its nominal value, whereby the discount corresponds to the interest.

Investing in bonds has risks such as:

i. **Insolvency risk:** The issuer of the bonds might become insolvent and as a result be unable to pay its creditors interest or even the capital corresponding to the bonds. Special care must be taken when investing into low security bonds as the risk becomes much greater and it is possible to lose the entire investment.

ii. **Interest rate risk:** This risk increases as the duration of the bond increases, especially when interest rates are low. Changes in the interest rate can greatly affect the market price of the bond. When interest rates increase, the prices of bonds previously issued with lower interest rate will fall.

iii. **Credit risk:** The bond would have no value if the credit of the issuer was diminished.

iv. **Premature repayment risk:** It is possible, for bond issuers to predict in the schedule of the bond, the possibility of premature repayment, in case interest rates fall, in which case the expected profit from the bonds is altered.

v. **Market liquidity risk:** This risk is important in case the investor wishes to liquify his/her bond before the expiration date. The lack of tradability might result in a lower nominal value of the bond.

C. Collective Investment Schemes (commonly known as 'Funds')

Funds are asset groups which are comprised of cash and movable values, which are under collective management and are kept by a trustee. For each of the elements of these asset groups there is co-ownership of investors. At the same time every investor has an independent ownership right in relation to the independent shares which he has bought. The collective management of the total assets of the mutual funds is being made by the management company and is always in the interest of the shareholders who mutually share all the profits or losses which might burden the mutual fund.

Investing in Funds can be doubly profitable for the investor. He might collect dividends provided that it is a Fund which gives dividends. The investor might also benefit by any increase in the assets of the Mutual Funds because of an increase in the value of titles in which the Funds are investing in the market.

The risk in relation to a fund depends from the structure of its assets, the followed investment strategy and the ability of the manager. Their investment risk therefore varies according to their kind.

Detailed information concerning the risks relating a particular Fund can be found in the information document of each Fund. In every case it must be borne in mind that investing in such funds does not offer guaranteed performance and involves a risk of losing some, or even all of the entire original investment.

D. Investment Trusts

Investment trusts are publicly listed companies that invest in financial assets or the shares of other companies on behalf of their investors. When you invest you are buying shares in an investment trust, the value of which fluctuates based on:

- The underlying value of the assets they own; and
- The supply and demand for their shares.

Investment trusts, unlike unit trusts, can borrow money to buy shares, which is known as gearing. This extra buying potential can produce gains in rising markets but also accentuate losses in falling markets.

Also, unlike with a unit trust, if an investor wants to sell their shares in an investment trust, they must find someone else to buy their shares. Usually this is done by selling on the stock-market. The investment trust manager is not obliged to buy back shares before the trust's winding up date.

The price of shares in an investment trust can be lower or higher than the value of the assets attributable to each share – this is known as trading at a discount or at a premium.

Risks

Investment Trusts will be subject to a combination of the risks associated with shares, bonds and funds in which they are invested – as such:

- The value of the investment trusts, or the income derived from them, can decrease as well as increase and you may not necessarily get back the amount you invested; and

- The level of risk and return will depend on the investment trust you choose. Find out what type of assets the trust will invest in, as some are riskier than others.

E. Enterprise Investment Scheme (EIS)

An EIS is designed to help smaller trading companies to raise finance by offering a range of tax reliefs to investors purchasing new shares in those companies. Investing in an EIS has such risks as:

Investment risks:

a) There is generally no external market for shares issued by EIS Qualifying Companies and it could be difficult or even impossible to realise the investment or obtain accurate performance information.

b) The return on any EIS Portfolio will depend greatly on the Manager's performance. Past performance of any Manager is no guide to future performance.

c) EIS Shares will not be listed on a recognised Stock Exchange. An investment in EIS Shares should be regarded as a longer-term investment (a minimum of three years to retain the tax reliefs, but please bear in mind that disposal or realisation of an EIS investment may take much longer than this). Realisation of your investment will generally depend on the Exit available to the Managers, and that in turn can be significantly affected by external market circumstances over which they have no effective control.

d) Investments in small or medium unquoted companies by their nature involve a high degree of risk and there is a strong possibility of EIS Qualifying Companies failing. Your capital is at risk and you may not receive back the amount invested or any return.

e) There is no guarantee that the market value of an EIS company will fully reflect the underlying net asset value. Investors should be aware that the value of an investment in an EIS Portfolio and the income (if any) derived from it may go down as well as up

f) The expected life of each EIS investment is three to five years or more.

g) EIS Managers reserve the right to realise an investment within the three-year period if this is considered by them to represent a worthwhile return on the investment. As this would jeopardise the availability (or continued availability) of appropriate EIS tax reliefs and benefits, it is only done under exceptional circumstances.

h) Any returns accrued from cash deposits will principally be affected by movements in interest rates

Commercial risks

a) Investee Companies may be exposed to exchange rate fluctuations which affect both the profits of the company and the value of the shares.

b) EIS Qualifying Companies typically have small management teams and are highly dependent on the skills and experience of a small number of individuals.

Tax and regulatory risks

a) Tax reliefs are subject to approval by HMRC in accordance with their qualifying rules, which could change from time to time.

b) It may take some considerable time from the date shares are issued to obtain the income tax relief.

c) Business Property Relief for inheritance tax only applies when an IHT event takes place and applies to shares but not to cash proceeds or cash awaiting investment. Shares must have been held for two or more years and must still meet the qualifying requirements.

d) There is no guarantee that EIS qualifying investments will be available for further reinvestment when the investment proceeds are returned to the Administrator.

e) The various tax benefits described in this Guide are based on Gate Capital Group Ltd's understanding of the current tax legislation and HMRC practice. This interpretation may subsequently be found to be incorrect. Tax legislation and HMRC practice may change in the future in a manner which could adversely affect your investment.

f) The amount of tax relief you may gain from subscription through Gate Capital Group Ltd depends on your own personal circumstances. You are strongly advised to seek independent professional advice in relation to the tax implications of your investment.

g) The Managers will take all reasonable steps to make sure that tax relief is available on all investments made by the Portfolio. However, tax relief could be withdrawn or modified in certain circumstances and neither Gate Capital Group Ltd, nor the Managers, nor the Administrator accepts any liability for any loss or damages suffered by you or other person as a consequence of such relief being denied or withdrawn or reduced.

h) You may lose some or all of the tax benefits derived under the EIS if you fail to comply with the relevant legal requirements. Such a situation might arise, for example, if you cease to be a UK tax resident during the Relevant Period or you receive value from an Investee Company, other than by way of an ordinary dividend, in the period commencing one year prior to the issue of EIS Qualifying Shares to the end of the Relevant Period.

i) Where an Investee Company ceases to carry on a Qualifying Trade during the Relevant Period, whether through the actions taken by the Investee Company or otherwise, its EIS qualifying status may be adversely affected and so could the tax relief available to you. No guarantee can be given that all investments made by the Managers will carry on a Qualifying Trade, or continue doing so, for the purpose of claiming tax relief. The Managers will, where possible, implement measures to reduce this risk, such as seeking advanced assurance from HMRC that each company in the Portfolio is an EIS Qualifying Company.

j) The Investor is advised that there may be a delay in investing into funds after the Acceptance Date and that certain Tax Benefits may not apply until the monies are fully invested in accordance with the Investor Agreement.

k) No guarantee can be given that an Investee Company will retain EIS qualifying status.

l) Any disposal of EIS Shares during the Relevant Period will crystallise an obligation to repay the income tax relief claimed in respect of those shares, and any capital gain will be subject to capital gains tax.

F. Venture Capital Trusts (VCT)

VCTs offer investors the chance to invest in small firms to help them grow. The government offers generous tax breaks to VCT investors, but they are higher-risk and longer term than conventional investment – e.g. investors would be exposed to substantially higher risks than mainstream equities for example.

VCTs should only be considered by sophisticated investors with significant investment portfolios who can take a long-term view and are comfortable with higher risks. The Financial Conduct Authority (FCA) suggests a sophisticated investor is somebody with an annual income in excess of £100,000 or investable assets of more than £250,000.

VCTs are unlikely to be suitable for mainstream investors who may need access to their money in the short term, or for whom loss of the investment will cause financial hardship. VCTs invest in smaller, sometimes fledgling, companies, some of which could struggle or fail altogether, meaning losses for investors. The VCT manager may also have trouble selling the underlying investments. Investors should also be aware that VCT shares are illiquid. This means they can be difficult to sell (and buy) on the secondary market. Although shares are fully listed on the London Stock Exchange, there might be only one 'market maker' for the shares, which means investors may have difficulty selling at a price that fairly reflects the value of the underlying holdings or, in extreme circumstances, at any price.

Often the VCT manager will offer to buy back investors' shares at a target discount to the value of the underlying holdings. Details of any such buyback schemes can be found in the prospectus. They are subject to conditions and not guaranteed.

A long-term horizon is essential with VCT investing. Aside from 'limited life' VCTs that look to wind up after a 5-7-year time period, a ten-year time horizon is desirable. This is because it takes time for expanding businesses to fully realise their potential.

Investors should also be aware of risks affecting specific VCTs and VCT types. For instance, a further issue arises from smaller VCT funds who fail to raise enough money at launch. The resulting portfolio of investments may be more concentrated, and it could increase the risks and charges. It is also worth noting that all VCTs tend to have higher charges than other types of fund and usually have performance fees.

As well as investment risks, it is possible that HMRC could withdraw the tax status of the VCT if it fails to meet the qualifying requirements. If this happens any tax rebate may have to be repaid. **Each VCT will issue a prospectus at launch which gives details of specific risks and it should be read thoroughly before considering an investment.**

G. Structured products, including structured deposits

A structured product is a kind of fixed-term investment whose pay-out depends on the performance of something else, like a stock market index. There are two main types of structured product:

- **Structured deposits** – Structured deposits are savings accounts, offered from time to time by some banks, building societies and National Savings & Investments, where the rate of interest you get depends on how the stock market index or other measure performs. If the stock market index falls, you will usually get no interest at all. But – unlike structured investments (see below) the money you originally invest has the same protection as you get with any other savings account.

- **Structured investments** – Structured investments are commonly offered by insurance companies and banks. Your money typically buys two underlying investments, one to protect your capital and another to provide the bonus. The return you get depends on how the stock market index or other measure performs. In addition, if it performs badly or the firms providing the underlying investments fail, you might lose some or all of your original investment.

  When you buy a structured deposit, you agree to tie up your money for a set time – often five or six years – in return for a lump sum at maturity. The amount you earn depends on how well something else performs – often a stock market index such as the FTSE 10.

  When you buy a structured investment, you also agree to tie up your money for a set period. Some of these products offer you a lump sum at maturity depending on the performance of the stock market index or other measure. Others may mature early and provide a bonus, for instance at policy anniversary if a market condition is met.

Risks of structured products

a) **Structured deposit**: these give you the possibility of getting a stock market return without risking your capital as you would if you invested directly in shares. But bear in mind that:

   - You might get less interest than you would have done with an ordinary savings account - or no interest at all.

   - If you invested in shares instead, you would potentially benefit from a rise in the stock market index (share prices) – and you would usually receive income in the form of dividend payments as well.

b) **Structured investments**: If you take out a structured investment the insurance company will buy some underlying investments from one or more other companies, often referred to as 'counter parties'. These investments can often be complex in tier nature.

You will not be a client of the counter parties, and therefore you won't have any agreement yourself with the counter parties. As such, if any of them fails – so that your structured investment fails to give you your money back or provide the promised return - you will not have any direct claim on the counterparty and no compensation scheme would apply. Instead, you would have to try to seek redress from the insurance company that sold you the product.