



Terms of Business

Copyright, CPN Financial Services Limited 2022

Our registered address is:

CPN Financial Services

All Saints Church

West Pallant

Chichester

PO19 1TD

Telephone : **01243 780077**

Web : **www.cpngroup.co.uk**

Email : **enquiries@cpngroup.co.uk**

Unless we notify you in writing to the contrary, we will be treating you as a “retail client”. This means that you are afforded the highest level of protection under the regulatory system and should have the right to take any complaint to the Financial Ombudsman Service.

CPN Financial Services Limited offers Independent Financial Advice. Our permitted business is: Advising and arranging life insurance, Pensions, Pension Transfers, SIPPs, Unit Trusts, ISAs, Investment Bonds, Offshore Investments, Critical Illness, Income Protection, Mortgages, Equity Release and other retail investment products as determined by the FCA. We also provide an investment management service.

Any advice or recommendation that we offer to you will be based on your stated objectives, circumstances and consider any restrictions that you wish to place on the type of products you would be willing to consider. This will be achieved by completion of a detailed Personal Fact Find, which will be undertaken at the earliest opportunity. The Fact Find will be updated each time we determine your objectives and/or your personal details have changed.

Definitions

In these terms of business, the following words and phrases shall bear the following meanings and may be used in the singular or plural as appropriate:

Account means an account maintained by CPN in your name.

Account Opening Form means any form of authority or request under which Account(s) with CPN are opened or maintained for you.

Agreement means the contractual agreement that you will enter into when you sign and date the Account Opening Form. It includes these Terms.

Assets means any of the rights to, benefits and proceeds of any kind held for an Account in your name or in a nominee name for the Account, including anything held by our agent, depository, or custodian including but not limited to accounts, claims, contract rights, all documents, instruments and certificates relating to investments, securities and all related interest, redemptions and distributions, and all income, proceeds and products of the above, items in transit or held with third parties or in a clearing system for you including cash and any rights that may be exercised at a

CPN has the same meaning as 'We', below.

EEA means the European Economic Area.

FCA means the Financial Conduct Authority and any successor to it. The address of the FCA is 12 Endeavour Square, London E20 1JN.

FCA Rules means the rules and guidance issued by the FCA, as amended from time to time.

Investments means:

future date or on the happening of a direct or contingent event.

Authorised Bank means a bank, or other financial institution, that is either regulated within the UK to hold client money or is regulated in another EEA country to hold deposits and permissions extend to offering these services within the UK.

Best Execution means undertaking a transaction in an Investment in accordance with the FCA Rules which means that we are required to provide you with terms most favourable to you taking into account a number of characteristics; including, but not limited to, type of Investment and size of transaction.

Business Day means any day except Saturday and Sunday on which financial markets in London are open for business and banks are open for business in all geographic locations required to complete the relevant transaction.

Complex Financial Instrument means any financial instrument that is not considered to be a Non-Complex Financial Instrument under the FCA Rules

(a) shares in British or foreign companies (generally known as equities);

(b) debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate issues;

(c) the disposal and exercise of warrants to subscribe for investments falling within (a) or (b) above;

(d) structured products;

(e) placings for shares falling in (a) or (b) above where the same line of stock is already traded;

(f) depository receipts or other types of instrument relating to investments falling within (a), (b), or (c) above;

(g) units or shares in collective investment schemes such as unit trusts, open-ended investment companies ('OEICs'), mutual funds and similar schemes in the United Kingdom (whether regulated or unregulated) or elsewhere;

(h) investments which are similar or related to any of the foregoing; and

(i) such other investments as may be agreed between you and us from time to time.

'Joint Account' means an Account maintained by CPN in the names of two or more parties to this Agreement;

'Portfolio' means the Assets and Investments that you ask us to manage, and arrange transactions in, for you under these Terms.

'Services' means the products and services covered by this Agreement.

'Terms' means these Investment Services Terms and Conditions, as amended from time to time, which form part of the Agreement.

'UK' means the United Kingdom.

'We', 'us', 'our', 'CPN', means CPN Financial Services Limited.

'You', 'your', means the person entering into an agreement with CPN; if there is more than one of you, all the joint holders jointly and severally and/or your agent or attorney.

For ease of reading these words "we", "us", "our", "you" and "your" are not shown in capitals.

Account Establishment

Individual Account

All Accounts established in one person's name are individual Accounts. In the event of the death of a sole Account holder, including where the Account has previously been held jointly, we shall, subject to any prior interest held by us, recognise the relevant executors or administrators as the only persons having any title or interest in such monies or other Assets held by us.

Joint Account

Where an Account is established in a joint name, partnership, investment club, or other similar arrangement where the Account is in the name of more than a single person, each account holder shall be jointly and severally liable for any losses as described below. This means that each account holder is liable for the full performance of the obligations.

It is assumed that each party to a Joint Account has sufficient authority individually to (a) give instructions of any kind; (b) receive payments, notices or demands; (c) appoint third parties to operate the Account; (d) sign any documents or agreements; and (e) act on their own in any other way concerning the Account, this Agreement and any Services, unless we have agreed that such authority shall be limited.

If you ask to change the signing powers on the Account, or make other changes to the Account Opening Form, we may require this to be formally authorised in writing by all of the parties to the Account.

On the death of any one party any money and any Investments in your Account shall be held to the order of the survivor(s).

Credit Checking

In connection with your application for an Account, we may carry out a credit check with a licensed credit reference agency which will retain a record of that search. In the event of your default, relevant details may be recorded with that agency. This may be used by third parties in assessing applications for credit by you and members of your household and for occasional debt tracing and fraud prevention purposes.

Money Laundering Regulation

The above regulations require all financial institutions to verify the identity of their clients. We may use an electronic third party to verify your identity and address.

Additionally, we may require you to provide certain information as shown on your passport, driving licence or other acceptable forms of identification and utility bills. We shall notify you at the time of the processing of your application of the information required. If you do not pass this part of the process, then an Account will not be opened up for you and any funds returned forthwith.

Personal Taxation

You acknowledge that if you subscribe for these Services we will transact on your behalf without consideration as to the implications for your personal tax position. You acknowledge that transactions undertaken during the normal course of the management of your Portfolio may create tax liabilities that fall on you and it is solely your responsibility to report these to HMRC.

We will aid you with your reporting requirements through the provision of valuations, transaction reports and income statements on request but the responsibility for these liabilities is entirely your own. We do not accept any liability or responsibility for any kind of loss or damage incurred or suffered by you as a result of or in connection with the tax consequences of any transaction. If you are in doubt as to the consequences of any transaction you should obtain an undertaking for separate taxation advice, whether it be from us or a specialist.

Conflicts of Interest Policy

When giving investment advice, CPN or an associate in the Group or some other person connected with the company may have an interest, relationship or arrangement that is material in relation to the Investment, Transaction or Service concerned which conflicts with your interests. Our employees who make any recommendations or investment decisions under this Agreement are required to comply with a policy of independence and to disregard any such interest when so doing, except to the extent that the policy conflicts with any legal or regulatory obligations imposed upon us or on our employees.

We aim to treat our clients fairly. One of the ways that we aim to achieve this is to identify any

potential or actual conflicts of interest that may arise through our business activities, in order to avoid or manage potential or actual conflicts of interest. To facilitate this, we maintain effective organisational and administrative arrangements to identify, manage and monitor such conflicts of interest. We have a Conflicts of Interest Policy to manage or avoid potential or actual conflicts of interest. A copy of this Conflicts of Interest Policy will be provided on request.

To the extent permitted by the FCA Rules, you agree that we may retain and are not required to account to you for any profit, commission or other remuneration made or received by us by reason of providing the Services. Details of any such profit, commission or other remuneration will be disclosed to you on request.

CPN has established and implemented a Conflicts of Interest Policy (which may be revised and updated from time to time) in line with the FCA Rules, which sets out how we must seek to identify and manage all material conflicts of interest. Such conflicts of interest can occur in our day-to-day business activities: for example, where one of our clients could make a gain at the direct expense of another client, or we might be faced with an opportunity to make a gain, but this would be to the direct disadvantage of one or more of our clients. Depending on the exact nature of the conflict of interest involved, we may take certain actions in accordance with the Conflicts of Interest Policy to mitigate the potential impact of the conflict. Such actions may include putting in place controls between the opposing sides of the conflict, which may control or prevent the exchange of information, and/or involve the appropriate management of staff activities and segregation of duties. Where such controls would be insufficient to eliminate the potential material risk of damage to clients from specific conflicts, then we will disclose the general nature and/or source of those conflicts of interest to you prior to us undertaking the relevant business. At the time of the issue of this document no material conflicts of interest were identified which could not be managed in accordance with the process explained above.

For a copy of the CPN Conflicts of Interest Policy please contact us and we will arrange for one to be provided to you.

Client Risk

You are advised that because investments can fall as well as rise, you may not get back the full amount invested. Past performance is not a guide to future performance. Before undertaking any business with CPN, you will be given an associated "Risk and Investing" document outlining any risks you may be exposed to.

Complaints

If you have a complaint, you should contact us using the following contact details:

*Complaints Department
CPN
All Saints Church
West Pallant
Chichester
PO19 1TD*

Telephone: 01243 780077

Email: enquiries@cpngroup.co.uk

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service (**FOS**). Further information regarding the FOS and how to complain will be made available to you with the written response from us.

We are covered by the Financial Services Compensation Scheme. 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. Most

types of investment business are covered for 100% of £50,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme.

You have a right to inspect copies of contract notes, vouchers and entries in our books or computerised records relating to your transactions. If you want access to any of these, please let us know.

CPN maintains Professional Indemnity Insurance that covers CPN.

Fees and Charges

You will be provided with a Schedule of fees and charges or a suitability report detailing all fees that you will be subject to prior to the opening of your Account. By accepting these Terms, you hereby authorise and instruct us to deduct our fees and charges from your Account in accordance with the Schedule of fees and charges.

We may charge fees for the provision of the Services under this Agreement from a product provider or other third party or associate. The fees that you will pay for the Services may be subject to VAT at the prevailing standard rate. In addition, stamp duty or stamp duty reserve tax are usually payable on purchases of shares of a company that is incorporated in the UK or a foreign company that maintains a share register in the UK.

Whenever there is a change in our fees, you will be notified of this.

We may share fees with other third parties. Third parties may share their fees and charges with us or otherwise remunerate us on another basis. Any sharing of fees will not be set out in the confirmation for the relevant transaction but will be made available upon receipt of a written request to do so.

Upon termination of this Agreement, we will deduct the following amounts from your Account:

- charges disclosed by us to you;
- a proportion of the annual management fees due up to the date of termination; and any losses, charges, fees or expenses incurred by us in settling or concluding any outstanding obligations on your behalf or in terminating this Agreement.

by you to us, including unlisted numbers. We will not visit you without your prior express approval. All telephone calls will be recorded and as such the recordings will remain our sole property. You also accept that that we may rely on these recordings in the event of a dispute.

Data Protection

You authorise us to transfer any personal data to any third party to enable CPN to provide the Services to you under these Terms.

CPN have updated their Privacy Notice to clearly explain how they will protect your data and how your enhanced rights apply from 25 May 2018. To read the latest version, please visit <https://www.cpnim.com/privacy-policy/>

Instructions

You authorise us to rely on, and treat as fully authorised and binding on you, any order, instructions, information, correspondence, communication, request (each an 'Instruction') (including a request to cancel or change any such Instruction) received by us in writing or via telephone request. Other channels such as email may be accepted once origination and authenticity has been established. You agree that we may rely on the information contained in any Instruction and you accept full responsibility for any errors or ambiguities which may cause us to reject any Instruction.

Call Recording

We may record any telephone conversation that is held with you. Any recording made of a telephone conversation will be our sole property and will constitute evidence of the matters contained in the conversation (including any instruction given). The period of retention of any such recording will be at our absolute discretion but subject to the rules of the FCA. We may provide any recording or copy or transcript of a telephone conversation as required or requested under any applicable law or by any regulatory or governmental authority.

We will abide by FCA rules regarding communications with you. If you decide to make a particular investment as a result of a telephone call to you, you will have agreed to forego your statutory rights to cancel it. We will always accept your request not to continue a particular discussion. We may contact you on a telephone number provided

You will be responsible for, and bound by, all contractual obligations, costs and expenses properly entered into or assumed by us on your behalf as a consequence of, or in connection with, any orders, instructions or communications. You agree that we do not have to confirm instructions with you before they are executed.

You agree that we may act on any instruction that does not specify that it is simply a confirmation of a previous instruction. If you wish to provide us with confirmation of a previous instruction, please clearly mark it 'Confirmation of Previous Instruction'. You agree that any request to cancel or change an instruction must be given to us in adequate time to enable us to act upon the request.

You accept that we reserve the right to reject any instruction, including a request to change or cancel any instruction where, in our judgement, your instructions are unclear or conflicting. We may choose not to act on them, without notice, until

satisfied that any ambiguity or conflict has been resolved. Any ensuing loss or additional liability will remain your responsibility.

We will take reasonable steps to ensure any instruction or other communication sent by e-mail remains confidential and secure, but you agree that we will not accept any liability in relation thereto and that any instruction or other communication sent by that method is undertaken entirely at your own risk. Market or price sensitive instructions relating to Investments must not be sent by e-mail. We can accept no liability for the execution of orders sent by e-mail.

Where you authorise us to accept instructions from, and provide information to, a third party, you agree that we are not responsible for any losses, including legal fees, which result from our acting or refusing to act on instructions received, or provide information requested, in this way. However, we will not be responsible for such losses if we have acted in such a way based on a reasonable belief that we were doing so in the best interests of the client.

We may decline to act upon any instruction given on your behalf where:

- (i) we reasonably consider that to act would cause us to breach any applicable law, market practice, or to act contrary to the rules, laws or market practice of any exchange or trading system; or
- (ii) there are unpaid amounts owing to us by you or on your behalf.

We will notify you promptly if we decline to act upon any instruction given by you. If requested and as soon as reasonably practicable, we will provide confirmation of this decision and the reasons for the decision in writing.

Statements and Valuations

We will provide to you

- a consolidated tax certificate and schedules annually; and
- a quarterly valuation of the Portfolio based upon independent market prices, and these will be dispatched to you promptly following the valuation date. This may include performance measured against an appropriate benchmark.

Use of third party

We may delegate the performance of any of the Services which we carry out under this Agreement to an associate of CPN or to such other person or persons as we think fit. Such delegation may be in respect of all of these Services or may relate to specific parts of these Services. We may employ agents on such terms as are thought appropriate. Where funds are held by a third party, these will be held as Client Money subject to other clauses within these Terms.

Liability and Indemnity

To the extent permitted by law and the FCA rules, we shall not be liable for any loss suffered by you including, without limitation, losses that were not foreseeable to both parties when this Agreement was signed, losses that were not caused by the breach of this Agreement by us, business losses, damage arising from any actual or potential depreciation in the value of your Investments or from the income derived from any of them as a result of any advice given or transaction entered into under this Agreement or any adverse tax consequences, other than as a direct result of their negligence, wilful default or fraud.

We shall not be liable for any instructions sent by you, but not received.

To the extent permitted by law and the FCA Rules, we shall not be liable for the insolvency, acts or omissions of any broker, nominee, custodian, settlement agent, securities depository or other third party (including an associate) by whom and in whose control any of your Investments (or documents or certificates evidencing title thereto) may be held or through whom any transactions may be effected; or any bank with whom we maintain any bank account, or any other third party with whom we deal or transact business or whom we appoint in good faith and on your behalf.

We will not be liable for taking or not taking any action if we are bound to act in such a way due to a state of affairs (including any change of applicable regulations or any directive or policy whether in the United Kingdom or elsewhere) which they could not control. We shall not be obliged to take or not take an action in such circumstances.

We shall not, in any circumstances, be liable to you for any loss of any kind whatsoever because of any failure or delay in the performance of our obligations under these Terms to the extent such failure or delay results wholly or partly from an event or state of affairs beyond our reasonable control. Examples of events which are beyond our control are war, riots and computer viruses.

We shall not be responsible for any failure or delay in carrying out any instruction caused by circumstances beyond our control.

We shall not be liable for any losses whatsoever resulting from or in connection with you attempting to countermand any outstanding instruction which has already given rise to binding rights or obligations.

You confirm that:

- you are acting as principal and accordingly you will be liable to for all obligations hereunder

This clause shall not restrict your rights against for any breach by us of any of the provisions of these

Terms or of any default or failure by us in the performance of its obligations under these Terms.

Variation and Amendment

We may amend these Terms to:

- comply with legal, tax or regulatory requirements;
- correct any errors, omissions, inaccuracies or ambiguities;
- reflect a change in market conditions or the overall cost of providing the Service to our clients;
- reflect a change in technology to cover a development or change in the Service or in the facilities we provide;
- reflect a change in the service we provide;
- reflect developments in market practices; or
- on a transfer, to reflect the terms and conditions on which the new provider offers a similar service or the computer systems the new provider will use to provide the Service.

Any amendment that reflects a change of applicable law or regulation may take effect immediately if the law requires this, or on a date we specify. All other amendments only take effect on the date we specify, which will be at least 30 days after sending out the notice or publishing on our website.

If we make any major amendments to these Terms and you are not happy with those changes, we shall not impose any charges in relation to the closure of your Account, or transfer of the Assets or any cash to an alternative service provider, should you wish to transfer the Assets or cash, or close your Account.

Novation

If the assets of CPN are taken over, or CPN merges with another legal entity, any rights and obligations under these Terms and Conditions will novate to the new company. Any other contracts or agreements held between you and CPN may also novate.

Notice of an impending novation will be sent out at least 10 days prior to the novation taking place. Notice can take the form of either a letter, an email, or a message via our online client portal. This notice will include information regarding which contracts are to be novated.

You will have the right to opt out of any novation or assignment and to end your rights and obligations under these Terms and Conditions. If no response is received from you within a reasonable period of time consent will be assumed and these Terms and Conditions will novate to the new company.

Termination of Authority

You may terminate these Terms at any time in writing. Termination shall be deemed to take effect one week after receipt of the written notice by us.

We may terminate the agreement we have with you under these Terms at any time and close any Accounts upon giving reasonable notice to you.

Once a termination notice has been received or deemed to be received by us, we will not accept any new orders from you, other than orders to close out any open transactions where required. You acknowledge and agree that any transactions which remain unsettled at the time of receipt of the termination notice by the relevant party must be settled in the normal course of business and that the termination notice does not relieve you from any

obligations to settle such transactions. Actions must be given in writing and clearly state when termination will take effect. Termination is without prejudice to any services already provided / transactions already initiated, which will be completed according to the Client Agreement unless otherwise agreed in writing. You will be liable to pay for any transactions made and/or services carried out prior to termination and any adviser charges or other fees which may be outstanding.

The Terms of Business will remain in force indefinitely unless terminated by either party as outlined above, or where it is superseded by the signing of another agreement.

Right to Withdraw

In the case of many retail investment products – such as life assurance contracts, personal pension schemes, investment bonds, and collective investment arrangements (e.g. unit trusts), a right to withdraw or cancel the contract within a specified period is normally provided. Details of such rights are ordinarily contained in the product literature (e.g. Key Features document, application form) and/or we may provide details of such rights in a separate communication. Some products allow you to waive your cancellation rights and this will be clearly detailed in any documentation you are provided with.

In the case of any non-retail investment products e.g. an ISA wrapper, we will inform you in writing of any right to withdraw or cancel you may have, or if it is the case, we will inform you in writing that no such rights will apply.

Client Portal

CPN may provide you with a Client Portal account which gives you an overview of your policy and

personal information held with CPN. Although we make every effort to ensure these are accurate, CPN bears no responsibility for any inaccurate valuations or information displayed on the client portal or contained in any exported or downloaded documentation. It is your responsibility to check this information is correct directly with the provider of the policy before relying on it.

Mode of Communication

We will enter into communication with you through whatever means are convenient to you and us, including face-to-face, telephone, e-mail and other

acceptable electronic communication methods. If you **do not** wish us or any company associated with us to contact, you for marketing purposes please let us know.

Client Consent

This is our standard client agreement upon which we intend to rely. For your own benefit and protection, you should read the terms carefully before signing, as by signing you consent to the terms contained within. If there are any terms within this agreement that you do not understand, please ask for further information

Risk and Investing

Getting to grips with the concept of risk and how it interacts with the investment process is possibly the most important thing any potential investor should understand. It is a complex subject though with many constituent parts so can often be difficult to tie down and define.

The purpose of this document is to provide you with an understanding of the different risks that investments are exposed to. It will go on to illustrate the ways we as investment managers try to manage those risks as well as explaining the type of things that you need to consider when deciding on the type of investment which is right for you.

What do we mean by Risk?

When it comes to investments, risk is all about the possibility that your investment could fall in value as well as rise. Everyone looking to make an investment does so for the opportunity to make positive returns but in doing so, they must accept the possibility that they could leave the process with less money than they started.

All investments carry a certain degree of risk, it is unavoidable and drives the returns that we hope to make.

Risk vs Return

Returns from investment are inextricably linked to risk. The level of returns you can expect to make are dependent on the level of risk you are willing to take on. In general, the higher the risk, the higher the compensation the investor should receive in the form of returns, but this is not always the case.

Unfortunately, by taking on more risk the chance of losing money increases as well. Our job as

investment managers is to achieve the optimum level of return for any given level of risk.

So, what are the Risks?

The range of risks affecting investments is very broad and wide reaching. They can range from high-level socioeconomic concerns such as war or political turmoil to more company specific problems like bankruptcy caused by the actions of a rogue trader.

Below are a few of the key risks the investments we use are likely to be subject to;

Social/Political Risk

Government policy and social issues have wide reaching consequences for the value of investments. Regulation can stifle industry just as favourable tax breaks can benefit it. Decisions made by politicians as well as public sentiment need to be carefully considered when assessing risk.

Interest Risk

The risk that the prevailing interest rates can be detrimental to the value of your investments. A rising interest rate environment can cause the value of fixed interest investments to fall as the fixed interest rate they offer is no longer competitive.

Currency risk

The risk that the value of an investment held in a foreign currency falls as a result of a change in the exchange rate. The value of shares in an American company held by a UK investor may grow in dollar terms but if the exchange rates move adversely the sterling value of that investment could fall regardless.

Inflation Risk

The risk that the real value of your savings will be eroded by inflation. Savings need to keep pace with prevailing inflation, or you will in effect be losing money in real terms. This is often considered the risk of not investing because if you leave money in a bank account paying interest at a rate below inflation, you are effectively losing money.

Liquidity risk

The risk that the value of an investment cannot be realised quickly because there are insufficient buyers in the market. This is a problem in a falling market as an investor is unable to sell quickly without accepting a much-reduced price. This risk is more relevant to property investing or with unlisted companies because they do not have the high volumes of trading activity that FTSE 100 companies might have.

The above are just a few of the risks associated with investing. Some of them can be anticipated and present themselves with common regularity. Others are completely unpredictable. Unprecedented world events occur all of the time and it is impossible to predict them.

Managing risk

Although it is not possible to predict what is going to happen, it is possible to manage your exposure to potential problems. Our role is to design portfolios that can withstand shocks from unexpected sources whilst offering the opportunity for growth.

This process is done through a variety of means from appropriate asset allocation through to ensuring that you have adequate diversification. Risk is manageable because different classes of assets are affected by the risks detailed above to different degrees.

For example, government debt or corporate bonds are conventionally considered “less risky” than equity because historically their values do not fluctuate up and down as much. Similarly, large well-established companies are less likely to go bankrupt than new start-ups and accordingly are considered less risky.

By changing the allocation to different kinds of assets, the risk profile of a portfolio can be adjusted. Striking the right balance across all these different asset classes is what good investment management is all about.

For more information on how we manage risk in the portfolios please contact one of our investment advisors.

Risk and the individual

As part of our advisory process, we look to assess the level of risk you are willing to tolerate. This is a very important step and will have a big impact on the kind of recommendations we might make for you.

We will look to agree on a risk profile for your investment portfolio and we will then manage your portfolio within the risk parameters that we agree with you. These parameters can be narrow, or they can be wide depending on the level of discretion you are willing to give us. At CPN, we only work with regulated products. We classify clients under 5 core risk profiles and the below description will give you an understanding of what each risk category means in plain English.

Very Conservative (3/10)

You are not prepared to put your capital at risk and wish to preserve the value of your holding as your

main priority. You are comfortable earning similar returns to that available via a high street bank and would accept only very limited exposure to the volatility of the stock market. You would prefer the majority of your holdings to be in cash and cash equivalents.

Cautious (5/10)

You may not have much investment experience and are wary of the volatility of the stock market. You would like to achieve some growth but would prefer to forgo the opportunity of making better long term returns in favour of the relative stability that lower risk investments provide. You would be willing to accept some exposure to stocks and share as long as that exposure is kept to a modest level.

Balanced (6/10)

You would like to target long term capital growth and understand that you must accept some exposure to risk assets in order to achieve this. You would like to ensure your short-term financial security through exposure to low-risk investments but would be willing to tolerate some fluctuations in short-term valuations in order to achieve better long-term returns.

Moderately Adventurous (7/10)

You would like to achieve high long-term returns and are willing to tolerate a reasonable level of short-term volatility in order to achieve that aim. You would be comfortable with a higher exposure to stocks and shares for the opportunity of higher returns that they provide. You are willing to accept the risk of potential loss of capital as long as it is not to the detriment your long-term financial security.

Adventurous (9/10)

You would like to maximise your long-term returns and are not concerned by short term volatility in your holdings. You would like high exposure to equities and other risk assets and are willing to accept the potential for capital loss in order to achieve the highest possible returns. You would not be unsettled by making a loss and may see it as an ideal buying opportunity.

The level of discretion that you are willing to give us will have an impact on which of our two core services we recommend for you.

Risk and our Advised Portfolio Service

Our advised portfolio service is not part of our investment management service. Under this service contract, we do not have the power to make adjustments to an investment portfolio without the express permission of the client.

Under this service, the portfolios are reviewed annually as standard, with the option to rebalance provided at that time. The risks associated with this service are that the portfolio recommendations may become out of date if market sentiment changes. The risk profile accuracy will be constrained by the information available at the date it was set.

Risk and our Managed Portfolio Service

The Managed Portfolio Service is one of our two core investment management services. Via the MPS we run a series of different portfolios which are always kept within the defined risk parameters. Each portfolio is run with a fixed risk-focused strategy ranging from “Very Conservative” through to “Adventurous” as described above.

The level of risk each portfolio is exposed to is designed to be kept constant at all times. This means that we will not materially change the exposure to risk assets just because they happen to be doing well at a certain point in time.

Through this commitment to fundamentals, we can ration the level of risk you, as an investor, are exposed to. If you decide that your circumstances have changed and you would like to take on more or less risk with your investments, then you can

simply let us know and we will link your holdings to a more or less adventurous strategy. We will not, however, do this without your prior consent.

Risk and our Tactical Switching Service

As well as our Model Portfolio Service, our other core investment management service is our “Tactical Switching Service”.

Tactical Switching Service – (TSS)

This is a unique service provided by CPN and is different from more conventional risk rated strategies.

The Tactical Switching Service provides our investment team with more freedom to alter the asset allocation of the portfolios. Under conventional investment strategies, the allocation of the portfolio is bound within quite strict parameters.

Under the TSS, clients agree to have a flexible risk profile and allow our investment managers the freedom to change the portfolios across a wider scope. The goal of the service is to achieve outperformance by increasing the risk profile when we are optimistic of making good returns and reducing it when we are not comfortable with the markets.

As a result of the nature of this service, there are additional risks associated beyond the standard market risks. These risks come from the decisions made by the investment committee. There is the risk that the portfolio will have a higher risk profile when the markets go down resulting in more loss exposure. There is also the risk that the portfolios will be in cash, or equivalent when the markets are going up. This would mean that the portfolios would not benefit from the market rise.

These factors often mean that the performance of this service will not be highly correlated with market benchmarks and trends. The service has a good record in the past, but you should not rely on past performance as an indication of future gains.

Within the Tactical Switching Service, we have two levels of discretion within which we can operate, these are described below: -

Limited Discretion

Our limited service gives us the discretion to move between a nil risk position (cash) and our Balanced risk strategy. This is ideal for cautious investors who are willing to take a limited chance when we are very confident that markets are going to do well. However, the risk profile of the portfolio will never be more than that of a balanced investor.

Full Discretion

This is our flagship service and allows us to move the allocation of the portfolios through a broad spectrum of risk profiles. Under this service, our investment team have the remit to move the portfolio from a “Very Conservative” position to a “Moderately Adventurous” position, as and when the opportunities present themselves.

All clients who take up this service must be aware that at times we may take up a position where we have 100% exposure to equities and must be comfortable with the associated risk of doing so.

The goal of the service is primarily to reduce downside risk, by allowing us to move to cash when we are not happy with the market conditions. It is rare that a particularly adventurous strategy will be adopted for a prolonged period but in order to manage the portfolios how we want, we need to have that facility available to us.

The highest level of risk this service will go to is equivalent to the “Moderately Adventurous” strategy detailed earlier in this document. The “Adventurous” strategy is not included within the remit of this service except via specific request.

Summary

The purpose of this document is to give you an idea of the risks that you are likely to be exposed to and

the way that we manage those risks here at CPN. If you would like to find out more about anything that has been discussed above, then please get in touch with one of our investment advisors who will be happy to go into further detail.

Best Execution Policy

Overview

The purpose of this document is to provide clients of CPN with information in relation to our Best Execution Policy and to seek your consent to such policy.

It is in the interests of our clients and that we obtain the best possible result when placing orders with other firms (e.g. third-party brokers) for the execution of client orders or when transmitting orders on behalf of clients for particular investments (e.g. shares). We are required under the Rules of the Financial Conduct Authority to take sufficient steps to provide 'best execution' when carrying out such transactions.

Where we place or transmit orders for such investments on behalf of our clients, we may utilise the services of a third-party broker and base our decision to place or transmit an order on the price and cost of execution of the order. For orders in collective investment schemes (e.g. unit trust), however, the price of units or shares in the scheme is normally set by the scheme operator or manager and, as such, we have little influence over the price available.

Some financial services such as occupational pension schemes and bank accounts are not regulated by the FCA. In addition, some businesses that may appear to be offering financial services, such as buy-to-let property clubs or compensation claim handlers, fall outside the FCA's scope.

CPN does not handle client money - This means that all cheques or bank transfers for premiums or investments must be made payable to the life office, custodian or investment operator.

Execution Factors

When dealing for you, we will consider:

- Your client classification;
- The characteristics of the financial instrument concerned and of your order; and
- Where such orders can be affected.

In assessing the most appropriate route to carrying out your order we will consider the following criteria:

1. Certainty of execution
2. Client type
3. Costs
4. Order Size
5. Price
6. Settlement
7. Speed of execution
8. Any other criteria relevant to the execution of the order

The weighting/relevance of these factors may differ between Retail and Professional clients.

When dealing in a financial instrument on your behalf we will exercise our discretion in assessing the criteria that we need to take into account to provide you with the best result ("best execution"). The relative importance of these criteria will be judged on an order-by-order basis in line with our commercial experience and with reference to market conditions. In executing orders for Retail clients, in the absence of any specific instructions, we generally give precedence to the factors that allow us to deliver the best possible result in terms of value (total cost) to the client.

The new obligation under MiFID II is for firms to take all "sufficient steps" which indicates a higher bar of standard. This means that we have strengthened our controls to enable us to identify any potential deficiencies that will prevent us from achieving, on a consistent basis, Best Execution for our clients.

Execution Venues

The method of paying for our services will depend on the type/level of service(s) provided. We will discuss your payment options with you and answer any questions you may have.

A list of execution venues we may use include the (London Stock Exchange/PLUS), Multilateral Trading Facilities (MTF) and the Retail Service Provider network (RSP).

However, we reserve the right to use other unlisted execution venues which we deem appropriate and which accord with our Order Execution Policy.

We will regularly assess the execution venues available and may add or delete venues in accordance with our obligation to provide you with the best possible execution result on a consistent basis. We will notify you of material changes to our Order Execution Policy.

We may deem it appropriate or advantageous to execute your order outside a Regulated Market or MTF even where the investment ("financial instrument") concerned is trading on a Regulated Market or MTF. For example, this may be:

1. On an “over the counter” (OTC) basis with a market participant;
2. By crossing your order with that of another opposing client (“Agency Cross”);
3. By executing your order with a “Systematic Internaliser” (a firm which trades on its own book) or another liquidity provider;

Under MiFID II, CPN is required to provide you with further information about the consequences when CPN executes your order outside a Regulated Market or MTF. This means we have to highlight to you the fact that using market counterparties will result in counterparty risks. Please note that under our terms and conditions, in the event that the market counterparty defaults in its obligations or it becomes insolvent, we will not be responsible to you for any loss suffered by you by reason of any cause beyond our control.

Additionally, CPN is obliged to publish annually for each class of financial instruments the top five execution venues in terms of trading volumes where CPN executed client orders in the preceding year and also publish information on the quality of execution obtained which includes detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year. This promotes transparency for clients to better understand where their orders have been executed and the overall quality of order execution. Under MiFID II, the first annual report is required to be published by April 2018.

Execution Methodology

Having assessed the relevant criteria and any specific instructions provided by you to us, we will select the most appropriate venue(s) from those available and execute your order accordingly.

Publishing Limit Orders

If you give us an investment instruction at a specified price limit or better and for a specified size (a limit order), then it may not always be possible to execute that order under the prevailing market conditions. We would be required to make your order public (i.e. show the order to the market) in such a case unless you agree that we need not do so. We think it is in your best interests if we exercise our discretion as to whether or not we make your order public. We ask you to agree, (by signing our Terms of Business) to our not making your orders public, save where we consider it is in your best interests to do so.

Professional Clients

CPN will execute Professional client orders in accordance with the Order Execution Policy stated above. Retail client execution venues may be unavailable to certain classes of Professional client.

Monitoring

CPN will actively monitor compliance with its Best Execution Policy.

Review Process

CPN will regularly review its Best Execution Policy and should a material change occur we will post an updated version of this document on our website. Please note that if you do not provide your consent to our Best Execution Policy you may be limiting our ability to execute your orders on the most advantageous terms for you. Should you require further information or assistance in relation to the Best Execution Policy please contact your client executive.

The Terms, Risks and Costs will come into force on all of your policies from the 1st April 2023.