

## **TERMS OF BUSINESS**

**The services that we provide to you**

**What are we here for?**

Black Swan Capital provides wealth management and financial planning services to private individuals and families. Our aim is to protect, optimize, and improve our clients' financial circumstances and to help them plan to meet their financial objectives.

**What will we do for you?**

The provision of wealth management and financial planning services requires an active two-way relationship between client and adviser, and typically involves the following steps -

- **Initial introductory meeting:**  
We offer an initial discussion (without charge) where we will describe our services more fully, discuss broad issues and identify areas where we may be able to add value, and explain the payment options.
  
- **Information gathering:**  
We will need to gather and analyze personal information about you, your circumstances and existing financial arrangements, your needs, and your objectives. This will usually take the form of a one-to-one meeting or series of meetings with you and any relevant family members. This is all about getting to know you as a client, and to fully understand your circumstances, requirements, and any constraints. This enables us to determine and prescribe whatever action is required to create and implement your personalized financial plan.
  
- **Implementation:**  
Once we have completed our analysis, we will recommend and discuss any action we think you should take and, with your agreement, implement the required changes and additions to your financial arrangements.
  
- **Review:**  
Regular review is vital to the success of any financial plan. After the initial financial plan has been put in place, it is important that it is reviewed on a regular basis to take into account changes in the markets and in your personal circumstances, finances, and objectives. Typically we will aim to review your plan annually, but this can happen more frequently if required.

**What products do we advise on?**

Black Swan Capital is not tied to any particular product provider, and is able to recommend products from the whole of the marketplace. Part of the service we offer is to choose the right provider for the products a client needs. We have detailed knowledge and research on products ranging from mainstream pensions and ISAs, through to more specialized offshore bonds, venture capital trusts, structured products, and even private equity investments.

Where specific skills or expertise is required by a client that cannot be provided in house, we have relationships with third parties such as lawyers (for wills and trusts), accountants (for tax), mortgage brokers, and stock brokers.

For certain types of products, we tend to use preferred product providers, as follows:

Client initials.....

**Personal pension schemes and ISAs**  
**Self Invested Personal Pensions (SIPPs)**  
**Offshore bonds**  
**Protection insurance**

**Skandia and Selestia**  
**MW Pensions**  
**Canada Life**  
**Scottish Provident**

These providers were initially selected against rivals on the basis of reputation, client service, scale, technology, cost competitiveness, and other factors. We have subsequently developed strong working relationships with them, and they have proved themselves by providing consistent good service to our clients. While we are able to - and do if required – use alternative product providers, we will usually not do so simply on the basis of cost to the client.

In respect of ‘wrapper’ products, such as pensions, ISAs, offshore bonds, and SIPPs, one of the reasons for selecting the providers detailed above is that they provide access to a vast range of underlying fund managers and their funds. This enables the client to pursue an appropriate and actively managed investment strategy all under one umbrella, without having to disinvest from one wrapper and move to another to implement a simple asset allocation or fund switch.

More detail on our preferred providers and our current asset allocation and portfolio planning thoughts can be found in our ‘**Investment Policy Statement**’, available separately.

#### **What benefits should you expect to receive?**

As a client of Black Swan Capital, you will enjoy the following benefits:

- **Quarterly client reports:**  
Our clients benefit from a quarterly report breaking down their current assets and liabilities, asset and regional allocations, gearing, performance analysis, and current position against plan.
- **Annual reviews:**  
We commit to review your financial plan on an annual basis, or more frequently if circumstances require. A plan on its own is pointless if its performance and relevance are not reviewed on a regular basis. Births, marriages, separations, illness, deaths, inheritances, house moves, or job moves are the most common events that trigger a requirement for a financial planning review.
- **Bespoke asset allocation and portfolio modelling services using institutional calibre software:**  
We believe that simply advising on product wrappers is not sufficient, and a good adviser will be able to provide expert advice on asset allocation and portfolio construction. Black Swan Capital has invested in institutional calibre software to compliment its highly qualified advisers. The objective is to go beyond what is offered by the majority of financial advisers, and provide investment advice as well as product advice, that should over the long term result in greater wealth, less risk, more income, and a better probability of meeting your financial objectives.
- **Professional, qualified advisers:**  
Black Swan Capital staff and advisers are actively encouraged to study relevant industry qualifications, and they are incentivized to pursue the highest levels of qualification possible. Professionalism and continuous improvement are an intrinsic part of the Black Swan Capital culture.

- **Quarterly newsletter:**

Our clients receive an educational and informative newsletter every quarter giving our views on the world economy and what this could mean for our clients. The newsletter also includes an update on the progress of Black Swan Capital's various investment portfolios, so that clients can judge for themselves our performance.

**Termination**

Our authority to act on your behalf may be terminated by you at any time, without penalty. Notice of this termination must be given in writing.

**How and how much you will pay for our services?**

We derive our income either from fees charged directly to you, or from commission paid to us by product providers with whom we place business. Commission arrangements for any policies we advise upon will be agreed up front and all charges will be transparent before you sign up to a product. We will never do any work likely to incur fees or other costs for a client without them having agreed to this beforehand.

**Payment options**

Black Swan Capital derives its revenue from commission, fund based fees, and time based fees:

- **Commission (or product charges):**

If we arrange a financial or insurance product for you, we will normally receive commission on the transaction from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider's own costs and any commission paid on to intermediaries such as Black Swan Capital. These charges reduce the amount left for investment or insurance. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower. We will tell you how much commission will be paid before you apply for any product. Commission is usually stated in the product illustration that you will receive before signing an application form.

- **Fund based fees:**

Black Swan Capital provides ongoing services to clients in terms of asset allocation and portfolio construction advice, and regular review meetings. In order to align incentives between adviser and client, a part of our revenue is derived from fund based fees paid annually, usually 1% of the value of funds under advice.

- **Time based fees:**

In certain circumstances, a client will require advice or work from Black Swan Capital that may be valuable to the client but not likely to generate any revenue for the company; for example, a review of an established portfolio of investments, or an assessment of potential inheritance tax liabilities. In this case, Black Swan Capital will charge a time based fee. A cap or budget may be agreed in advance.

**How much will we be paid?**

We will always disclose commission or fees in advance of you signing an application form.

Client initials.....

For arranging an investment or product that has a finite life, or where no ongoing management or review is expected, we will usually earn between 3% and 7% commission from the product provider.

Where a product is expected to require ongoing management, monitoring, review, and rebalancing, we will charge 3% initial commission or fee, and then a 1% annual fund based commission or fee.

**What are our time based fees?**

Where relevant, our fees are charged by the hour. The fee depends on the qualifications of the individual doing the work, as follows:

<b>Adviser type</b>	<b>Hourly rate</b>
Chartered Financial Planner	£400 per hour
Qualified Financial Adviser	£250 per hour
Paraplanner or Administrator	£100 per hour

Fees for financial planning are generally VAT exempt.

We reserve the right to charge a time based fee if you instruct us to do work or implement advice, but subsequently do not proceed to purchase the product through us.

We will advise you of any income payable where a client is introduced by a third party or the investment or insurance we recommend to you falls within a category of products where the FSA stipulate that income must be disclosed. If we receive payment or any other form of benefit from another intermediary, we will similarly advise you of the amount.

**Additional important information**

**Money laundering**

Black Swan Capital complies with the 2007 Money Laundering Regulations. As such, we are required to confirm the identity of any individual or company for which we arrange investments. If our clients are unable to provide basic documentation to confirm their identity when arranging investments, we will not be able to proceed with these transactions and may be obliged to report the client to the relevant authorities.

**Professional indemnity**

We carry the required level of Professional Indemnity Insurance to protect our clients. Details are available on request.

**Transaction records**

We keep records of all our transactions for six years. You have the right of access under the Data Protection Act 1998 to your personal records held on our files. We will treat all your personal information as private and confidential except where we are subject to overriding law or regulations, or where you request or authorize disclosure.

**Client money**

We do not handle client money in respect of FSA regulated activities. We never accept cheques made out to us, unless it is a cheque in settlement of charges or disbursements, or handle clients' cash. All cheques for premiums or investments must be made payable to the appropriate product provider.

Client initials.....

**Investment documents**

All investments will be registered in your name, unless otherwise agreed in writing. We will forward documents of title to you as soon as practicable after we receive them. Where a number of transactions are involved then we will normally hold the documents until all have been received by us and then forward them to you.

**Conflict of interest**

It is important that our clients understand our relationship with Emerging Market Property Ltd (EMP). From time to time, Black Swan Capital may offer EMP products to its clients, such as structured products or real estate private equity investments. Some of the shareholders of Black Swan Capital are also shareholders in EMP. In the interests of treating clients fairly, it is important that this potential conflict of interest is disclosed at outset, hence its inclusion in these terms of business. Black Swan Capital will never recommend an EMP product to a client unless it is believed to be appropriate.

**Who regulates us?**

Black Swan Capital is authorised and regulated by the Financial Services Authority. Our FSA registration number is 229892. Under this authorisation we are permitted to advise on and arrange mortgages, general insurance, and investments. You can check this by visiting the FSA's website [www.fsa.gov.uk/register/](http://www.fsa.gov.uk/register/) or by contacting the FSA on 0845 606 1234.

**What to do if you have a complaint**

If you wish to register a complaint, please contact us using one of the following:

**Address:** Compliance Officer  
Black Swan Capital Ltd  
Godliman House  
21 Godliman Street  
London  
EC4V 5BD

**Telephone:** +44 (0)20 7015 5020

**Email:** [compliance@blackswancapital.uk.com](mailto:compliance@blackswancapital.uk.com)

It is very important to us that our clients are happy with the service we provide, so your complaint will be treated as a priority and we will endeavour to resolve it as quickly as possible. If you cannot satisfactorily settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

**Are we covered by the Financial Services Compensation Scheme (FSCS)?**

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

**Investments:**

Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000. Therefore, the maximum compensation is £48,000.

**Insurance:–**

Insurance advising and arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit.

Client initials.....

Further information about compensation scheme arrangements is available from the FSCS.

**Last updated**

This document was last updated on the 9<sup>th</sup> September 2008.

**Black Swan Capital**

I hereby confirm that I have explained these Terms of Business to the client

Name: .....

Signed: .....

Date: .....

**Client**

I hereby confirm that I am agreeable to you acting as my adviser according to these Terms of Business

Name: .....

Signed: .....

Date: .....