

## Customer Agreement – Foresight Accelerated ITS (Investor Guide March 2020)

### 1. Legal Status and Definitions

- 1.1** This Customer Agreement constitutes the contract between You and Us appointing Us to constitute and manage Your Portfolio in accordance with the Investor Guide. By signing the Application Form You agree and/or confirm that:
- 1.1.1** You have received, read and understood the Investor Guide and this Customer Agreement;
- 1.1.2** Your investment will be managed and operated in accordance with and on the terms and conditions of the Customer Agreement;
- 1.1.3** You have not relied on any statement, representation or warranty made or given by Foresight Group, other than those expressly set out in this Customer Agreement;
- 1.1.4** You have sought independent advice in respect of Your investment in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS;
- 1.1.5** all information that You have provided to Us (or authorised to be provided to Us), including the information in Your Application Form, is true, accurate and complete in all material respects and You have not omitted any information which may be material to the services to be provided to You and any changes to information You have provided shall be notified to Us in writing as soon as reasonably practicable; and
- 1.1.6** where You comprise two persons as joint investors, We shall be entitled to act on the instructions and directions of any one of such persons.
- 1.2** Save as otherwise provided, definitions in the Investor Guide shall apply to this Customer Agreement. ‘AIFMD’ shall mean the Alternative Investment Fund Managers Directive (2011/61/EU), as transposed into UK rules and law, principally in the Alternative Investment Fund Managers Regulations 2013 (as amended) and the Investment Funds Sourcebook in the FCA Rules.

### 2. Regulatory Status

- 2.1** Foresight is authorised and regulated in the United Kingdom by the Financial Conduct Authority (FCA number: 198020) for the provision of investment management and advisory services.
- 2.2** We shall act as manager of the Foresight Inheritance Tax Fund. You will be an investor in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS and Your investment and investment portfolio will be managed on the terms of this Customer Agreement. The Foresight Inheritance Tax Fund shall be Foresight’s client for the purposes of the FCA Rules and Foresight will not owe any obligations under the rules of the FCA to You, save for any applicable requirements in COBS 18.5A.
- 2.3** We will comply with FCA rules on best execution, namely COBS 11.2, as more particularly detailed in Schedule 1 of this Customer Agreement.
- 2.4** We will always comply with the Applicable Rules in relation to the Foresight Inheritance Tax Fund.
- 2.5** The Foresight Accelerated ITS is only suitable for persons who are likely to be subject to IHT and who meet the eligibility criteria for the Insurance Policy. It is not addressed to, or being sent to, any non-UK residents.
- 2.6** Foresight is covered by the Financial Services Compensation Scheme. If You qualify as a ‘retail client’, in the event that Foresight ceases trading, You may be eligible to claim compensation from the Financial Services Compensation Scheme in certain circumstances. However, professional clients and eligible counterparties will not qualify for recourse to the scheme. Most types of investment business are covered in full for the first £85,000 per investor, although certain investors may not be eligible to claim under this scheme. For further information please contact Us or the Financial Services Compensation Scheme directly at [www.fscs.org.uk](http://www.fscs.org.uk).
- 2.7** Foresight is authorised by the FCA to act as a full scope AIFM for the purposes of AIFMD. Investors in the Foresight Inheritance Tax Fund benefit from the rights and obligations imposed on Foresight by AIFMD as the AIFM of the Foresight Inheritance Tax Fund.

### 3. Commencement Date, Identity Verification and Right of Cancellation

- 3.1** This Customer Agreement will take effect on the date We accept Your duly completed and signed Application Form.
- 3.2** All Our obligations under this Customer Agreement are subject to Our first being satisfied with any compliance procedures required of Us in accordance with all Money Laundering Regulations and receipt of cleared subscription funds. The compliance procedures include requiring proof of Your identity and of Your address, or that of any person with legal control over the investment. You authorise Foresight or its Affiliates or the Receiving Agent to undertake any electronic searches necessary for the purposes of verifying Your identity and address and to check the details You supply against Your particulars on any database (public or otherwise).
- 3.3** We may pass on any information supplied by or on behalf of You as We consider necessary to comply with any legal or regulatory obligation to which We or any Affiliate are subject (including, for the avoidance of doubt, to the any party appointed by Us for the purposes of administering, or making a claim under, the Insurance Policy). Foresight may also use Your details in the future to assist other companies for verification purposes. A record of this search will be retained. If Your identity cannot be verified, We may ask You to provide, among other things, a certified copy of a recent bank statement or utility bill and a certified copy of Your passport or driving licence.
- 3.4** Following acceptance of an Application Form, We will write to You (or your authorised financial intermediary if that is your elected preference) confirming acceptance and enclosing a cancellation notice form. You may exercise a right to cancel the Customer Agreement by notification to Us within 14 days of the date of the cancellation notice. This should be done by a letter sent to Us at the address given in clause 21.6 of this Customer Agreement.
- 3.5** If You exercise Your cancellation rights, We shall arrange for the refund of any monies paid by You, less any charges We have already incurred for any services undertaken pursuant to the terms of this Customer Agreement or paid out in respect of agreed adviser charges and/or, if relevant, transferring into Your own name any shares acquired for You.

- 3.6** We will endeavour to arrange the return of any monies pursuant to clause 3.5 of this Customer Agreement as soon as possible (but in any event not more than 30 days following cancellation). You will not be entitled to any interest on such monies. The Receiving Agent is obliged to hold Your subscription monies until the Receiving Agent has satisfactorily completed the requisite money laundering checks.
- 3.7** The right to cancel set out in clause 3.4 of this Customer Agreement is without prejudice to the right under clause 16.1 of this Customer Agreement to terminate this Customer Agreement, which is a separate right.
- 3.8** The right to cancel under the FCA Rules does not give You the right to cancel, terminate or reverse any particular investment transaction executed for Your account before such cancellation takes effect.
- 3.9** We do not intend to acquire shares for You through the Foresight Accelerated ITS until after the expiry of the 14 day cancellation period referred to in clause 3.4 of this Customer Agreement. If You cancel after shares in investee companies have been acquired for You, We will endeavour to realise any holding acquired, however, the proceeds may not reflect the value of such shares. Further, if we are unable to realise Your holdings You should note that:
- 3.9.1** there will be no established market for those shares and, if You wished to sell them, You would be responsible for trying to do so, including finding a buyer;
- 3.9.2** the shares may not be redeemable by the issuing company; and
- 3.9.3** You will be responsible for recovering any facilitation fee that has been paid to Your authorised financial intermediary on Your behalf.

#### **4. Investment Management**

- 4.1** The Foresight Inheritance Tax Fund is a managed service and an AIF for the purposes of AIFMD. By entering into this Customer Agreement, You grant to Us the right on Your behalf and on a discretionary basis to select and manage investments in accordance with the objectives and principles of the Foresight Accelerated ITS, as set out in the Investor Guide. We will acquire appropriate investments to build Your Portfolio and when You wish to withdraw funds from Your Portfolio, sell down such holdings in Your Portfolio as We deem appropriate. Generally We shall act as We think appropriate in relation to the management of the Portfolio, but subject always to the provisions of this Customer Agreement and the Applicable Rules.
- 4.2** By entering into this Customer Agreement, You acknowledge that Foresight Group has not provided You with advice about the Foresight Accelerated ITS or the Foresight Inheritance Tax Fund. You further acknowledge that the Foresight Inheritance Tax Fund is not a collective investment scheme nor is it regulated and accordingly does not provide for protections typical of such schemes or regulated products.
- 4.3** We will acquire for Your Portfolio, investments which We reasonably believe to be Qualifying Investments at the time of acquisition (but no commitment is given that any such investment will be a Qualifying Investment or remain a Qualifying Investment at all times thereafter). There shall be no restriction on the amount invested in any one investment, or on the proportion of Your Portfolio in any one investment, or any particular type of investment unless specified in the Investor Guide and Applicable Rules.
- 4.4** It is likely that the trading activities of the entities in which Your Portfolio invests, directly or indirectly, will include dealings with companies and other entities in which Foresight and its Affiliates or funds advised by Foresight and its Affiliates have an interest. Such interests may include being a subsidiary undertaking or otherwise having equity investments and/or debt investments and/or the provision of services. Such dealings may include the provision of credit facilities on preferred or subordinated terms. Accordingly, Foresight and its Affiliates may be entitled to gains, profits or fees from or in relation to such companies and entities. The conduct of Your Portfolio will always be in accordance with the objectives and principles set out in the Investor Guide.
- 4.5** Any sale of investments by Us, or withdrawals by way of dividends, on Your behalf may trigger tax consequences about which You should speak to Your professional financial and/or tax adviser. A sale of Qualifying Investments will mean You lose the benefit of BR in relation to those Qualifying Investments. We are not responsible for the taxation consequences of any transaction. Except for BR, We are not required to take into account tax issues for You in the management of the Portfolio.
- 4.6** We will not be responsible for any disclosures or notifications from time to time required of You by legislation or regulatory bodies such as the Panel on Takeovers and Mergers.
- 4.7** We shall not, except as expressly provided in this Customer Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, You or to act as Your agent.
- 4.8** We have appointed NCM Depositary Services Limited to act as depositary of the Foresight Inheritance Tax Fund pursuant to the Depositary Agreement. The Depositary will fulfil the duties and responsibilities provided for by AIFMD, and in particular will ensure that the Foresight Inheritance Tax Fund's cash flows are properly monitored and that all payments made by You or on Your behalf in respect of Your subscription funds have been received and that all cash of the Foresight Inheritance Tax Fund has been booked in accounts opened in the name of the Foresight Inheritance Tax Fund or as otherwise provided for by AIFMD. We will have the authority to enter into an agreement with the Depositary (or any successor depositary to the Depositary) appointed in accordance with the provisions of AIFMD and to issue orders and instructions (including, without limitation to, the Depositary) with respect to the making and disposition of investments in respect of Your Portfolio, the payment and/or the deposit of monies, securities and other assets of the Foresight Inheritance Tax Fund, in each case without Your consent.
- 4.9** You hereby authorise Us or Our agents to act on Your behalf and in Your name to negotiate, agree, execute and do all such acts, transactions, agreements and deeds as We or Our agents may deem necessary or desirable in connection with the Foresight Inheritance Tax Fund for the purposes of making, managing and disposing of investments and cash on Your behalf and generally fulfilling the objectives and purposes of the Foresight Inheritance Tax Fund (including facilitating the payment of adviser fees on Your behalf) and this authority shall be irrevocable and shall survive, and shall not be affected by, Your subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution. This authority will terminate upon You ceasing to hold any cash or other assets in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS.

#### **5. Financial Advice**

- 5.1** Foresight and its Affiliates have provided no financial, legal, tax or investment advice in relation to the suitability of the Foresight Accelerated ITS for You. It is Your responsibility (on the advice of Your authorised financial intermediary) to keep Your financial

circumstances, objectives and risk profile under review, and to assess whether the Foresight Accelerated ITS and other investments selected by (or on behalf of) You remain suitable for Your needs. We are not liable for any losses You suffer or incur as a result of Your investment in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS (whether or not You have received advice from an authorised financial intermediary) and We cannot and do not make any representation that such investment is (and/or investments made on Your behalf through the Foresight Inheritance Tax Fund are) suitable or appropriate for Your specific needs and requirements.

- 5.2 We will provide You with information on investments held within Your Portfolio from time to time. Any information on investments or markets such as market trends, investment analysis or commentary on the performance of selected investments or companies is for information purposes only and should not be viewed as a personal recommendation.
- 5.3 We may, subject to Applicable Rules and unless You notify Us in writing, accept instructions and deal with any agent or other adviser notified to Us in writing rather than dealing with You directly and We may share with such person, details of Your investments with Us.
- 5.4 Where Your Application Form has been submitted through an authorised financial intermediary, then You warrant and represent that such person is acting as Your agent.

## 6. Fees and Charges

- 6.1 Fees and charges are summarised in the Investor Guide and are described in more detail in clause 6 of this Customer Agreement.
- 6.2 The Promoter will be entitled to an initial charge of 2.50% of the monies subscribed by You in the Foresight Accelerated ITS. This initial charge will be deducted from the monies subscribed before the balance, net of initial adviser charges, is invested on Your behalf. This charge will not be applied to any amount deducted to facilitate payment of initial adviser charges.
- 6.3 We may make, or procure the making of, facilitation payments in respect of charges You have agreed with Your authorised financial intermediary on Your behalf as detailed in the Investor Guide. You confirm that any ongoing agreed charges payable to Your authorised financial intermediary are and will be for ongoing services to You in relation to the Foresight Accelerated ITS. You have the right to cancel the facilitation of ongoing charges at any time by notice in writing to Us. You may also request that facilitation of ongoing charges be paid to a new authorised financial intermediary who is advising You in relation to the Foresight Accelerated ITS in place of the previous authorised financial intermediary. Any such request must be by at least 30 days' notice in writing to Us. No facilitation of ongoing charges will be made unless these are exceeded by the value of Your Portfolio. Facilitation of ongoing charges will, in most cases, be facilitated through withdrawals from Your Portfolio and, if required, will be rounded down to the amount capable of being realised through the disposal of the nearest whole number of shares within Your Portfolio. For the avoidance of doubt, any balance of ongoing charges as a result of roundings will not be carried forward. We may decline to make, or procure the making of, facilitation payments, or alter the structure of such facilitation payments for legal, tax or regulatory reasons. All facilitation payments will be made in accordance with the Foresight Group terms of business for financial intermediaries from time to time.

**Clauses 6.4 to 6.14 shall apply in relation to fees in connection with Your investment in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS up to and including 31 December 2020:**

- 6.4 We shall be entitled to annual management charges (to which You are subject but which will be paid by the companies in which You hold Qualifying Investments and will reduce the value of Your Portfolio accordingly) as follows, which charges shall be deemed to accrue daily and shall be payable in accordance with clauses 6.5 and 6.6 of this Customer Agreement:
  - 6.4.1 during the Initial Period, an amount equal to Your Relevant AMC Percentage (as defined below) per annum of the Net Investment Amount, and for these purposes Your Relevant AMC Percentage will be:
    - (a) if You have selected Single Life Cover:
      - (i) 4.30% if You are a Category A investor; or
      - (ii) 6.36%; if You are a Category B Investor, and
    - (b) if You have selected Joint Life Second Death Cover:
      - (i) 2.22% if You are both Category A investors; or
      - (ii) 4.59% if You are both Category B investors; or
      - (iii) 3.49% if one of You is a Category A investor and the other is a Category B investor.
  - 6.4.2 after the Initial Period an amount equal to 1% per annum of Your Portfolio Value (calculated in the same manner as set out in clause 6.5.1 of this Customer Agreement).

Your joint investment will automatically transfer to the surviving joint investor if one of You dies. If one of You dies during the Initial Period, the annual management charge will continue to be charged on the full joint Net Investment Amount as set out above.

In the case of joint investors under Joint Life Second Death Cover, where the first death is a Category B investor who dies during the first 100 days (other than by Accidental Death) and the joint investors made the relevant election on the Application Form for the surviving investor to automatically benefit from Single Life Cover for the same Insurance Category (A or B) as applied to the survivor in respect of the Joint Life Second Death Cover, the annual management charge for the Initial Period will be re-calculated and applied (on the full joint Net Investment Amount) at the rate applicable to the Single Life Cover which corresponds to the Insurance Category applicable to the surviving investor. The re-calculation and application of the revised annual management charge will take place when Foresight first becomes aware of the first death, and the higher charge will apply accordingly. If this is during the Initial Period, Foresight will re-calculate the annual management charge and charge the appropriate sum in respect of the period of the Initial Period already expired and will apply the relevant higher annual management charge for the remainder of the Initial Period.

- 6.5 The payment of Our annual management charges during the Initial Period shall be payable quarterly in advance and following the Initial Period shall be subject to, and calculated in accordance with, the following:
  - 6.5.1 Foresight shall, within three months of the end of each financial period of the Foresight Inheritance Tax Fund (Calculation Period) calculate

the Investor Priority Return, the Portfolio Value and the Gross Return in respect of Your Portfolio in relation to the relevant financial period of the Foresight Inheritance Tax Fund. For these purposes:

- (a) Investor Priority Return shall mean a sum equal to a growth of 3.50% per annum (in respect of applications received on or before 31 May 2020) or 3.00% per annum (in respect of applications thereafter) on the value of Your Portfolio as at the end of the immediately preceding Calculation Period (for the avoidance of doubt, after providing for any annual management charge for that preceding Calculation Period and any unpaid annual management charges from previous Calculation Periods that have become payable in respect of that preceding Calculation Period);
- (b) Portfolio Value means the value of Your Portfolio (ignoring the annual management charge for that Calculation Period and any accrued but unpaid annual management charges from previous Calculation Periods) as at the end of the relevant Calculation Period; and
- (c) Gross Return means a sum equal to the growth in the value of Your Portfolio for the relevant Calculation Period (ignoring any annual management charge for that Calculation Period and any unpaid annual management charges from previous Calculation Periods that have become payable in that Calculation Period).

**6.5.2** Our annual management charge in respect of a Calculation Period will always accrue, but payment for that Calculation Period will be restricted as set out in clause 6.5.3 of this Customer Agreement.

**6.5.3** Payment of Our annual management charge for the relevant Calculation Period will be restricted to the extent that the Gross Return in respect of the relevant Calculation Period (as reduced by the amount of annual management charge to be paid for that Calculation Period, but ignoring any unpaid annual management charges from previous Calculation Periods that may be paid in respect of that Calculation Period) would be reduced to less than the Investor Priority Return in respect of that Calculation Period. Any part of Our annual management charge for the relevant Calculation Period that cannot be paid will accrue and be carried forward (Unpaid AMCs) to subsequent Calculation Periods until it can be paid in accordance with clause 6.5.4 of this Customer Agreement.

**6.5.4** Any Unpaid AMCs resulting from clause 6.5.3 of this Customer Agreement will be paid in subsequent Calculation Periods where, in respect of the relevant Calculation Period, the Gross Return is greater than the Investor Priority Return. However, any Unpaid AMCs in a relevant Calculation Period will only be paid to the extent that the Gross Return in respect of that Calculation Period (as reduced by the amount of annual management charge to be paid for that Calculation Period and any Unpaid AMCs to be paid pursuant to this clause in respect of that Calculation Period) not being reduced to less than the Minimum Threshold. For these purposes Minimum Threshold means a sum equal to the aggregate of the Investor Priority Return for that Calculation Period plus an amount equal to all shortfalls (if any) in Investor Priority Return in respect of all previous Calculation Periods (each an Investor Priority Return Shortfall) to the extent not previously made up. By 'to the extent not previously made up', We mean that where the Gross Return in any particular Calculation Period (as reduced by the amount of annual management charge to be paid for that Calculation Period) is greater than any Investor Priority Return Shortfall, that Investor Priority Return Shortfall, to the extent met, shall be excluded from the calculations in this clause 6.5.4 in subsequent Calculation Periods. For the avoidance of doubt, any Unpaid AMCs which cannot be paid will continue to be carried forward to subsequent Calculation Periods until paid pursuant to this clause.

**6.6** The annual management charge to which We are entitled to be paid in respect of a Calculation Period pursuant to clause 6.5.3 of this Customer Agreement (excluding, for the avoidance of doubt, any Unpaid AMCs) shall be paid as follows:

- (a) in four quarterly amounts based upon the latest quarterly value of Your Portfolio during the Calculation Period as payments on account in such amounts and on such dates as We shall determine;
- (b) to the extent that the payments on account paid to Us in respect of a Calculation Period are less than the annual management charge payable for that Calculation Period (excluding, for the avoidance of doubt, any Unpaid AMCs) then the balance of the annual management charge shall be payable to Us within four months of the end of the Calculation Period; and
- (c) to the extent that the payments on account paid to Us in respect of the Calculation Period are more than the annual management charges payable for that Calculation Period (excluding, for the avoidance of doubt, any Unpaid AMCs) the excess amount shall be repaid by Us within four months of the end of the Calculation Period.

**6.7** Unpaid AMCs to which We are entitled to be paid in respect of a Calculation Period pursuant to clause 6.5.4 of this Customer Agreement shall be paid within four months of the end of the Calculation Period.

**6.8** If a full withdrawal is made during the Initial Period, annual management charges for the relevant Calculation Period in which the withdrawal takes place will be taken in full. This applies if the withdrawal is made during Your lifetime or on Your death.

**6.9** Subject to clause 6.8 of this Customer Agreement, annual management charges accrued (including Unpaid AMCs) as at the date of final or full withdrawal (whether such withdrawal occurs during Your lifetime or on Your death) will be calculated immediately prior to such withdrawal and the provisions of clause 6.5 and clauses 6.6(b) and 6.6(c) of this Customer Agreement shall apply mutatis mutandis. For the avoidance of doubt, Your final Portfolio Value will be based upon the latest quarterly value of Your Portfolio in the relevant financial period of the Foresight Inheritance Tax Fund and not revalued at the date of final or full withdrawal.

**6.10** In the event of any partial withdrawals from Your Portfolio, We shall, in such instances, be entitled to make such time-weighted adjustments in respect of the calculation of Our annual management charges and the value and returns in respect of Your Portfolio as We see fit.

**6.11** We reserve the right to apply clause 6.4 to 6.7 of this Customer Agreement mutatis mutandis in relation to annual management charges and Portfolio value and returns on a quarterly basis so as to provide quarterly estimated positions, subject always to reconciliations at the end of each relevant Calculation Period.

**6.12** Foresight will charge an annual administration fee to the companies in which the Foresight Inheritance Tax Fund directly invests. In respect of each investee company the annual administration fee will be an amount equal to 1.65% of the investee company's net asset value (calculated before the deduction of any annual management and administration charges) at the end of its financial period. The annual administration fee includes all company secretarial, administration, deal and arrangement services to an investee company group, and related costs. It does not include the normal trading costs of an investee company nor any fees and costs in relation to independent

directors, audit, legal, stamp duty and exceptional items.

- 6.13** Annual administration fees to which We are entitled from an investee company in respect of each of its financial periods pursuant to clause 6.12 of this Customer Agreement shall be paid in four quarterly amounts as payments on account in such amounts and on such dates as We shall determine based on Our estimates of the investee company's net asset value based upon that investee company's net asset value for the previous quarter.
- 6.14** Foresight shall, within three months of the end of each financial period of the relevant investee company recalculate the annual administration fee in respect of the relevant financial period based on that investee company's management accounts for the relevant financial period. To the extent that:
- (a) the payments on account paid to Us by the relevant investee company are less than the annual administration fee actually payable by that investee company for its relevant financial period then the balance of the annual administration fees shall be payable to Us by that investee company within four months of the end of its financial period; and
  - (b) to the extent that the payments on account paid to Us by the relevant investee company are more than the annual administration fees payable for its relevant period, the excess amount shall be repaid by Us to that company within four months of the end of its financial period.

**Clauses 6.15 to 6.23 shall apply in relation to fees in connection with Your investment in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS from 1 January 2021:**

- 6.15** During the Initial Period, We shall be entitled to annual management charges of an amount equal to Your Relevant AMC Percentage of Your Net Investment Amount (for the avoidance of doubt, ignoring partial withdrawals (if any) during the Initial Period), and for these purposes Your Relevant AMC Percentage will be:
- (a) if You have selected Single Life Cover:
    - (iii) 3.30% if You are a Category A investor; or
    - (iv) 5.36% if You are a Category B Investor, and
  - (b) if You have selected Joint Life Second Death Cover:
    - (iv) 1.22% if You are both Category A investors; or
    - (v) 3.59% if You are both Category B investors; or
    - (vi) 2.49% if one of You is a Category A investor and the other is a Category B investor.

Your joint investment will automatically transfer to the surviving joint investor if one of You dies. If one of You dies during the Initial Period, the annual management charge will continue to be charged on the full joint Net Investment Amount as set out above. In the case of joint investors under Joint Life Second Death Cover, where the first death is a Category B investor who dies during the first 100 days (other than by Accidental Death) and the joint investors made the relevant election on the Application Form for the surviving investor to automatically benefit from Single Life Cover for the same Insurance Category (A or B) as applied to the survivor in respect of the Joint Life Second Death Cover, the annual management charge for the Initial Period will be re-calculated and applied (on the full joint Net Investment Amount) at the rate applicable to the Single Life Cover which corresponds to the Insurance Category applicable to the surviving investor. The re-calculation and application of the revised annual management charge will take place when Foresight first becomes aware of the first death, and the higher charge will apply accordingly. If this is during the Initial Period, Foresight will re-calculate the annual management charge and charge the appropriate sum in respect of the period of the Initial Period already expired and will apply the relevant higher annual management charge for the remainder of the Initial Period.

- 6.16** The annual management charges set out at clause 6.15 of this Customer Agreement will be paid by the companies in which You hold Qualifying Investments, shall be payable quarterly in advance and Your Portfolio holding shall be reduced accordingly through a buyback, for no consideration, of shares with a value equal to those charges (rounded down to the nearest whole number of shares within Your Portfolio).
- 6.17** If a full withdrawal request is made during the first year of the Initial Period, annual management charges for the first year will be taken in full following the withdrawal request. Similarly, if a full withdrawal request is made during the second year of the Initial Period, annual management charges for the second year will be taken in full following the withdrawal request. This applies if the withdrawal request is made during Your lifetime or on Your death.
- 6.18** We will charge an annual administration fee to the companies in which the Foresight Inheritance Tax Fund directly invests of an amount equal to 2.00% of the investee company's net asset value. Such fee will be calculated quarterly as an amount equal to 0.5% of each investee company's net asset value as at the end of that investee company's relevant quarter but before the deduction of the administration fee and any Foresight Accelerated ITS annual management charges for that quarter. The annual administration fee includes all company secretarial, administration, deal and arrangement services to an investee company group, and related costs. It does not include the normal trading costs of an investee company group nor any fees and costs in relation to independent directors, audit, legal, stamp duty and exceptional items.
- 6.19** The administration fees to which We are entitled from an investee company pursuant to clause 6.18 of this Customer Agreement shall be paid quarterly in advance based on Our estimates of the investee company's expected net asset value as at the end of that quarter.
- 6.20** We shall, as soon as reasonably practicable following the end of the relevant investee company's quarter, calculate the actual administration fee in respect of the relevant quarter based on that investee company's books and records for that quarter. To the extent that:
- 6.20.1** the administration fee payment paid to Us by the relevant investee company based upon Our estimate for a relevant quarter is less than the administration fee actually payable by that investee company for that quarter, then the balance shall be payable to Us by that investee company as soon as reasonably practicable; or

- 6.20.2** the administration fee payment paid to Us by the relevant investee company based upon Our estimate for a relevant quarter is more than the administration fee actually payable by that investee company for that quarter, the excess amount shall be repaid by Us to that investee company as soon as reasonably practicable.
- 6.21** On final withdrawal (whether made during Your lifetime or on Your death), We will pay to You (or, as applicable, to Your estate) in respect of each financial period from 1 January 2021 or, if later, the end of Your Initial Period to the date of final withdrawal, an amount equal to up to 0.35% of Your Portfolio Value as at the end of each financial period (or, as applicable, the date of final withdrawal) if, and only to the extent that, the growth of Your Portfolio Value during that financial period is (taking into account such payment) less than Your applicable Investor Priority Return. For the purposes of this clause 6.21:
- 6.21.1** in respect of the financial period in which final withdrawal takes place (and, any immediately preceding financial period where a valuation as at the end of that financial period has not been completed as at the date of final withdrawal), Your Portfolio Value on withdrawal will be the most recent valuation of Your Portfolio carried out by Us and the payment, if anything, for such financial periods shall be calculated only to the date of that most recent valuation and not in respect of any later period; and
- 6.21.2** where the financial period is less than 12 months, Your applicable Investor Priority Return percentage will be proportionately reduced.
- 6.22** In the event of any partial withdrawals from Your Portfolio, We shall, in such instances, be entitled to make such time-weighted adjustments in respect of the calculation of the payment referred to in clause 6.21 as We see fit.
- 6.23** We hereby unconditionally waive any Unpaid AMCs which have not become payable as at 31 December 2020.
- 6.24** We may fix the financial year of the Foresight Inheritance Tax Fund from time to time and the expression 'financial period' means any shorter/longer period than a 12-month period as We may in Our discretion decide.
- 6.25** All fees and charges are stated exclusive of VAT, if applicable. Fees and charges paid by the companies in which the Foresight Inheritance Tax Fund invests will be subject to applicable VAT and any irrecoverable VAT will reduce the value of Your Portfolio.

## **7. Delegation and Use of Agents**

- 7.1** Any of Our functions under this Customer Agreement may be delegated to an Affiliate or suitably qualified (and if relevant, appropriately regulated) third party of Our choice to perform such functions. This does not prevent the assignment by Us of any agreement pursuant to clause 21.1 of this Customer Agreement.
- 7.2** In particular We may at Our discretion, delegate the provision of administration, nominee and safe custody services to such professional entity or entities as We see fit. We may change such entity and amend the terms of the relationship with such entity from time to time and will negotiate such terms on an arms' length basis in good faith.
- 7.3** We will act in good faith and with due diligence in the selection, use and monitoring of third party agents and delegates. Save as provided in this clause and clause 7.4 of this Customer Agreement We are not responsible or liable for the acts, omissions and errors of any agent or delegate.
- 7.4** Where any functions have been delegated to an Affiliate, We will, save as otherwise set out in this Customer Agreement, accept responsibility for all acts and omissions of such Affiliate as if they were Our own.

## **8. Custody**

- 8.1** The Nominee or Depositary will, subject to the Applicable Rules, hold all investments in Your Portfolio in safe custody on the following basis:
- 8.1.1** any registerable investment acquired for Your Portfolio will normally be registered in the name of the Nominee. For legal and tax purposes, You will be the beneficial owner of such investments but the Nominee will be the legal owner;
- 8.1.2** title documents (if any) to investments in respect of which such documents are issued will be physically held by the Depositary; and
- 8.1.3** any documents of title to investments in bearer form will be held by the Depositary.
- 8.2** Investments held by the Nominee for the account of Your Portfolio may be pooled with other holdings held by the Nominee and, as such, may not be readily identifiable by separate certificates, other physical documents of title or equivalent electronic record. As a result, should the Nominee default, You will share in any shortfall in proportion to Your original share of any investments in the Nominee's pool. In addition, where the Nominee holds the same investments for You and another investor in the Foresight Inheritance Tax Fund, Your investments may in effect be used to settle that other investor's transaction, which will not affect the Nominee's record of Your entitlements.
- 8.3** We have discretion to exercise or decline to exercise any conversion, subscription, voting or other rights relating to investments held in Your Portfolio, and to give suitable instructions to the Nominee, without consulting with You beforehand. By entering into this Customer Agreement, You hereby authorise Foresight to act on Your behalf and exercise all rights attaching to the investments held in Your Portfolio as it shall deem fit and at its discretion.

## **9. Client Money**

- 9.1** Application monies received in connection with the Foresight Accelerated ITS will be held by the Receiving Agent until invested with an Approved Bank in a client account, together with application monies of other investors. Interest will not accrue on Your application monies.
- 9.2** Following processing of Your Application Form and Your application being accepted, cash within Your Portfolio prior to investment or otherwise realised in relation to realisations and withdrawals will be held by the Cash Custodian with an Approved Bank in one or more client accounts, together with cash balances belonging to other investors. Interest does not currently accrue on any such cash balances. Should this change, any interest earned on cash balances will be added to Your Portfolio.
- 9.3** The client accounts referred to in clauses 9.1 and 9.2 will have trust status and will be kept separate from any money belonging to Us, the Receiving Agent, the Cash Custodian or to the Depositary. The Receiving Agent and the Cash Custodian are subject to the FCA's client money rules and, therefore, any of Your monies held by the Receiving Agent and the Cash Custodian will receive the protections afforded

by the FCA's client money rules.

- 9.4** No responsibility is accepted for any acts or omissions of the Receiving Agent, the Cash Custodian or the Approved Bank. Should the Receiving Agent, the Cash Custodian or the Approved Bank become insolvent, We will claim on behalf of Our clients.
- 9.5** After termination of this Customer Agreement, and subject to any Applicable Rules, We may direct Your money be used at Our own discretion if it remains unclaimed for a period of at least six years and provided that We have taken reasonable steps (or have procured that such reasonable steps have been taken) to trace You and return the balance.
- 9.6** Clauses 9.1 to 9.5 of this Customer Agreement do not apply to the proceeds of any claim made under the Insurance Policy received by Us. We will hold such monies in a separate bank account in Our name with an Approved Bank in the UK. The payment of the proceeds to Your Beneficiaries will be subject to the trust declared by You pursuant to clause 20.8 of this Customer Agreement.

**10. Valuations and Reports**

- 10.1** You will receive statements twice a year confirming the value of Your Portfolio as at the last day of the period in question. All such reports will be provided within 90 days of the period end. On request We can provide You with a statement for an interim three- month period.
- 10.2** All investments will be valued at close of business on the last day of the relevant period in accordance with clause 10.3 of this Customer Agreement. Periodic statements will also show the opening value of Your Portfolio, any withdrawals and/or other adjustments to Your Portfolio holdings and the closing value of Your Portfolio.
- 10.3** Foresight will value the investments, incorporating capital and income returns, in Your Portfolio quarterly and on a basis consistent with the valuation principles issued by the British Private Equity and Venture Capital Association from time to time, but using discounted cashflows where appropriate. The companies in which investments are made are typically audited annually. In calculating the fees and charges of Foresight relevant to returns, or annual returns for any period, the applicable valuation statements issued by Foresight or Affiliates in relation to Your Portfolio shall be final and binding. The performance of the investments held within Your Portfolio will not be measured against any stock market or other index.

**11. Conflicts of Interest**

- 11.1** We have implemented a conflicts of interest policy that identifies those circumstances that constitute, or may give rise to, conflicts of interest that pose a material risk of damage to Our customers. This policy also addresses the effective organisational and administrative arrangements that We maintain and operate to manage those conflicts. A copy of such policy is available on request.
- 11.2** Your attention is drawn to clauses 4.4 and 20.9 of this Customer Agreement.

**12. Dealing**

- 12.1** In effecting transactions for the Foresight Inheritance Tax Fund, We will act in accordance with the FCA Rules.
- 12.2** We will act in good faith and with due diligence in Our choice and use of counterparties. All transactions will be effected in accordance with the rules and regulations of the relevant market, exchange or trading facility (if relevant), and We may take all such steps as may be required or permitted by such rules and regulations and/or by appropriate market practice.
- 12.3** We may aggregate transactions with those of other customers and employees of Us and Our Affiliates in accordance with the Applicable Rules. It is unlikely that the effect of such an allocation will work to Your disadvantage, however, occasionally this may be the case. We will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the Applicable Rules (if applicable) so that:
- (a) if there is any conflict between the provisions of this Customer Agreement and any such rules, customs or Applicable Rules, the latter shall prevail; and
  - (b) action may be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Rules. You should, however, be aware that Your Portfolio will be invested in a range of unlisted securities and there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities.

Transactions in shares of such securities will be effected on the best commercial terms which can be secured.

- 12.4** Save as detailed in clause 2.3 of this Customer Agreement, We shall take reasonable steps to obtain the best possible result when executing orders. This duty of best execution is owed by Us to the Foresight Inheritance Tax Fund, further details of which are set out in the Order Execution Policy, provided in Schedule 1 to this Customer Agreement.

**13. Liability**

- 13.1** We will act in good faith and with due diligence in managing Your Portfolio in accordance with this Customer Agreement. We accept responsibility for loss to You only to the extent that such loss is due to negligence or wilful default by Us or Our Affiliates. We will not be responsible for any losses to the extent arising from any information provided by You and/or Your agent being untrue, inaccurate or incomplete.
- 13.2** Should the Nominee, the Cash Custodian or the Depositary fail to deliver any necessary documents or to account for any investments, We will take all reasonable steps on Your behalf to recover such documents or investments or any sums due or compensation in lieu thereof but save where the Nominee, the Cash Custodian and/or the Depositary is Our Affiliate, and subject to Our general duty of good faith, no liability is accepted for such failure.
- 13.3** Save as provided in the Applicable Rules if there is a total or partial failure, interruption or delay in the performance of Our obligations to the extent resulting from acts, events or circumstances not reasonably within Our control (including, but not limited to: acts or regulations of any governmental, regulatory or supranational bodies or authorities; Insurer failure or insolvency; breakdown, failure or malfunction of any telecommunications or computer service or services; and acts of war, terrorism or civil unrest). We shall not be liable to You or in breach of this Customer Agreement.
- 13.4** Subject to clause 13.1 of this Customer Agreement, We shall not be liable for any loss or damage of any direct or indirect nature caused by

changes in revenue law or practice as determined by HMRC from time to time.

- 13.5** We will assume that all investments made on Your behalf under the Foresight Inheritance Tax Fund are new investments requiring a full two-year holding period for BR and will report to You on this basis. If You are transferring an existing BR investment into the Foresight Inheritance Tax Fund it will be Your responsibility to assess Your holding period for BR qualification and whether any transfer prejudices any prior holding period and We accept no responsibility in this regard.
- 13.6** Nothing in clauses 13.1 to 13.4 of this Customer Agreement shall limit any liability We may have to You under the terms of the Applicable Rules.
- 13.7** No responsibility is accepted for loss of an indirect or consequential nature such as loss of goodwill, profit or opportunity nor in respect of any failure or refusal by the Insurer to settle any claim under the Insurance Policy or the failure by Us to successfully claim under the guarantee with the Underlying Insurer.
- 13.8** Nothing in this Customer Agreement shall exclude or limit Our liability for fraud or fraudulent misrepresentation by Us or Our Affiliates or for death or personal injury.

#### **14. Withdrawals**

- 14.1** You may not make any withdrawal from investments in Your Portfolio during the Initial Period, save for a withdrawal of your entire investment, or withdrawals for the purposes of meeting ongoing adviser charges.
- 14.2** Subject to clause 14.1 of this Customer Agreement, any request for, or other necessary, withdrawal from investments in Your Portfolio (including regular and ad hoc withdrawals) must be made in writing. Withdrawals will generally be made through a disposal of Your holding in shares which may be taxable to income tax or capital gains tax. Requests for partial withdrawals will, unless otherwise requested, be rounded down to the amount capable of being realised through the disposal of the nearest whole number of shares within Your Portfolio. We will endeavour to effect withdrawals in as tax-efficient manner as possible at the time, typically with a capital gains tax treatment, but withdrawals, and their tax treatment, cannot be guaranteed (in particular for full withdrawals). We may, from time to time, effect withdrawals by way of dividends. As the underlying investments are illiquid, there is no guarantee that We can effect withdrawals in the targeted timescales, if at all, or that the proceeds will reflect the value of such holdings. Subject to availability of readily realisable funds, We will realise the cash sum required and pay the net sale proceeds to You upon receipt of such proceeds by Us into Your nominated bank account (net of any applicable charges or sums due). If We are required to effect a share buyback to generate realisable funds to enable a withdrawal request, or if there are a substantial number of withdrawal requests, there may be a considerable delay in paying out on the withdrawal request.
- 14.3** We may deduct from funds payable to You (or at Your direction) any fees, charges or sums due or payable to Us or any Affiliates or any delegates.
- 14.4** In exceptional circumstances such as a change in law or practice We may choose to satisfy withdrawal requests (including on termination) wholly or partly by the transfer of investments.

#### **15. Amendments**

We may amend the terms of this Customer Agreement or Our arrangements with You by sending You written notice. Such changes shall take effect on the date specified in the notice being not less than ten Business Days from the date of such notice unless the changes are for legal or regulatory reasons when such changes shall take effect on the date specified in the notice.

#### **16. Termination**

- 16.1** You may terminate this Customer Agreement at any time by notice in writing to Us. Foresight may terminate this Customer Agreement by giving You 30 days' written notice. Where required to do so by applicable law or regulation or where it becomes impossible, impractical or unreasonable for Us to continue to manage Your Portfolio We may terminate this Customer Agreement immediately by notice in writing. Termination will not affect accrued rights or any contractual provision intended to survive termination, in particular in relation to the liquidation and/or distribution of Your Portfolio. For the avoidance of doubt, the termination of this Customer Agreement will also immediately terminate Your cover under the Insurance Policy.
- 16.2** Following termination of this Customer Agreement We will use our reasonable endeavours to realise the investments in Your Portfolio in an orderly fashion (although there is no guarantee that the proceeds will reflect the value of such holdings) and this Customer Agreement will continue to apply from termination until Your Portfolio has been realised and/or transferred to You in full. The net proceeds of sale will be remitted to You after all deductions permitted by this Customer Agreement. If We are unable to liquidate some or all of the investments in Your Portfolio We may transfer investments to You to effect termination of this Customer Agreement. In such circumstances, You should note the potentially adverse consequences in clauses 3.9.1 and 3.9.2 of this Customer Agreement.
- 16.3** We reserve the right to settle outstanding transactions for Your Portfolio at the effective date of termination.
- 16.4** Where We endeavour to liquidate Your Portfolio, this may take place over an extended period of time as there may be limited liquidity for Your Portfolio's investments.
- 16.5** Subject to clause 16.3 of this Customer Agreement, termination will take effect on the date stated in the written notice of termination provided that date is no earlier than the date of receipt of the termination notice by Foresight or any later date agreed with You; and shall be without prejudice to the completion of transactions already initiated, which shall be completed in an orderly manner.
- 16.6** On termination, You will be liable to pay (meaning that We may debit from Your Portfolio and/or any cash payable to You or, if there are insufficient funds, invoice You):
  - 16.6.1** all fees and other charges mentioned at clause 6 of this Customer Agreement, accrued and remaining outstanding at the date of termination;
  - 16.6.2** any additional expenses necessarily incurred by Us in terminating this Customer Agreement and winding up Your Portfolio; and
  - 16.6.3** Our charges (if any) in connection with liquidating Your investments or transferring Your investments into Your name.



- 16.7** On termination, We may retain and/or realise such investments as may be required to settle transactions already initiated and to pay Your outstanding liabilities. If there is a dispute as to the payment of fees to Us, You may require the disputed amount to be held in an escrow account pending resolution of the dispute.
- 16.8** Please note that if Qualifying Investments are sold You will lose any potential entitlement to BR unless the sale proceeds are reinvested into other relevant business property and HMRC accepts that the new Qualifying Investments have replaced the old Qualifying Investments within the meaning of section 107 Inheritance Tax Act 1984.
- 16.9** We will endeavour to liquidate all investments comprising Your Portfolio within a reasonable time, but given the nature of the investments no liability is accepted in respect of any delays. You acknowledge that in the event of any material change to the legislation governing Qualifying Investments, the liquidation of investments may take a considerable period of time.
- 16.10** We will provide You with a closing valuation of the Portfolio prepared in the manner described above once all outstanding transactions have been accounted for and from which point Our management responsibility for the Portfolio will cease entirely.
- 17. Data Protection and Consents**
- 17.1** We respect Your privacy and are committed to protecting Your personal data. If You would like to find out more about how We use and look after Your personal information, please refer to Our privacy notice, which can be found at [www.foresightgroup.eu/privacy-cookies/](http://www.foresightgroup.eu/privacy-cookies/).
- 17.2** Certain information may be shared with Affiliates, Our delegates, the Promoter, the Nominee, the Depositary, the Receiving Agent, the Cash Custodian and/or any Approved Bank and/or the Insurer and/or any person appointed by Us for the purposes of processing Your Application Form, administering, or making a claim under, the Insurance Policy and performing the obligations to You pursuant to this Customer Agreement and/or in order for Us, Our Affiliates, Our delegates, the Promoter, the Nominee, the Depositary, the Receiving Agent, the Cash Custodian and/or any Approved Bank and/or the Insurer to fulfill our respective regulatory and contractual obligations. Information may also be shared with regulatory bodies to the extent any of the above entities are required, or consider obliged, to do so in accordance with any statute or regulation or if governmental, judicial and law enforcement bodies so require.
- 17.3** We will at all times keep confidential all of Your information acquired in connection with the Foresight Inheritance Tax Fund, except for information which:
- (a) is in the public domain; or
  - (b) We may be entitled or bound to disclose under the Applicable Rules; or
  - (c) is requested by regulatory agencies; or
  - (d) is given to professional advisers where reasonably necessary for the performance of their professional services; or
  - (e) is authorised to be disclosed by You; or
  - (f) is necessary or desirable for the purposes of administering, or making a claim under, the Insurance Policy,
- and shall use reasonable endeavours to prevent any breach of this clause 17.3 of this Customer Agreement.
- 17.4** We will procure that any agent or delegate that is an Affiliate appointed by Us will observe and comply with the provisions of clauses 17.2 and/or 17.3 of this Customer Agreement.
- 17.5** You have certain rights in relation to Your personal information, including the right to receive a copy of the information that We hold about You. For more details, please refer to Our privacy notice referred to above.
- 17.6** You authorise Us to provide any information as provided by You to Us and by Us to You in connection with Your participation in the Foresight Inheritance Tax Fund to Your authorised financial intermediary detailed on Your Application Form or other financial intermediary notified to Us from time to time. You acknowledge that any such communication may be sent to Your authorised financial Intermediary prior to, or where requested, in place of, being sent to You in such form as may be agreed with Your authorised financial intermediary. Information may also be provided more frequently where agreed. You also authorise Us to accept changes to Your personal details as provided by Your authorised financial intermediary (subject to such evidence and/or verification as We may request).
- 17.7** The provisions of clause 17 of this Customer Agreement shall apply to personal data provided in relation to Beneficiaries and references to 'You' and 'Your' shall be construed accordingly.
- 18. Risk Factors and Further Disclosures**
- 18.1** Your attention is drawn to the risk factors set out on pages 32 to 35 of the Investor Guide dated March 2020. The Foresight Accelerated ITS will not be suitable for everybody and it is important that You consider these risks, and the nature of the investment, seeking advice from Your financial or tax adviser as required.
- 18.2** The value of investments and the income derived from them may go down as well as up and You may not get back some or the entire amount invested. Due to the nature of tax reliefs available under the Foresight Inheritance Tax Fund, an investment in the Foresight Inheritance Tax Fund is not suitable as a short-term investment and should be held for at least two years.
- 18.3** No monies shall be borrowed nor securities (or similar transactions) granted or entered into for the account of Your Portfolio.
- 18.4** Subject to clause 16.6 of this Customer Agreement, there is no requirement for additional monies to be called upon for addition to Your Portfolio.
- 18.5** No investments in warrants, in units in collective investment schemes or in derivatives of any sort shall be made in any Portfolio.
- 18.6** We do not warrant or provide any assurance or guarantee regarding the solvency, or ability to pay claims, of the Insurer, the Underlying Insurer and any insurer with whom any insurances are placed in connection with the Foresight Accelerated ITS or, in respect of the Underlying Insurer, its ability to settle any call on the guarantee provided by it to Us.

**19. Complaints Procedure and Compensation**

**19.1** If You have a complaint, You can contact Us via phone, email or in writing as follows:

For the attention of

**Foresight Investor Relations**  
**Foresight Group LLP**  
**The Shard, 32 London Bridge Street**  
**London SE1 9SG**

**020 3667 8181**

**investorrelations@foresightgroup.eu**

We will investigate the circumstances and report back to You. A copy of Our complaints handling procedure is available on request. Complaints from eligible complainants will be dealt with in accordance with the FCA Rules.

**19.2** Complaints that We are unable to settle may be referred to the Financial Ombudsman Service, which is an independent service set up to resolve disputes between customers and businesses providing financial services. The Financial Ombudsman Service can be contacted at: Exchange Tower, Harbour Exchange, London E14 9SR. Further information can be found at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). Only complainants that are 'retail' clients or professional clients that are acting outside the course of their profession, trade or business will be eligible to refer their complaints to the Financial Ombudsman Service.

**19.3** Foresight is covered by the Financial Services Compensation Scheme as referred to in clause 2.6 of this Customer Agreement.

**20. Insurance Element**

**20.1** We have taken out group insurance policies with the Insurer as set out on pages 14 to 16 of the Investor Guide. We will use reasonable commercial endeavours to procure that cover under the Insurance Policy extends to You as provided for in the Investor Guide (subject to you meeting eligibility criteria and subject to the Insurance Policy exclusions) and to make claims under the Insurance Policy. In respect of Single Cover, the Insurer will provide insurance cover of 40% up to the first £1 million of Your Net Investment Amount. In respect of Joint Life Second Death Cover, the Insurer will provide insurance cover of 40% up to the first £2 million of Your joint Net Investment Amount.

**20.2** The Insurance Policy will be held in Our name with the benefit of the Insurance Policy being for investors notified by Us to the Insurer. Provided that You have satisfied the eligibility criteria, including the age restrictions applicable to when the Application Form is completed and signed, and when shares are acquired for Your Portfolio and the timescale within which shares must be first acquired, as set out on pages 14 to 16 of the Investor Guide, Your cover under the Insurance Policy will commence on the date on which shares are first acquired by You under the Foresight Accelerated ITS (subject to any restrictions on when cover commences under Category B as set out on page 16 of the Investor Guide), which must be within two calendar months from the date on which the Application Form is signed by You.

**20.3** By signing the Application Form You (and where a joint application is made, each of You):

**20.3.1** confirm that You are, on the date of completing and signing the Application Form:

- (a) where Category A is applicable, aged 62 or older but less than 86; or
- (b) where Category B is applicable, aged 86 or older but less than 90.

**20.3.2** confirm that to the best of Your knowledge You are not suffering from a Terminal Illness on the date on which the Application Form is completed and signed;

**20.3.3** confirm that You consent upon Your death to the release of Your medical records, including any post-mortem examination, as may be necessary to enable the Insurer to adjudicate any claim under the Insurance Policy;

**20.3.4** acknowledge:

- (a) the maximum age eligibility criteria relating to the date on which Your Application Form is completed and signed and the date on which shares are first acquired for you, as set out on page 15 of the Investor Guide, and the two month calendar period from the date on which Your Application Form is completed and signed within which shares must be first acquired for Your Portfolio, in each case in order to be covered under the Insurance Policy for the applicable Insurance Category;
- (b) that although typically shares will be first acquired for Your Portfolio within two calendar months of receipt of Your Application Form, this cannot be guaranteed and it may not be possible to acquire shares prior to the expiry of the age eligibility and share acquisition timescale requirements referred to in clause 20.3.4(a), in particular where Your Application Form is received towards the end of the age restrictions set out in clause 20.3.1 and/or there is a delay in your Application Form being delivered to us following the date on which it is signed by You;
- (c) that no cover will be available under the Insurance Policy if, at the time You sign the Application Form, You have received a Diagnosis from Your attending Consultant with no life expectancy estimate and, in the reasonable opinion of an independent Consultant appointed by the Insurer during the claims process, the illness or condition would have been expected to lead to Your death within twelve (12) months of the Diagnosis;
- (d) that if You have selected Single Life Cover and are a Category B investor, on Your death (other than by Accidental Death) within the first 100 days from the date on which shares are first acquired for Your Portfolio You will not be covered under the Single Life Cover;
- (e) that if You have selected Joint Life Second Death Cover and one or both of You is a Category B investor, on the death (other than by Accidental Death) of a Category B investor within the first 100 days from the date on which shares are first acquired for Your Portfolio neither of You will be covered under the Joint Life Second Death Cover;
- (f) that non-disclosure or misrepresentation by You of a material fact may affect the benefits payable under the Insurance Policy; and

(g) that the Insurance Policy has no surrender value; and

- 20.3.5** acknowledge that, where You are joint investors, where a Category B investor dies during the first 100 days (other than by Accidental Death) the Joint life Second Death Cover will automatically terminate for both of You unless You have made the relevant election in the Application Form for the surviving investor to automatically benefit from Single Life Cover, as more particularly detailed on page 19, and further acknowledge the annual management charge that will be applicable, as set out in clause 6.4.
- 20.4** If You have selected Single Life Cover and die during the Initial Period, the personal representatives of Your estate will need to notify Us and provide Us with an original of Your death certificate. If You have selected Joint Life Second Death Cover, the personal representatives of Your estate will need to notify Us only upon the second death within the Initial Period and provide Us with both of Your respective original death certificates. We will not be able to make a claim under the Insurance Policy if no death certificate is received. The Insurer may request further information to validate the claim. We will forward such requests to the personal representatives of Your estate and it will be their responsibility to collate and provide all such information requested to Us to forward on to the Insurer via any agent appointed by Us to administer, or make a claim under, the Insurance Policy. We will not otherwise have any responsibility to progress a claim under the Insurance Policy. To the extent the personal representatives of Your estate are unable to provide the information requested (or the provision of such information is delayed), the claim under the Insurance Policy may fail (or the proceeds of a successful claim may not be paid out in a timely manner).
- 20.5** Only We will be able to make claims under the Insurance Policy. Neither the personal representatives of Your estate nor Your Beneficiaries will have any right to claim (directly or indirectly) under the Insurance Policy. In the event that the Insurer disputes or refuses to settle any claim under the Insurance Policy (Rejected Claim), We shall not be obliged to take any further action in respect of a Rejected Claim, if in Our sole opinion and having regard to the facts of the Rejected Claim We consider the decision of the Insurer to be reasonable, If We agree, in our absolute discretion, to take any further action in respect of a Rejected Claim, We shall be entitled to seek payment in advance from Your estate to cover the anticipated costs thereof in accordance with clause 18 of the settlement detailed in Schedule 2 of this Customer Agreement.
- 20.6** We will only be obliged to pay the proceeds of a successful claim payable in the event of Your death under the Insurance Policy to Your Beneficiaries (net of any amount required to settle the IHT liability in respect of such proceeds) to the extent that We receive proceeds from the Insurer and We will have no other direct or indirect liability to make any payment to Your estate and/or Your Beneficiaries. We may request (as a condition precedent to distributing some or all of the proceeds of a claim under the Insurance Policy) an indemnity from the personal representatives of Your estate or Your Beneficiaries to whom Insurance Policy proceeds are paid to cover any IHT liability in respect of such proceeds if, for any reason, the amount calculated and settled either by the personal representatives of Your estate or Us is insufficient.
- 20.7** You acknowledge that the cover under the Insurance Policy will terminate on the expiry of the Initial Period or if you withdraw from the Foresight Accelerated ITS during the Initial Period (other than to meet ongoing product or adviser charges).
- 20.8** By signing the Application Form, upon an investment being acquired for Your Portfolio, You automatically assign Your beneficial interest in the Insurance Policy to Us as trustee according to the terms of the settlement detailed in Schedule 2 of this Customer Agreement and We accept the role of trustee of that settlement on the terms and conditions detailed in Schedule 2 of this Customer Agreement.
- 20.9** Foresight Group Holdings Limited (Our ultimate parent) is the holder of all shares in the Insurer, however, the Insurer is independently managed. The Insurance Policy has been negotiated by Us on arms-length commercial terms with the Underlying Insurer. The business plan of the Insurer, as submitted to the regulator of the Insurer, does not anticipate that any profits would arise to Foresight Group Holdings Limited.
- 20.10** We may (in Our capacity as trustee under the trust deed set out in Schedule 2 of this Customer Agreement, and further in Our sole discretion) make from Our own funds payments on account to Beneficiaries in respect the Property (as defined in Schedule 2 of this Customer Agreement) of which they are a beneficiary and, on receipt of such Property, be reimbursed from the Property accordingly.
- 21. General**
- 21.1** We may assign the benefit of this Customer Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to You. This Customer Agreement is personal to You and You may not assign it.
- 21.2** This Customer Agreement constitutes the entire agreement between Us in respect of Your Portfolio and Your investment in the Foresight Inheritance Tax Fund through the Foresight Accelerated ITS and supersedes any other or previous terms and conditions. Save as provided in clause 15 of this Customer Agreement, any amendment to this Customer Agreement shall be effective only if made in writing and agreed by both parties.
- 21.3** It is not intended that any term contained in this Customer Agreement shall be enforceable, whether by virtue of the Contracts (Rights of Third Parties) Act 1999, common law or otherwise, by any person who is not a party to this Customer Agreement save that any Affiliate shall have the benefit of any provision of this Customer Agreement expressed to be for the benefit of Affiliates.
- 21.4** If any part of the wording of this Customer Agreement shall become or is declared to be illegal, invalid or unenforceable for any reason, such part or wording shall be deleted and shall be divisible from the rest of the Customer Agreement, which will continue in force.
- 21.5** The failure of Foresight or its Affiliates to exercise or delay in exercising a right or remedy provided by this Customer Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies.
- 21.6** Any notice under or relating to this Customer Agreement shall be in writing. We may send any communication to You at the address which You provide to Us in the Application Form (or to any provided postal address or email address). You must communicate with Us at Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG (or such other postal address notified to You for this purpose). Notice sent by first class post to such address is deemed to have arrived on the second Business Day after posting. Notice sent by fax or email or hand-delivered is deemed to be delivered immediately (or on the next Business Day if sent after 5pm on a Business Day or on a non-Business Day). Our telephone number is 020 3667 8100. Telephone calls may be recorded or monitored for Our mutual protection.
- 21.7** This Customer Agreement shall be governed by and construed in all respects in accordance with English law and You hereby submit to the exclusive jurisdiction of the English Courts in relation to any disputes arising out of or in connection with this Customer Agreement.

- 21.8** This Customer Agreement is supplied in English, and We will only be required to communicate in English during the course of our relationship with You.
- 21.9** Where You comprise more than one person at any time We may rely upon any notice from any one of such persons on behalf of You and any waiver or agreement with any one of such persons shall be binding upon You. On the death of a joint holder we shall be entitled to treat the survivor(s) as the only person(s) having title or ownership of the Portfolio of the joint holder.
- 21.10** In respect of individual investors, on and following Your death, We may (acting in good faith) act on the directions of Your personal representatives or the persons holding themselves out as Your personal representatives pending grant of representation.

## **SCHEDULE 1 – ORDER EXECUTION POLICY**

### **Execution factors and execution criteria**

We have an obligation when executing orders for the Foresight Inheritance Tax Fund to obtain the best possible outcome.

The FCA requires various execution factors to be taken into account including price; cost; speed; market impact; likelihood of execution and settlement; size; or any other consideration meriting a high relative importance in obtaining the best possible result. However, in some circumstances, We may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result. We will determine the relative importance of the execution factors by using Our commercial judgement and experience in light of market information available and taking into account the execution criteria.

The execution criteria are defined as the characteristics of the client, order

(orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some shares are more liquid than others, and illiquid shares will be less easily tradable in volume) and the execution venue.

The scope of activities undertaken by Us does not currently include placing orders with brokers or dealers. Should We place orders with brokers or dealers for execution We will satisfy ourselves that the broker or dealer has arrangements in place to enable Us to comply with Our best execution obligations to Our clients. Specific arrangements will be put in place such that brokers will confirm that they will treat Us as a professional client and will, therefore, be obliged to provide best execution.

### **Special purpose vehicles (SPVs)**

We may establish special purpose vehicles for the purpose of investments. As shares in SPVs cannot be obtained from any other sources there is limited opportunity to apply some of the execution factors.

### **Monitoring and review**

We will review the effectiveness of Our execution policy and order execution arrangements on an annual basis. Whenever a material change occurs that affects Our ability to continue to obtain the best possible result for You, We will notify You of any material changes to Our execution arrangements or Our execution policy by posting an updated version on Our website ([www.foresightgroup.eu](http://www.foresightgroup.eu)).

## **SCHEDULE 2 – ASSIGNMENT AND FORM OF SETTLEMENT**

### **PARTIES:**

- (1) The investor (Settlor)**
- (2) Foresight Group LLP of The Shard, 32 London Bridge Street, London, SE1 9SG (the Trustee)**

### **RECITALS**

- (A)** The Settlor wishes to assign absolutely to the Trustee all of their beneficial interest in the trust established in respect of the Insurance Policy (as defined in the Investor Guide) (the Property) for the Trustee to hold on trust subject to the terms of this settlement (Settlement).
- (B)** It is intended that this Settlement shall be irrevocable. The parties to this Settlement accept that the Insurance Policy is a pure protection policy that has no surrender value. No rights or obligations under this Settlement may be assigned by any party

### **PART 1 - OPERATIVE PROVISIONS**

#### **1. Definitions and Interpretation**

In this Settlement, where the context admits, the following definitions and rules of construction shall apply.

##### **1.1** The Trust Fund shall mean:

- (a)** the Property; and
- (b)** any interest earned by the Trustee on the Property and any other accumulations of income added to the Property, all of which shall be held subject to the powers and provisions of this Settlement.

##### **1.2** The Trust Period shall mean the period ending on the earlier of:

- (a)** the last day of the period of 125 years from the date of this Settlement; and
- (b)** such date as shall for the time being be specified pursuant to the power conferred by clause 7 of this Settlement.

##### **1.3** The Beneficiaries shall have the meaning set out in the Investor Guide.

##### **1.4** The Investor Guide shall mean the investor guide (including the customer agreement contained therein) issued by the Trustee in respect of the Foresight Accelerated Inheritance Tax Solution dated March 2020.

- 1.5 Words denoting any gender shall include both the other genders.
- 2. Effective Date**
- This Assignment and Settlement shall take effect upon the date that the Settlor acquires shares through the Foresight Accelerated ITS (as defined in the Investor Guide) and shall apply to the Property to the extent it relates to such shares.
- 3. Assignment**
- The Settlor hereby assigns absolutely and irrevocably to the Trustee all the Settlor's interest in the Property in consideration of the Trustee paying £1 (one pound) to the Settlor, receipt of which is hereby acknowledged.
- 4. Power to add Beneficiaries**
- 4.1 The Settlor or his survivor or such person as the Settlor or his survivor shall have nominated in writing or if none the Trustee, may, at any time during the Trust Period, add to the Beneficiaries such persons as the person making the addition shall, subject to the application, if any, of the rule against perpetuities, determine.
- 4.2 Any such addition shall be made in writing to the Trustee:
- (a) naming the persons to be added; and
  - (b) specifying the date or event, being before the end of the Trust Period, on the happening of which the addition shall take effect.
- 4.3 This power shall not be exercised so as to add to the Beneficiaries the Settlor or any person who shall previously have added property to the Trust Fund or the spouse or civil partner for the time being of the Settlor or any such person
- 5. Discretionary trust of capital and income**
- 5.1 The Trustee, whilst agreeing to make reasonable endeavours to act in accordance with the Settlor's wishes set out in the Settlor's Application Form, shall hold the capital and income of the Trust Fund upon trust for or for the benefit of such of the Beneficiaries in such manner, and to make payments to the Beneficiaries at such times, as the Trustee shall in its discretion decide.
- 5.2 The exercise of the Trustee's powers under clause 5.1 of this Settlement shall be subject to the application of the rule against perpetuities.
- 6. Trusts in default of appointment**
- 6.1 Subject to the provisions of clause 5 of this Settlement, the Trustee shall hold the capital and income of the Trust Fund upon trust absolutely for such of the children and remoter issue of the Settlor as shall be living at the end of the Trust Period and, if more than one, in equal shares per stirpes, so that no person shall take if any of his ascendants is alive and so capable of taking.
- 6.2 If at the end of the Trust Period, there is no one who meets the requirements of clause 6.1 of this Settlement, the Trustee shall hold the capital and income of the Trust Fund on trust absolutely for a charity of the Trustee's choosing.
- 7. Power to alter Trust Period**
- The Trustee may, at any time during the Trust Period, specify by deed, in relation to the whole or any part of the Trust Fund, a date for the purposes of clause 1.2(b) of this Settlement. The date specified shall not be earlier than the date of execution of such deed or later than the date on which the applicable perpetuity period expires.
- 8. Administrative powers**
- The Trustee shall, in addition and without prejudice to all statutory powers, have the powers and immunities set out in Part 2 of this Settlement. No power conferred on the Trustee shall be exercised so as to conflict with the beneficial provisions of this Settlement and the powers conferred on the Trustee shall be exercisable only during the Trust Period and subject to the application, if any, of the rule against perpetuities.
- 9. Proper law, forum and place of administration**
- 9.1 The proper law of this Settlement shall be that of England. All rights under this Settlement shall be construed, and its construction and effect shall be determined, according to the laws of England.
- 9.2 The courts of England shall be the forum for the administration of these trusts.
- 10. Exclusion of Settlor and spouse or civil partner**
- 10.1 No discretion or power conferred on the Trustee or any other person by this Settlement or by law shall be exercised, and no provision of this Settlement shall operate directly or indirectly, so as to cause or permit any part of the capital or income of the Trust Fund to become in any way payable to or applicable for the benefit of the Settlor or any person who shall previously have added property to the Trust Fund or the spouse or civil partner for the time being of the Settlor or any such person.
- 10.2 The prohibition in this clause shall apply notwithstanding anything else contained or implied in this Settlement.
- PART 2 - ADMINISTRATIVE PROVISIONS**
- 11. Power of investment**
- 11.1 The Trustee may apply any money to be invested in the purchase or acquisition of such property, of whatever nature and wherever situate and whether of a wasting nature, involving liabilities or producing income or not, or in making such loans with or without security, as they think fit so that they shall have the same powers to apply money to be invested as if they were an absolute beneficial owner.
- 11.2 The Trustee shall not be required to diversify the investment of the Trust Fund.

**12. Power of management**

**12.1** The Trustee shall have all the powers of an absolute beneficial owner in relation to the management and administration of the Trust Fund.

**12.2** The Trustee shall administer the Trust Fund in accordance with the principles set out in the Investor Guide.

**13. Power to insure property**

The Trustee may insure all or any part of the Trust Fund against any risk, for any amount and on such terms as they think fit but shall not be bound to do so.

**14. Payment of expenses**

The Trustee shall have power to pay out of income or capital, as it may in its discretion determine, any expenses relating to the Trust Fund (or any assets comprised within it) or its administration.

**15. Power to appoint agents**

The Trustee may employ and pay at the expense of the Trust Fund any agent in any part of the world to transact any business in connection with this Trust without being responsible for the fraud, dishonesty or negligence of such agent if employed in good faith.

**16. Powers to delegate**

**16.1** The Trustee may engage any person or partnership as investment adviser to advise it on the investment of all or any part of the Trust Fund and it may, without being liable for any consequent loss, delegate to such investment adviser discretion to manage investments on such terms as the Trustee thinks fit.

**16.2** The Trustee may, without being liable for any consequent loss, delegate to any person the operation of any bank, building society or other account.

**17. Payment of taxes**

In the event of any inheritance tax or probate, succession, estate duty or other duties, fees or taxes whatever becoming payable in any part of the world in respect of the Trust Fund or any part of it in any circumstances whatever, the Trustee may pay all such duties, fees or taxes (notwithstanding that they are not recoverable from the Trustee or the Beneficiaries) out of the capital or income of the Trust Fund at such time and in such manner as it thinks fit. The power to pay duties, fees and taxes conferred by this clause shall extend to any related interest and penalties and to the provision of information to, or the filing of returns with, any relevant tax authorities.

**18. Trustee charging**

The Trustee shall be entitled to reimbursement of its proper expenses and to remuneration for its services in accordance with such terms and conditions as may from time to time be agreed between the Trustee and the Settlor.

**19. Protection of the Trustee generally**

The Trustee shall not be liable for any loss to the Trust Fund however arising except as a result of the fraud or dishonesty of the Trustee.

**20. Release of powers**

The Trustee may by deed release or restrict the future exercise of all or any of the powers conferred on it by this Settlement.

**21. Power to vary administrative provisions**

The Trustee may by deed amend or add to the administrative provisions of this Settlement.