

INSERT DATE

ARQUANT MANAGEMENT LIMITED

AND

INSERT CLIENT NAME

MANAGED ACCOUNT AGREEMENT

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THIS AGREEMENT IS DATED AS OF INSERT DATE

BETWEEN

- (1) ARQuant Management Limited, a limited liability company registered in England and Wales with company number 13034143, which is authorised and regulated by the Financial Conduct Authority (FRN 947270) and whose registered office is at 167-169 Great Portland Street, Fifth Floor, London, W1W 5PF (the “**Investment Manager**”); and
- (2) Client full name, a company, incorporated in _____ under registration number _____ and registered at _____, [or a natural person, registered at _____,] city, post code, country (the “**Client**”)

each a “Party” and together the “Parties”.

WHEREAS

- (A) The Client wishes to appoint the Investment Manager as a discretionary investment manager of the Portfolio (as defined below) and the Investment Manager agrees to such appointment on the terms and subject to the conditions of this Agreement.

THE PARTIES AGREE THAT:

1. DEFINITIONS

In this Agreement the following words and expressions shall have the following meanings:

- Affiliate** means, in relation to the Investment Manager, any entity controlled, directly or indirectly, by the Investment Manager, any entity that controls, directly or indirectly, the Investment Manager or an entity directly or indirectly under the common control with the Investment Manager;
- Authorised Person** means a person whose name, details and signature appears in Schedule 1, as amended by the Client from time to time by giving notice to the Investment Manager in accordance with Clause 29, and who is authorised to give Instructions on behalf of the Client;
- Business Day** means a day on which commercial banks are generally open for business (including dealings in foreign exchange and foreign currency deposits) in London;
- Cessation of Investment Management Service Date** means 5pm local time in London on the first following day that is a Business Day after the Termination Notice Date OR such time after the Termination Notice Date as may be agreed with the Client
- Client Limit Order** means a specific instruction from the Client to the Investment Manager to buy or sell assets at a specified price limit or better price and for a specified size;

Confidential Information	means all information or material communicated between the Parties, including the terms of this Agreement, provided that Confidential Information shall exclude information or material which at the time of its disclosure is, or which thereafter becomes (in each case otherwise than as a result of any act or default by the recipient), part of the public domain by publication or otherwise;
Conflicts of Interest Policy	means the policy of the Investment Manager relating to the identification of conflicts of interest that arise, or may arise, when providing services and whose existence may damage the interests of clients and that specifies procedures in order to prevent or manage such conflicts as required by the FCA Rules and as amended by the Investment Manager from time to time;
Connected Custodian-Broker(s)	means any Custodian-Broker that is already connected (as listed in Schedule 8) or in the opinion of the Investment Manager may be connected to the Investment Manager's trading system;
Custodian-Broker	means the person appointed by the Client which (1) provides custody services in relation to the Portfolio, and (2) effects a transaction, executes orders or passes or places orders for execution and includes brokers, dealers, market makers, executing brokers and clearing brokers (whether acting as principal or agent);
Data Controller	bears the meaning set out in either (a) the GDPR or, if different, (b) any GDPR Implementation Legislation;
Data Processor	bears the meaning set out in either (a) the GDPR or, if different, (b) any GDPR Implementation Legislation;
Data Protection Legislation	means all applicable laws relating to the protection of Personal Data including the Data Protection Act 2018, the Privacy and Electronic Communication (EC Directive) Regulations 2003, the Regulation of Investigatory Powers Act 2000, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000, the Directive 2002/58/EC on Privacy and Electronic Communications, all as amended, restated or replaced from time to time. or any successor legislation thereto and any national implementing laws regulations and secondary legislation, as amended or updated from time to time, in the UK and including the GDPR (as defined below) and any successor legislation thereto and any GDPR Implementation Legislation;
Data Subject	an identified or identifiable natural person to whom Personal Data relates;
Delegate	means any person (whether or not an Affiliate of the Investment Manager) appointed by the Investment Manager to perform the

Investment Management Service or any part of it but excluding any Custodian-Brokers ;

Effective Date	the date shown on the first page of this Agreement;
FoIA	means the Freedom of Information Act 2000;
Force Majeure	means any event preventing either of the Parties from performing any or all of its obligations under this Agreement which arises from or is attributable to acts, events, omissions or accidents beyond the reasonable control of the Party so prevented, including, without limitation, nationalisation, expropriation or other governmental actions; any change of law or regulation, any law, order or regulation of a governmental, supranational or regulatory body, regulation of the banking or securities industry (including changes in market rules), postal or other strikes, lock-outs or other industrial disputes (whether involving the workforce of the Party so prevented or of any other party), act of terrorism or of God, fire, flood, storm, war, riot, civil commotion, malicious damage (including to systems), failure or breakdown in communications, computer facilities or software and the failure of any relevant exchange, clearing house, settlement system or Custodian-Broker for any reason to perform its obligations;
FCA	means the Financial Conduct Authority (12 Endeavour Square, London, E20 1JN) of the United Kingdom, its successors or assigns;
FCA Rules	means the rules and guidance contained in the Handbook issued by the FCA;
FSMA	means the Financial Services and Markets Act 2000;
GDPR	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation), as amended, restated or replaced from time to time;
GDPR Implementation Legislation	means any national implementing laws regulations and secondary legislation, statutory instrument or equivalent provisions introduced in England and Wales to implement the GDPR, including, for the avoidance of doubt, any statutory instruments issued pursuant the European Union (Withdrawal) Act 2018;
Investment Mandate	means the investment policy set out in Schedule 7;
Guidelines	means the objectives and restrictions set out in Schedule 2;
HMRC	means Her Majesty's Revenue & Customs;

Indemnified Persons	means the indemnified persons identified at Clause 20 other than the Investment Manager;
In-House Funds	means collective investment schemes or investment companies including investment trusts or unit linked funds managed by the Investment Manager or an Affiliate, life policies issued by the Investment Manager or an Affiliate or any other arrangement the Parties agree in the Guidelines to treat as an In-House Fund;
Insolvency Event	means the occurrence, in respect of either Party, of any of the following events: <ul style="list-style-type: none"> (a) it enters into a composition or arrangement or convenes a meeting of its creditors; (b) a receiver, administrative receiver or a liquidator is appointed; (c) an order is made or resolution passed for its administration or winding-up; (d) it ceases or threatens to cease to carry on business or suspends or threatens to suspend payment of any of its debts or is deemed by statutory provision to be unable to pay its debts as and when they fall due; (e) it makes a voluntary arrangement or composition with or for the benefit of its creditors; or (f) it allows, permits or does anything analogous to, any of the foregoing events under applicable law;
Instructions	means instructions (including standing instructions) in writing, or in such other form as may be set out in Schedule 1, in respect of any of the matters referred to in this Agreement received from or on behalf of the Client by the Investment Manager;
Investment Advice	means the provision of personal recommendations to the Client, either upon its request or at the initiative of the Investment Manager, in respect of one or more transactions relating to particular financial instruments;
Investment Management Service	means the service set out in Clause 4.1.1;
Legal Entity Identifier	means the code made up of 20 alphanumeric digits which is used to uniquely identify every legal entity or structure, in any jurisdiction, that is party to a financial transaction;
Litigation	means any proceedings or potential proceedings (including without limitation insolvency proceedings, securities litigation and arbitration) relating to assets held from time to time within the

	Portfolio and to which the Investment Manager or a Delegate is not a party in respect of that Portfolio;
Losses	includes losses, damages, costs, claims, liabilities, charges, demands and expenses;
MiFID	means Directive 2014/65/EU on markets in financial instruments, Regulation (EU) No 600/2014 on markets in financial instruments, and any secondary legislation, rules, regulations and procedures made pursuant thereto;
Order Execution Policy	means the policy of the Investment Manager relating to the execution of orders and decisions to deal on behalf of clients as required by the FCA Rules and as amended by the Investment Manager from time to time;
Performance Commencement Date	means the date specified as such in the Guidelines;
Personal Data	bears the meaning set out in either (a) the GDPR or, if different, (b) any GDPR Implementation Legislation;
Portfolio	means the portfolio of assets of the Client, including uninvested cash, held in the Account specified in the Guidelines and designated from time to time by the Client as subject to the management of the Investment Manager pursuant to this Agreement;
Portfolio Management	means portfolio management within the meaning of the FCA Rules;
Proceedings	means any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement including any dispute relating to any non-contractual obligations arising out of or in connection with this Agreement;
Processing (and its derivatives)	bears the meaning set out in either (a) the GDPR or, if different, (b) any GDPR Implementation Legislation;
Regulated Market	means a regulated market within the meaning of the FCA Rules;
Regulated Trading Venue	means a trading venue within the meaning of the FCA Rules;
Reportable Breach	means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, Personal Data transmitted, stored or otherwise Processed;
Special Category Data	means Personal Data that reveals any of the characteristics set out in Article 9 of the GDPR;
Standard of Care	means, in relation to the Investment Manager, the standard of care that could reasonably be expected of a professional discretionary

investment manager acting in good faith and with reasonable skill, care and diligence, as well as paying due regard to the interests of its customers and treating them fairly;

Supervisory Authority	means the independent public authority established by the relevant member state of the European Union pursuant to Article 51 of the GDPR.
Termination Date	means the date determined in accordance with Clause 24.2, Clause 24.3 or Clause 24.4;
Termination Event	means the occurrence at any time with respect to either Party of any of the following events: <ul style="list-style-type: none">(a) it is required by applicable law or by any competent authority to terminate this Agreement;(b) it is subject to an Insolvency Event;(c) it is in material breach of this Agreement and (if remediable) has failed to make good such breach within 20 calendar days of receipt of written notice from the other Party requiring it to do so;(d) it is affected by Force Majeure which persists for 20 calendar days; or(e) it ceases to have the necessary regulatory authorisation or permission to carry on its business under this Agreement;
Termination Notice Date	(f) means the date upon which the notice of termination given by the Client pursuant to Clause 24.4 is deemed effective in accordance with the provisions of Clause 29;
Trigger Event	means any change of law, in interpretation on the basis of case law accepted by HMRC, or in the practice of HMRC, in each case which results, in the Investment Manager's reasonable opinion, in a change in the requirement to charge VAT on the services, whether in the past or in future; and
VAT	means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

IN THIS AGREEMENT:

- 1.1 any other words or phrases used which are defined in the FCA Rules shall have the same meanings in this Agreement unless the context requires otherwise;

- 1.2 references to statutory provisions, regulations, notices or the FCA Rules shall include those provisions, regulations, notices or rules as amended, extended, consolidated, substituted or re-enacted from time to time;
- 1.3 references to legislation, Acts of Parliament or other statutory provisions are, for the avoidance of doubt, references to United Kingdom legislation, Acts of Parliament and statutes;
- 1.4 words in headings are for information only and shall not affect the construction of this Agreement;
- 1.5 references to “person” shall be construed as including any natural or legal person;
- 1.6 any words following the terms “including”, “include”, “in particular”, or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms; and
- 1.7 references to the singular include the plural and vice versa.

2. EFFECTIVE DATE AND THE PERFORMANCE COMMENCEMENT DATE

- 2.1 This Agreement shall come into full force and effect on the Effective Date. This Agreement supersedes and replaces any previous agreements concluded between the Client and Investment Manager in relation to the Investment Management Services.
- 2.2 The Client agrees that:
 - 2.2.1 the measurement of the performance of the Portfolio shall be undertaken from the Performance Commencement Date;
 - 2.2.2 the Guidelines shall apply from the Performance Commencement Date unless the Parties agree otherwise.

3. CLIENT CATEGORISATION

- 3.1 For the purposes of the FCA Rules and based on information obtained in respect of the Client, the Investment Manager has categorised the Client as a professional client in relation to the services provided under this Agreement. It is the Client’s sole responsibility to keep the Investment Manager informed about any change to the Client’s circumstances which could affect the Investment Manager’s categorisation of the Client as a professional client.
- 3.2 The Client acknowledges that it may request that the Investment Manager considers its re-categorisation as a retail client but it is not the Investment Manager’s policy to accept requests to be treated as a retail client for any service under this Agreement.

4. THE INVESTMENT MANAGEMENT SERVICE AND OTHER SERVICES

- 4.1 The Investment Manager shall provide:
 - 4.1.1 the service of Portfolio Management in accordance with the terms of this Agreement (the “**Investment Management Service**”).

- 4.2 Subject to applicable law and any other provisions of this Agreement, the Investment Manager shall have full authority at its sole discretion, without prior reference to the Client, as agent and in the name of the Client and at such times as the Investment Manager shall think fit, to make decisions to invest the assets comprising the Portfolio in accordance with the Guidelines and Investment Mandate, and to take such other steps including, without limitation:
- 4.2.1 to buy, sell, exchange, redeem, hold, convert or otherwise deal with assets of any nature;
 - 4.2.2 to effect transactions in regulated or unregulated collective investment schemes, investor companies, investment trusts, or unit linked funds;
 - 4.2.3 to exercise or refrain from exercising any right conferred by a particular investment to buy, sell, subscribe for, exchange or redeem an investment;
 - 4.2.4 to exercise any governance or ownership right conferred by a particular investment;
 - 4.2.5 to make call or term deposits;
 - 4.2.6 to enter into foreign exchange transactions;
 - 4.2.7 to enter into any derivative transactions; and
 - 4.2.8 generally, to enter into any kind of transaction or arrangement.

For the avoidance of doubt, the Investment Management Service shall not constitute Investment Advice. However, the Investment Manager may provide investment research and financial analysis and other general information.

- 4.3 Without limiting the generality of Clause 4.2 above, subject to the Guidelines and any other provisions of this Agreement, the Client authorises the Investment Manager:
- 4.3.1 to use the Custodian-Broker to effect transactions on behalf of the Client;
 - 4.3.2 to give instructions to the Custodian-Broker to transfer cash or securities held by the Custodian-Broker on behalf of the Client in connection with the settlement of transactions;
 - 4.3.3 to take any other action (including, without limitation, day-to-day decisions) which the Investment Manager reasonably considers to be necessary, desirable or incidental to carry out the services under this Agreement.
 - 4.3.4 to give instructions to Custodian-Broker, to charge management and performance fees from the account of the Client.
- 4.4 Investment Manager is required by the FCA to take reasonable steps to ensure that investment decisions taken on behalf of the Client in the course of the Investment Management Service are suitable for the Client in the light of the information obtained regarding the Client's relevant knowledge and experience in the investment field, financial situation and investment objectives. For this purpose, Investment Manager is required to have sufficient information to have a reasonable basis for believing that the Portfolio:

- 4.4.1 meets the Client's investment objectives;
 - 4.4.2 is such that the Client is able financially to bear any related investment risks consistent with the Client's investment objectives; and
 - 4.4.3 is such that the Client has the necessary experience and knowledge in order to understand the risks involved in the management the Portfolio (as specified in Schedule 6).
- 4.5 As the Client has been categorised as a professional client, the Investment Manager shall assume (as it is entitled to do under the FCA Rules) in assessing the suitability of the Portfolio, that the Client has the necessary experience and knowledge in order to understand the risks involved in the management of the Portfolio.
- 4.6 The Client shall be responsible for ensuring that information provided to the Investment Manager is kept accurate, complete and up to date so as to enable the Investment Manager to assess suitability of the Portfolio for the Client. A failure to disclose any relevant information may result in Investment Manager making decisions which are not suitable to the Client's changed circumstances. The Investment Manager will have no responsibility for the consequences of the Client's failure to make satisfactory disclosure of changes in the information previously provided to Investment Manager.

5. STANDARD OF CARE

The Investment Manager shall perform its obligations under this Agreement in accordance with the Standard of Care.

6. THE GUIDELINES AND INVESTMENT MANDATE

- 6.1 The Guidelines and Investment Mandate shall not be deemed breached as a result of any events or circumstances outside the reasonable control of the Investment Manager including, but not limited to, changes in the price or value of the assets in the Portfolio brought about solely through movements in the market, the reduction in and/or lack of availability of assets which were envisaged to be in the Portfolio, an inflow to or outflow from the Portfolio or breaches arising during an agreed transition period following an amendment of the Guidelines agreed by the parties or a benchmark or caused by following an Instruction of the Client.
- 6.2 Unless specified in the Guidelines, an investment's compliance with the Guidelines shall be determined as at the date of purchase and the Guidelines shall not be deemed breached as a result of changes in the value or status (including the credit rating) of an investment following purchase.
- 6.3 In the event that the Guidelines are breached or would have been breached but for the provisions of Clause 6.1 or Clause 6.2 above, the Investment Manager shall notify the Client of the relevant circumstances as soon as reasonably practicable. The Investment Manager shall use its reasonable endeavours to address such breach of the Guidelines as soon as reasonably practicable.
- 6.4 Notwithstanding any other provision in this Agreement, no warranty, assurance or undertaking is given by the Investment Manager as to the performance, returns, increase in or retention of value or profitability of the Portfolio (or any part of it) or that the investment objectives or targets in the Guidelines shall be successfully achieved, whether in whole or in part.

7. DELEGATION AND USE OF THIRD PARTIES

- 7.1 Except as otherwise provided in the Guidelines in relation to the Investment Management Service:
- 7.1.1 the Client hereby consents to the Investment Manager appointing or retaining any person which is an Affiliate of the Investment Manager to perform any aspect of the Investment Management Service that amounts to investment decision-making in respect of the Portfolio;
 - 7.1.2 the Investment Manager may, with the prior written consent of the Client, appoint or retain any person which is not an Affiliate of the Investment Manager to perform any aspect of the Investment Management Service that amounts to investment decision-making in respect of the Portfolio; and
 - 7.1.3 the Investment Manager may appoint or retain any person (whether an Affiliate or non-Affiliate) to perform any other aspect of the Investment Management Service that does not amount to investment decision-making without prior reference to the Client.
- 7.2 In relation to any services provided under this Agreement in accordance with Clause 4.1, subject to any specific provisions in the Guidelines, the Investment Manager and any persons appointed or retained pursuant to Clause 7.1.1 shall, without prior reference to the Client, be entitled to appoint or retain persons (including any Affiliate of the Investment Manager) to perform any such services.
- 7.3 Unless otherwise agreed with the Client and subject to Clause 10.2, the Investment Manager shall be responsible for the fees and charges of any person appointed or retained under this Clause 7.

8. ORDER EXECUTION

- 8.1 The Client hereby confirms that it consents to the Order Execution Policy¹.
- 8.2 The Investment Manager will at all times comply with its Order Execution Policy and in particular will act in the best interests of the Client.
- 8.3 The Client is entitled to instruct the Investment Manager about Clients orders subject to a preliminary consent of the Investment Manager.
- 8.4 The Investment Manager may aggregate orders on behalf of the Client with those of its other clients and clients of its Affiliates. The Investment Manager will allocate such orders on a fair and reasonable basis in accordance with the requirements of the FCA Rules. The Client acknowledges and agrees that aggregation may operate to the advantage or disadvantage of the Client.
- 8.5 The Client acknowledges that some of its transactions may be subject to the provisions of MiFID, which applies certain transaction and position reporting obligations directly on the Client in respect of the assets in the Portfolio, including, but without limitation, the procurement of a valid Legal Entity Identifier. The Client undertakes to provide in a timely fashion all such information

¹ https://arquantmanagement.sharepoint.com/:b/s/ARQuantManagementPublic/ERc_dm3WU8dHkYFMxb-sFOUBIO0FbgKND4FqhixZvTf23Q?e=amv209

(including, but not limited to, the Client's Legal Entity Identifier) and documentation and to promptly take all such action as the Investment Manager may from time to time reasonably require in relation to the MiFID transaction and position reporting obligations.²

- 8.6 The Client acknowledges that certain information about transactions the Investment Manager wishes to and does enter into on the Client's behalf may be made public and that the Investment Manager will be required to report the details of certain transactions to the FCA, in some cases, via third parties, in accordance with applicable law.³

9. RESEARCH

The Investment Manager may receive research material or services in return for direct payments by the Investment Manager out of its own resources.

10. FEES, COSTS AND CHARGES

- 10.1 The Client shall pay the Investment Manager the fees as set out in Schedule 3. The fees shall accrue from the Performance Commencement Date unless the Parties agree otherwise.
- 10.2 In addition to the Investment Manager's fees, the Client will be liable for:
- 10.2.1 any costs payable and properly incurred under this Agreement, including all reasonable expenses, liabilities, charges and costs including but not limited to any brokerage charges, commissions, transfer fees, registration fees, exchange fees, settlement fees, and stamp duty, tax or any other transaction related expenses and fees arising out of transactions in the Portfolio as calculated by the Custodian-Broker, and incurred by the Investment Manager, its Delegates or persons appointed or retained in accordance with Clause 7 in performing the services under this Agreement;
 - 10.2.2 any costs and expenses associated with assistance with Litigation in connection with assets in the Portfolio in accordance with Clause 24; and
 - 10.2.3 any costs related to the termination of this Agreement payable in accordance with Clause 25.
- 10.3 The fees set out in Schedule 3 are *inclusive* of any VAT or similar taxes which, if payable, shall be payable by the Client at the same time as the fees, and after the provision of the Investment Manager's fee invoice.
- 10.4 If, as a result of a Trigger Event, it appears, in the reasonable opinion of the Investment Manager, that any amount paid by the Client to the Investment Manager in respect of VAT on the services has been paid in error, then:

² Mandatory where the Investment Manager agrees to facilitate transaction reporting.

³ Mandatory amendment where the Investment Manager agrees to facilitate transaction reporting.

- 10.4.1 if and to the extent that the Investment Manager is not already obliged to account for such VAT to HMRC, the Investment Manager shall promptly repay such amount to the Client;
- 10.4.2 if and to the extent that the Investment Manager has already so accounted for such VAT to HMRC:
- (a) the Investment Manager shall promptly make a claim (the “**Claim**”) to HMRC for the amount of such VAT; and
 - (b) after HMRC has credited to the Investment Manager the amount specified in the Claim or part thereof, the Investment Manager shall promptly reimburse to the Client such amount (where applicable, in accordance with the provisions of Part V of the VAT Regulations 1995),
- 10.4.3 provided always that the Investment Manager shall not be required to reimburse to the Client any amount in excess of any final net amount with which it has been credited by HMRC in respect of the services (as reasonably determined by the Investment Manager) taking into account any irrecoverable VAT suffered by the Investment Manager regardless of when that VAT is suffered.
- 10.5 The payment by the Investment Manager to the Client of the amount received from HMRC in accordance with Clause 10.4 shall be in full and final settlement of all claims arising as a result of the Trigger Event.
- 10.6 The Parties acknowledge and agree that the Investment Manager’s fees are based on the current understanding of the VAT treatment of the fees. In the event of any change in the VAT treatment of the fees, both Parties reserve the right to negotiate a change in the fee basis (exclusive of VAT) to reflect the revised circumstances.
- 10.7 Any fees for the provision of custodial services in relation to the Portfolio and any banking charges in relation to the Portfolio shall be charged separately by the Custodian-Broker or a bank and shall not be included in the fees set out in Schedule 3 (unless otherwise stated in Schedule 3).

11. CUSTODY OF ASSETS AND BROKERAGE

- 11.1 The Investment Manager shall not provide custody nor brokerage services to the Client.
- 11.2 All assets forming part of the Portfolio shall be held by a Custodian-Broker pursuant to a separate agreement. The Investment Manager shall at no time hold any assets belonging to the Client. The Client acknowledges that it has been and will be solely responsible for performing due diligence, selection, appointment, monitoring and supervision of the Custodian-Broker and for any services the Custodian-Custodian provides to the Client including, without limitation, brokerage services, cash management services, stock lending and repo services and foreign exchange services. The Client may select and appoint the Custodian-Broker from the Connected Custodian-Brokers list set out in Schedule 8 or propose a new Custodian-Broker to be added to the list subject to the consent of the Investment Manager.
- 11.3 The Client shall instruct the Custodian-Broker to:

- 11.3.1 act in accordance with instructions from the Investment Manager pursuant to this Agreement;
 - 11.3.2 provide the Investment Manager with copies of periodic statements and access to electronic systems;
 - 11.3.3 give the Investment Manager (and/or such person as the Investment Manager may direct) timely notice of any voting or other rights with respect to assets forming part of the Portfolio as soon as possible upon becoming aware of any such rights;
 - 11.3.4 inform the Investment Manager as soon as practicable of any additions or other credits and withdrawals or other debits to any account containing assets forming part of the Portfolio;
 - 11.3.5 pay the amount of any fees, costs and expenses payable under this Agreement from the Portfolio in accordance with the payment instructions notified by the Investment Manager to the Custodian-Broker; and
 - 11.3.6 comply with the directions of the Investment Manager under Clause 24.6.6.
- 11.4 For the avoidance of doubt, the Custodian-Broker shall hold the official books and records of the Portfolio and the Investment Manager is not engaged to provide such official books and records nor to be responsible for any reconciliation of assets in relation to the Portfolio.
- 11.5 The Client shall not change its Custodian-Broker without giving the Investment Manager reasonable prior written notice of its intention to do so together with the name and other relevant information which the Investment Manager may require in respect of the new Custodian-Broker.
- 11.6 Where the Investment Manager elects to exercise or procure the exercise of voting rights or other rights, it does so exclusively on the basis of the records and positions held by the Custodian-Broker and the Client acknowledges that the Investment Manager shall be entitled to rely on the information supplied by any other person acting for the Custodian-Broker or appointed by the Client and shall not be required to investigate or reconcile any discrepancies between the information held by it and the information held by the Custodian-Broker.

12. BORROWING

- 12.1 Unless permitted in the Guidelines and save as provided in this Clause 12, the Investment Manager may not commit the Client to any borrowing.
- 12.2 Subject to any restrictions in the Guidelines, the Client acknowledges and accepts that the Investment Manager may undertake borrowing in respect of the Portfolio, including temporary overdrafts on the bank or cash accounts operated by the Client, for short-term liquidity management purposes, to settle a mismatched, delayed or failed transaction or for other unforeseen circumstances consistent with the efficient management of the Portfolio in accordance with the Guidelines.
- 12.3 The Client shall be liable for all fees, costs and expenses which may arise out of any such properly incurred borrowing or overdrafts including any applicable interest charged provided that where an

Affiliate of the Investment Manager extends a loan to the Client in such circumstances it is expected that the rate of interest charged shall be at an arm's length commercial rate.

13. DERIVATIVES

Any transactions in derivatives permitted by the Guidelines shall be subject to the provisions of Schedule 4.

14. STOCKLENDING AND REPOS

- 14.1 Unless otherwise agreed in the Guidelines, the Investment Manager shall not undertake any stock lending, stock borrowing, repurchase or reverse repurchase arrangements in relation to assets in the Portfolio.
- 14.2 Where the Client has entered into a securities lending programme with the Custodian-Broker or another third party, it shall procure that such Custodian-Broker or third party ensures that sufficient securities are available for the account of the Client to satisfy any settlement obligations created by transactions entered into by the Investment Manager for the Portfolio in accordance with the Guidelines as well as to comply with applicable law (including applicable requirements on short sales) in connection with such securities lending transactions.
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15. RECORDS, VALUATIONS, CONFIRMATIONS AND PERIODIC STATEMENTS

- 15.1 The Investment Manager will keep or cause to be kept records of investments, sales, disbursements and other transactions carried out by the Investment Manager on behalf of the Client under this Agreement in accordance with applicable law.
- 15.2 Unless periodic statement in relation to the Client Portfolio is provided by the Custodian-Broker of the Client, the Investment Manager shall provide periodic statements setting out certain details in relation to the activities undertaken and of the performance of the Portfolio during the reporting period. The periodic statement shall include all information required by MiFID to be provided in such statements, including a statement of the contents and the valuation of the Portfolio, on a periodic basis which shall be quarterly, or such other frequency as agreed with the Client.
- 15.3 The basis of all valuations will be marking the Portfolio to their market value at the close of trading, with the market prices being sourced from the Custodian-Broker or its affiliate unless otherwise notified.
- 15.4 Without prejudice to Clause 11.4, the Investment Manager will maintain its own records of the Portfolio and transactions relating to the Portfolio to enable it to assess at any date, without undue delay, their nature and value. The Client acknowledges that valuation levels for the assets of the Portfolio in the periodic statements provided by the Investment Manager in respect of the Portfolio shall reflect the Investment Manager's good faith effort to ascertain fair market levels (including accrued income, if any) for the assets reasonably believed by the Investment Manager to be held for the Portfolio based on pricing and valuation information believed by the Investment Manager to be reliable.

- 15.5 The Investment Manager may rely on an external data provider, including Interactive Brokers LLC, tiingo.com, fmpcloud.com, yahoo.com, kobot.com or the others selected with diligence and care, to supply information or data of any kind. The Investment Manager accepts no responsibility whatsoever (whether in contract, tort or otherwise, except to the extent that any such responsibility cannot be excluded by law) for Losses to the Client incurred as a consequence of the external data provider supplying inaccurate information or data.
- 15.6 The Client acknowledges that variations in market conditions will mean that the prices shown in periodic statements and any other reports do not necessarily reflect realisable values.
- 15.7 The Investment Manager will give the Client and its auditors all reasonable opportunity, during the usual business hours of any Business Day on reasonable notice to examine such part of the books and records (or an extract) of the Investment Manager that relate directly to the Portfolio.
- 15.8 At the Client's request, the Investment Manager will provide information about executed transactions on a transaction-by-transaction basis.

16. VOTING

- 16.1 Unless the Client instructs the Investment Manager to the contrary in writing, the Investment Manager is authorised to issue proxy voting instructions or to vote on a show of hands at a meeting in relation to any relevant assets held or that were held in the Portfolio, and to execute and bind the Client in actions (including corporate actions), waivers, consents, covenants and indemnifications related to such voting proxies.
- 16.2 The Client acknowledges and agrees that the Investment Manager:
- 16.2.1 may establish guidelines for the exercise of voting of proxies or other rights and may employ the services of a proxy voting service to exercise proxies in accordance with the Investment Manager's guidelines;
 - 16.2.2 may be precluded by regulation from exercising or procuring the exercise of any voting rights attaching to the Portfolio's holdings of In-House Funds;
 - 16.2.3 may, in its discretion, elect not to exercise or procure the exercise of any voting or other rights and, except as may be explicitly provided by applicable law, the Investment Manager shall not incur any liability to the Client by reason of any exercise of, or failure to exercise, any such discretion and shall not incur any liability for any failure arising from an act or omission of a person other than the Investment Manager; and
 - 16.2.4 may not be able to verify if the Custodian-Broker or any proxy voting agent has received and acted upon its voting instructions and may not be able to audit the onward transmission of those instructions to any party.

17. CONFLICTS OF INTEREST

- 17.1 The Investment Manager and any Affiliate may effect transactions in which the Investment Manager, any Affiliate, another client of the Investment Manager or of an Affiliate has, directly or indirectly, a material interest or a relationship of any description with another party, which involves

or may involve a potential conflict with the Investment Manager's duty to the Client. The Investment Manager will ensure that such transactions are effected on terms which are not materially less favourable to the Client than if the conflict or potential conflict had not existed. Any conflicts which the Investment Manager is not able to prevent or manage effectively shall be promptly disclosed by the Investment Manager to the Client. Except as required by the FCA Rules, neither the Investment Manager nor any Affiliate shall be liable to account to the Client for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions or to disclose the same or the identity of any other client or counterparty involved in such transactions, nor will the Investment Manager's fees, unless otherwise provided, be abated.

- 17.2 The Conflicts of Interest Policy sets out the types of actual or potential conflicts of interest which affect the Investment Manager's business and provides details of how these are identified, prevented or managed. A summary of the Conflicts of Interest Policy has been separately notified to the Client. Further details of the Conflicts of Interest Policy are available to the Client on request.
- 17.3 The Investment Manager will act as the agent of the Client and the Client will therefore be bound by the actions of the Investment Manager taken on the Client's behalf in accordance with the terms of this Agreement. Nevertheless, nothing in this Agreement, none of the services to be provided hereunder, nor any other matter shall:
- 17.3.1 oblige the Investment Manager or any Affiliate to accept responsibilities more extensive than those set out in this Agreement; or
 - 17.3.2 give rise to any fiduciary or equitable duties which would prevent or hinder the Investment Manager or any Affiliate from either:
 - (a) performing the Investment Management Service or other services pursuant to this Agreement; or
 - (b) effecting transactions with or for the Client.

18. REPRESENTATIONS AND WARRANTIES

- 18.1 The Client represents, warrants and agrees, on the date of this Agreement and on a continuing basis that:
- 18.1.1 it is duly organised and validly existing under the laws of its jurisdiction of incorporation or establishment (where relevant);
 - 18.1.2 it has all necessary power and authority to execute, deliver and perform this Agreement and to enter into the transactions contemplated by this Agreement;
 - 18.1.3 it has all necessary power and authority to authorise the Investment Manager to negotiate, execute, deliver and perform any agreement in connection with the provision of services under this Agreement on its behalf and to perform its obligations under any such agreements and enter into the transactions contemplated by this Agreement;
 - 18.1.4 neither its entry into this Agreement nor into any transaction contemplated by this Agreement will breach any law or regulation applicable to the Client;

- 18.1.5 any restrictions to which it is subject relating to this Agreement or any transaction contemplated by this Agreement and the level of risk to be reflected in the Investment Manager's exercise of discretion (whether as a matter of legislation, its governing documentation or otherwise), including its ability to bear losses and its risk tolerance, are set out in the Guidelines and the Investment Manager shall be entitled to assume that no restrictions other than those contained in the Guidelines apply;
 - 18.1.6 it has read and understood the risk disclosures that have been separately notified to the Client by the Investment Manager and which provide a description of the nature and risks of financial instrument including appropriate guidance on, and warnings of, the risks associated with investments in financial instruments or in respect of particular investment strategies;
 - 18.1.7 it is acting as principal with respect to the transactions contemplated under this Agreement and shall accordingly be liable as principal for all obligations under this Agreement;
 - 18.1.8 it is the sole beneficial owner of all the assets in the Portfolio (or, where it is acting as trustee, it is acting on behalf of the beneficial owner) and that the assets are free from any lien, charge or other encumbrance or security interest;
 - 18.1.9 it shall not, without the Investment Manager's prior written consent, dispose of, encumber or otherwise deal with any of the assets comprising the Portfolio nor permit any other person, including the Custodian-Broker, to do so;
 - 18.1.10 it shall promptly provide to the Investment Manager, and update as required, all information or documents that are reasonably necessary for the Investment Manager to receive (including a valid Legal Entity Identifier) with a view to the proper discharge of its functions under this Agreement or which the Investment Manager may reasonably request for such purpose or which is required by any competent authority; and
 - 18.1.11 information or documentation provided by the Client or its agents to the Investment Manager pursuant to this Agreement is accurate, complete, up-to-date and not misleading in any respect and the Client has notified the Investment Manager of all such information which is reasonably relevant to the performance of the Investment Manager's duties under this Agreement.
- 18.2 The Investment Manager represents, warrants and agrees, on the date of this Agreement and on a continuing basis that:
- 18.2.1 it is authorised and regulated by the FCA in carrying out the business of managing investments and shall remain so authorised and regulated at all times during the term of this Agreement;
 - 18.2.2 it is duly organised and validly existing under the laws of England and Wales; and
 - 18.2.3 it has all necessary power and authority to execute, deliver and perform this Agreement.

- 18.3 Save as expressly provided in this Agreement, no other representation or warranty, express or implied, is made by either Party. Each Party shall promptly notify the other Party if any representation ceases to be true, accurate or complete in any material respect.

19. LIABILITY

- 19.1 The Investment Manager shall be liable to the Client for any Losses incurred by the Client only to the extent that such Losses arise under the law of contract and are the direct result of any act or omission taken or omitted by the Investment Manager or a Delegate during the term of, and under, this Agreement which constitutes gross negligence, wilful default or fraud of the Investment Manager, such Delegate or their directors, officers or employees in providing any of the services under this Agreement. Without prejudice to Clause 19.4, the Investment Manager shall not otherwise be liable for any other Losses suffered by the Client including Losses arising from:
- 19.1.1 any delays due to market conditions or changes in market conditions;
 - 19.1.2 any delayed receipt, non-receipt, loss or corruption of any information contained in any electronic communication or for any breach of confidentiality resulting from email communication or any consequential loss arising from either of the foregoing; or
 - 19.1.3 acts or omissions (including gross negligence, wilful default, fraud or insolvency) of any other person (including the Custodian-Broker and external data providers), unless otherwise specified in this Agreement.
- 19.2 Without prejudice to Clause 19.4, the Investment Manager shall not be liable in any circumstances for any Losses that constitute indirect, special or consequential loss, loss of profits, loss of savings, pure economic loss, loss of opportunity, loss of goodwill or loss of reputation in connection with or arising out of this Agreement.
- 19.3 The Investment Manager shall not be responsible for any Losses incurred after the Termination Date under this Agreement unless and to the extent that the act or omission causing such Losses can be evidenced to have occurred prior to the Termination Date under this Agreement.
- 19.4 Nothing in this Agreement shall exclude or restrict any duty or liability which the Investment Manager may have to the Client under FSMA or the FCA Rules.

20. INDEMNIFICATION

- 20.1 The Client indemnifies the Investment Manager and any Delegate and their directors, officers and employees against any and all Losses paid, suffered or incurred by the Investment Manager or the Delegate or their directors, officers or employees, directly or indirectly arising as a result of:
- 20.1.1 the performance by the Investment Manager of their duties under this Agreement, except for loss resulting from willful misfeasance, bad faith or gross negligence on their part in the performance of their duties or from reckless disregard by them of their duties under this Agreement; or
 - 20.1.2 carrying out or relying on any Instructions and any information provided or made available to the Investment Manager by the Client, the Custodian-Broker or any other

agent of the Client or the Custodian-Broker, except to the extent that such Losses result directly from the gross negligence, wilful default or fraud of the Investment Manager or any Delegate or their directors, officers or employees in providing the services under this Agreement.

- 20.2 Any indemnity given to the Investment Manager or any Delegate under this Agreement is in addition to, and without prejudice to, any indemnity allowed to the Investment Manager or any Delegate under applicable law.

21. TAX AND ACCOUNTING

- 21.1 The Client shall remain responsible for the management of its affairs for tax and accounting purposes. The Investment Manager shall not provide the Client with tax advice or accounting advice or services. Subject to any specific requirements set out in the Guidelines, the Investment Manager shall have no responsibility to take into account the Client's tax status in providing the services under this Agreement.
- 21.2 The Client shall promptly provide to the Investment Manager all information or documents to the extent available that are requested by any tax authority of the Investment Manager in respect of the Client.
- 21.3 The Investment Manager is under no obligation to report to the Client on the tax consequences of buying or selling assets in the Portfolio.

22. INSTRUCTIONS

- 22.1 The Client unconditionally and indefinitely waives the right to give Instructions to the Investment Manager directing the Investment Manager to take, or refrain from taking, particular actions under this Agreement.
- 22.2 Any direction given to the Investment Manager seeking to amend or vary the terms of this Agreement shall not be deemed to be an Instruction and shall be subject to the provisions of Clause 35.

23. LITIGATION ASSISTANCE

- 23.1 The Investment Manager shall have no authority or responsibility to take any action in the name of or on behalf of the Client with regard to any Litigation, including, without limitation, to file proofs of claim or other documents, or to investigate, initiate, join, monitor or settle any Litigation.
- 23.2 The Client shall be solely responsible for:
- 23.2.1 keeping itself informed of any Litigation in which it may have a claim or for arranging for the Custodian-Broker or another third party to do so; and
 - 23.2.2 investigating, initiating, joining, monitoring and settling any such Litigation.

- 23.3 Notwithstanding the foregoing, the Investment Manager may, at the reasonable request of the Client, agree to disclose information held by the Investment Manager directly relevant to such Litigation, subject to any duty of confidentiality owed to any third party by the Investment Manager and provided that the Investment Manager shall be fully indemnified to its reasonable satisfaction for all Losses that may be incurred or suffered by the Investment Manager in connection with such disclosure.

24. TERMINATION

- 24.1 This Agreement shall continue until terminated in accordance with this Clause 24. This Agreement shall remain in full force and effect up to the Termination Date except as provided in Clause 24.6.
- 24.2 If at any time a Termination Event with respect to a Party has occurred, either Party may, by written notice to the other Party specifying the relevant Termination Event, designate a Termination Date not earlier than the day such notice is effective.
- 24.3 The Investment Manager may at any time terminate this Agreement on 30 Business Days' written notice. The Termination Date shall be the first Business Day which falls 30 Business Days after the date on which written notice given to the Client was effective or such later date as specified in the notice.
- 24.4 The Client may at any time terminate this Agreement on written notice to the Investment Manager. Such notice shall designate a date as the Termination Date which may be the same Business Day as the day on which written notice is given but shall not be more than 30 Business Days after the date on which written notice given was effective (in both cases, the date on which written notice was given will be determined in accordance with the provisions of Clause 30).
- 24.5 Unless otherwise agreed between the Parties, in circumstances where the Investment Manager terminates this Agreement pursuant to Clause 24.3, the Investment Manager shall continue to supply the Investment Management Service up until the Termination Date and shall cooperate with and take such steps as the Client may reasonably require in order to effect the orderly termination of this Agreement and to transfer the Portfolio or an amount equal to the Portfolio to or at the direction of the Client.
- 24.6 Unless otherwise agreed between the Parties, in circumstances where the Client terminates this Agreement pursuant to Clause 24.4, the Client agrees and acknowledges that with effect from the Cessation of Investment Management Service Date up to and including the Termination Date, the following terms shall apply:
- 24.6.1 the Investment Manager shall cease to provide the Investment Management Service and in particular:
- (a) the Investment Manager will not effect any new purchases of assets in relation to the Portfolio provided that transactions already effected but awaiting settlement will be unaffected and shall settle as normal;
 - (b) the Investment Manager will not effect any new sale transactions in relation to the Portfolio except pursuant to specific Instructions from the Client;

- (c) the Investment Manager shall not enter into new foreign exchange transactions (including renewing or so called “rolling-over” existing foreign exchange transactions) or derivative transactions in relation to the Portfolio except foreign exchange transactions required to cover any purchases effected prior to the Cessation of Investment Management Service Date;
 - (d) the Investment Manager shall not re-invest income, dividends, proceeds of sale or other cash balances and that the cash limits in the Guidelines may be exceeded as a result; and
 - (e) the Investment Manager will undertake any corporate action decisions which it reasonably believes necessary;
- 24.6.2 the Investment Manager will no longer be responsible for compliance with the Guidelines and the Investment Mandate and achieving the investment objectives and the Client acknowledges that the performance of the Portfolio may fall short of the performance otherwise achievable for an on-going portfolio;
- 24.6.3 the performance measurement for the Portfolio shall end with effect from the Cessation of Investment Management Service Date;
- 24.6.4 the Investment Manager will continue to vote all proxies in accordance with its proxy voting policy;
- 24.6.5 the Investment Manager will not be responsible for undertaking any transactions affecting the Portfolio intended to facilitate reorganisation of the Portfolio by the Client or any other person except under separate written agreement between the Client and the Investment Manager; and
- 24.6.6 the Investment Manager may direct the Custodian-Broker to retain or realise any investments of the Portfolio as may be required to settle transactions already initiated or to pay any outstanding liabilities of the Client in either case without prior notice to the Client. If there is a dispute as to the payment of fees to the Investment Manager, the Client may require the disputed amount to be held in a third party escrow account pending resolution of the dispute.
- 24.7 The Investment Manager will continue to provide periodic statements pursuant to Clause 15.2 up to the Termination Date.
- 24.8 The Client shall pay:
- 24.8.1 the performance fee due up to the Cessation of Investment Management Service Date, the management fee and expenses of the Investment Manager due up to the Termination Date; and
 - 24.8.2 any additional direct expenses related to the Portfolio or the Investment Management Service and necessarily incurred by the Investment Manager in terminating the Agreement,

and the Client shall bear any losses necessarily realised in settling or concluding outstanding obligations.

- 24.9 Termination of this Agreement shall not affect accrued rights, existing commitments or any contractual provision intended to survive termination.

25. CONFIDENTIALITY

- 25.1 Each Party shall treat Confidential Information as confidential and shall not disclose such information except if:
- 25.1.1 it is required to do so under applicable law;
 - 25.1.2 it is so requested by competent regulatory or fiscal authorities or a court or tribunal of competent jurisdiction;
 - 25.1.3 it is disclosed in confidence to its advisers, auditors or insurers where reasonably necessary for the performance of their professional services; or
 - 25.1.4 it is disclosed in confidence to its industry body for the purpose of compiling and publishing industry statistics or analysis.
- 25.2 Notwithstanding Clause 25.1, the Investment Manager may disclose in confidence any Confidential Information to any person (including, without limitation, Affiliates, Delegates, Custodian-Brokers (in accordance with market practice) or any other persons) in all cases only to assist or enable the proper performance of its services and to enforce its obligations and rights under this Agreement. The Investment Manager may disclose such facts about the appointment in a press release as the Investment Manager and the Client may agree.
- 25.3 Notwithstanding Clause 25.1, the Investment Manager may disclose any Confidential Information to a competent regulatory authority as may be required in order to assist the Client in complying with its obligations under applicable law in connection with the services provided for under this Agreement.
- 25.4 Confidential Information shall remain confidential for a period of two (2) years from the Termination Date of this Agreement.
- 25.5 The Parties agree that damages may not be an adequate remedy for any breach of this Clause 26 and, accordingly, each shall be entitled (but not limited) to seek injunctive or other equitable relief restraining the other from breaching this Clause 26.
- 25.6 If the Client is a “public authority” for the purposes of section 3 of the FoIA, it shall immediately notify the Investment Manager if it:
- 25.6.1 receives a request for information under section 8 of the FoIA which covers commercially sensitive or confidential information relating to the Investment Manager, this Agreement or to the services provided under it;
 - 25.6.2 responds to such a request;

- 25.6.3 receives a complaint in relation to the handling of such a request;
- 25.6.4 becomes aware that an application has been made to the Information Commissioner (as defined in the FoIA) for a decision in relation to such a request;
- 25.6.5 becomes aware that the Information Commissioner has served any notice on it under Part IV of the FoIA in relation to such a request;
- 25.6.6 becomes aware that an appeal has been made to the Information Tribunal (as defined in the FoIA) or the court in relation to such a request; or,
- 25.6.7 becomes aware that commercially sensitive or confidential information relating to the Investment Manager, this Agreement or to the services provided under it has been or is about to be disclosed to a third party without the Investment Manager's express written permission,

and in each case shall provide the Investment Manager with such details as reasonably may be requested by the Investment Manager. When the Client has notified the Investment Manager of the nature of the request received by the Client, the Client then agrees to give the Investment Manager a reasonable opportunity to comment on whether an exemption from the requirement to disclose may be applicable and the Client shall take due regard of any such comments before making its response. The Investment Manager agrees to respond in a timely manner.

- 25.7 In providing the services under this Agreement, neither the Investment Manager, its Affiliates or a Delegate shall be obliged to disclose or to take into consideration (or to require any third party to disclose or take into consideration) any information:
 - 25.7.1 the disclosure or use of which might breach any prohibition, duty or confidence to any other person or arising under any applicable law;
 - 25.7.2 which comes to the notice of an employee, officer or agent of the Investment Manager, its Affiliates or a Delegate, but properly does not come to the actual notice of an individual managing the Portfolio; or
 - 25.7.3 relating to the nature or extent of any interest the Investment Manager or any Affiliate has in any investments.

26. DATA PROTECTION

- 26.1 Each Party will comply with Data Protection Laws.
- 26.2 In order to provide the services the Investment Manager or a Delegate may need to:
 - 26.2.1 communicate with the Client's trustees, owners, officers and employees ("**Client Contacts**") in relation to the services;
 - 26.2.2 process identification details of the Client Contacts in order to confirm their identities;
 - 26.2.3 check such Personal Data against databases of individuals who are subject to sanctions, classified as "politically exposed persons" or have committed crimes and to follow up

any suspicions to ensure that the Investment Manager complies with its anti-money laundering and terrorism obligations and to avoid fraud itself;

- 26.2.4 record or monitor communications as set out in Clause 27;
- 26.2.5 use such Personal Data to meet the Investment Manager's compliance and regulatory duties; and /or
- 26.2.6 transfer such Personal Data outside the European Economic Area and the UK and disclose it to anti-fraud organisations and law enforcement or regulatory agencies anywhere in the world,

and the Investment Manager will be acting as a data controller in respect of such processing.⁴

- 26.3 Where the Client provides the Investment Manager with Client Contact details or where requested to do so by the Investment Manager, the Client will notify such individuals that the Investment Manager may need to process their Personal Data for the purposes set out in clause 26.2.
- 26.4 The Investment Manager will maintain a data protection fair processing notice on its website setting out the details of such processing and all other information required by, and in compliance with, Data Protection Laws, which the Client will also refer Client Contacts to when it makes a notification under Clause 29.1.⁵
- 26.5 For the avoidance of doubt, except as set out above, the Investment Manager shall be responsible for providing notices and obtaining any consents in relation to any processing of Client Contacts' Personal Data, including in relation to marketing.
- 26.6 The parties record their intention that in respect of any Personal Data that may be provided to the Investment Manager by the Client in order for the Investment Manager to perform its obligations under the Agreement, the Client may be a Data Controller and the Investment Manager may be a Data Processor for the purposes of the Data Protection Legislation. For the purposes of this clause, references to Controller or Processor are to the relevant party acting in each capacity. Accordingly, the Controller represents and warrants that:
 - 26.6.1 all Personal Data (including Special Category Data) the Controller provides or makes available to the Processor has been lawfully obtained in accordance with applicable Data Protection Legislation, and can be lawfully disclosed to the Processor for the purposes of fulfilling its obligations pursuant to the Agreement; and
 - 26.6.2 the Controller complies with any Data Protection Legislation applicable to the collection and Processing of the Personal Data.

⁴ The Investment Manager is a data controller in respect of these purposes as it is collecting and processing the information to satisfy its own regulatory obligations and it determines what information it will collect, who it will be stored for and how long it will be retained for (rather than the Client).

⁵ Note that the detail required by the GDPR is included in the Investment Manager's website privacy policy ([link](#)).

- 26.7 The Processor is permitted to Process Personal Data only in accordance with the terms of this Deed and the Data Protection Legislation.
- 26.8 To the extent that Personal Data is Processed by the Processor pursuant to this Deed, the Processor shall:
- 26.8.1 only Process such Personal Data in accordance with the documented instructions given to the Processor by the Controller, unless otherwise prevented or required by applicable laws;
 - 26.8.2 ensure that all persons who have access to Personal Data have committed themselves to appropriate obligations of confidentiality or are under an appropriate statutory obligation of confidentiality;
 - 26.8.3 take appropriate technical and organisational measures against unauthorised or unlawful Processing of Personal Data and against accidental loss or destruction of, or damage to, the Personal Data;
 - 26.8.4 immediately inform the Controller if, in the Processor's opinion, an instruction given by the Controller breaches Data Protection Legislation or applicable laws;
 - 26.8.5 if it is required by applicable laws to Process or disclose Personal Data for purposes other than those agreed, promptly inform the Controller of that legal requirement before Processing the Personal Data, unless such applicable law prohibits such information being given;
 - 26.8.6 provide reasonable assistance to the Controller, to enable such Controller to comply with (i) the rights of Data Subjects set out in Chapter III of the GDPR, (ii) the security requirements under the GDPR; and (iii) any privacy assessment procedure or consultation conducted under the GDPR;
 - 26.8.7 save for the disclosure of information which is confidential, commercially sensitive or privileged, make available to the Controller (or the Controller's auditor acting under its direction), upon reasonable notice and access arrangements, all information requested by the Controller to demonstrate compliance by the Processor with the Processor's obligations under this clause which may include data protection audits, assessments and inspections concerning the Processor's data protection procedures relating to its compliance with this clause;
 - 26.8.8 notify the Controller as soon as the Processor becomes aware of a Reportable Breach and will provide the Controller with assistance in responding to and mitigating such Reportable Breach including any assistance with drafting a notification (if any) to be made by the Controller to the affected Data Subjects and/or Supervisory Authority.
- 26.9 Upon termination of the Agreement, any Personal Data shall, at the Controller's option, be destroyed or returned to the Controller, unless applicable laws prevent the return or deletion of such Personal Data.
- 26.10 The Processor may not share the Personal Data or in any way transfer it to a third party without the written authorisation of the Controller and, in the event that such authorisation is granted: (i) the

Processor shall remain liable for the Processing of the Personal Data by any third party to whom the Personal Data is transferred; and (ii) all third parties to whom the Personal Data is transferred shall be bound by the terms of a written agreement which shall contain the same or equivalent obligations with respect to data Processing as are imposed on the Processor under this Deed.

- 26.11 The Processor will not transfer Personal Data to a country outside the EEA unless either: (i) such transfer is permitted by Data Protection Legislation on the grounds that either: (a) an adequacy decision by the European Commission is in force in relation to the relevant jurisdiction or organisation; or (b) appropriate safeguards have been put in place with the relevant Data Processor; or (ii) the Controller has confirmed that it has obtained the explicit consent of all relevant Data Subjects to such a transfer. In any event, the Processor shall always notify the Controller of any intention to transfer Personal Data outside the EEA and provide details of the grounds for the transfer and relevant safeguards in place.
- 26.12 The Processor shall be liable in respect of any breach of its obligations under the Agreement and/or Data Protection Legislation with respect to the Processing of Personal Data other than where such breach is caused by or results from an act or omission by the Controller. The Processor shall fully and effectively indemnify the Controllers for any claim brought by a Data Subject and/or any competent authority or body arising from any action or omission by the Processor with respect to the Processing of their Personal Data, other than to the extent that such action or omission resulted from compliance with the Controller's instructions.

27. COMMUNICATIONS AND TAPING

- 27.1 Subject to compliance with applicable law, either Party may record telephone conversations with the other. The Investment Manager may record or monitor telephone conversations and other communications with or by the Client (including mails, emails or documentation of client orders made at meetings). The Client agrees that the Investment Manager may deliver copies or transcripts of such recordings to any court or competent authority. A copy of any such conversations with the Client and communications with the Client will be available on request for a period of five years (or, where requested by the FCA, for a period of up to seven years) from the date when the record is made.
- 27.2 The Investment Manager will communicate with the Client in English and, subject to Clause 29, will communicate with the Client as considered appropriate, including through the Investment Manager's website, by email or otherwise. The Client hereby consents to receiving communications and reports under this Agreement (including but not limited to valuations) electronically online via the Investment Manager's secure client website www.arquant.co.uk. The Client understands that if documents are only available online the Client will not receive a printed version. A paper copy of such communications and reports will be available to the Client upon request.

28. FORCE MAJEURE

- 28.1 No Party to this Agreement shall be liable for any failure or delay in performing any of its obligations under or pursuant to this Agreement, and any such failure or delay in performing its obligations will not constitute a breach of this Agreement, if and to the extent that such failure or delay is due to an event of Force Majeure.

29. NOTICES

29.1 Any notice in respect of this Agreement may be given in any manner set forth below to the address and/or email provided in Schedule 5, or to such other address as shall be notified in accordance with this Clause 29 by that Party to the other Party from time to time and will be deemed given as indicated:

29.1.1 if in writing and delivered in person or by courier, on the date it is delivered;

29.1.2 if sent by registered or certified mail or equivalent, on the date that mail is delivered; and

29.1.3 if sent by electronic messaging system including email, on the date that electronic message is acknowledged by the recipient,

unless the date of delivery or that receipt, as applicable, is not a Business Day or that notice is delivered, received or acknowledged, as applicable, after 5pm local time in London on a Business Day, in which case that notice shall be deemed given and effective on the first following day that is a Business Day.

30. COMPLAINTS

30.1 All formal complaints by the Client relating to the services provided by the Investment Manager under this Agreement should in the first instance be made in writing to the compliance officer of the Investment Manager. Subsequently, the Client may have a right to complain directly to the Financial Ombudsman Service (FSO). However, generally, a professional client will not be eligible to submit a complaint to the FSO. A copy of the Investment Manager's complaints management policy is available on request and will otherwise be provided in accordance with the FCA Rules.

31. COMPENSATION

31.1 The Client may be entitled to compensation from the Financial Services Compensation Scheme if the Investment Manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Generally, a professional client will not be eligible for compensation.

32. ASSIGNMENT

32.1 Save as provided in this Clause 32, neither Party may assign any of its rights or obligations under this Agreement without the prior written consent of the other Party.

32.2 The Client agrees that the Investment Manager may assign its rights under this Agreement to one or more of its Affiliates by giving the Client notice which shall specify a date upon which the assignment shall become effective.

33. ENTIRE AGREEMENT, WAIVERS AND REMEDIES

33.1 This Agreement, including its Schedules (as amended from time to time) and any current Instructions, constitutes the entire agreement between the Investment Manager and the Client with

respect to services relating to the Portfolio. This Agreement supersedes all prior understandings, arrangements, agreements, representations, proposals or communications between the Parties, whether written or oral. Neither Party has relied on any statements or representations during the negotiations other than those expressly incorporated in this Agreement.

33.2 No failure on the part of a Party to exercise, nor delay by it in exercising, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise or any right or remedy preclude any other further exercise of that right or remedy or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

33.3 So far as permitted by law, and except in the case of fraud, the Client agrees and acknowledges that its only rights and remedies shall be for breach of the terms of this Agreement, to the exclusion of all other rights and remedies including those in tort or arising under statute.

34. ILLEGALITY

34.1 The illegality, invalidity or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of this Agreement nor the legality, validity or enforceability of any other provision.

35. AMENDMENT

35.1 This Agreement, including the Schedules, may not be amended without the prior written agreement of the Parties except that:

35.1.1 in order to comply with, or to make the Agreement consistent with, any legal or regulatory requirements or changes to which the Investment Manager or the Client may be subject, the Investment Manager or the Client may request by providing a written notice to the Client of such amendment which can't be unreasonably withheld;

35.1.2 the Client may from time to time notify the Investment Manager in writing of any changes to the Authorised Persons; and

35.1.3 either Party may amend their contact details in Schedule 5 by providing written notice to the other Party of such amendment.

35.2 Any amendment under sub-Clauses 35.1.1, 35.1.2 and 35.1.3 shall take effect on the date specified in the written notice.

36. RIGHTS OF THIRD PARTIES

36.1 A person who is not a Party to this Agreement (other than a successor in title, permitted assignee or Indemnified Person) has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

37. COUNTERPARTS

- 37.1 This Agreement may be executed in any number of counterparts, each of which is an original but all of which together constitute one and the same instrument.

38. GOVERNING LAW AND JURISDICTION

- 38.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of England and Wales.
- 38.2 The Parties agree that the English courts shall have exclusive jurisdiction to determine any Proceedings. Each Party irrevocably submits to the exclusive jurisdiction of the English courts in respect of such Proceedings and waives any objection to any such Proceedings in such courts on the grounds of venue, waives any claim that Proceedings brought in such courts have been brought in an inappropriate or inconvenient forum and further waives the right to object, with respect to such Proceedings, that such courts do not have any jurisdiction over such Party.
- 38.3 The Client irrevocably appoints the process agent (if any) specified in Schedule 5 to receive, for it and on its behalf, service of process of any Proceedings. Nothing in this Agreement will affect the right of the Investment Manager to serve process in any other manner permitted by law.
- 38.4 Each Party will comply with Data Protection Laws

[The rest of this page is intentionally left blank.]

The Parties have executed this Agreement on the respective dates specified below with effect from the Effective Date.

Signed for and on behalf of ARQuant Management Limited

By:

Title: Director

Print Name:

Date:

Signed for and on behalf of CLIENT FULL NAME:

By:

Title: Director

Print Name:

Date:

SCHEDULE 1

List of Authorised Persons of the Client and form of Instructions

1. Name Of Authorised Person1
2. Name Of Authorised Person2
3. Name Of Authorised Person3

INSTRUCTIONS

Any of the authorised person is entitled to give any instruction to the Investment Manager.

Instructions shall be accepted:

if from Name Of Authorised Person1, either through email insert email address or phone call from number insert mobile

if from Name Of Authorised Person2, either through email insert email or phone call from number insert mobile

if from Name Of Authorised Person3, either through email insert email or phone call from number insert mobile

SCHEDULE 2 Guidelines

1. **Account** (Clause 1 – Definitions)– account number [•] opened with Custodian-Broker name
2. **Performance Commencement Date** (Clause 1 – Definitions) – the next date after the Client has transferred to the Account the funds not less than the Minimum Investment.
3. **Minimum investment** means \$250,000 (Two hundred fifty thousand) USD.
4. Borrowing:
 - 4.1 Investment Manager is entitled to implement **Dual-Layer Leverage (DLL)** model which is designed to maximize a purchasing power of the NAV (as defined in Schedule 3) by combining two distinct layers of leverage: a **permanent loan** and **margin loans**.
 - 4.2 The sum of the NAV and the Permanent Loan forms Total Equity Base (TEB).
 - 4.3 Client initially instructs Investment Manager to arrange the Permanent Loan of xxx,xxx USD. The Client is entitled to change the Permanent Loan amount any time by sending emails with an instruction. The Client understands and accepts use of the Permanent Loan will impact performance and risk of the Portfolio that can deviate significantly from the model Portfolio.
 - 4.4 Investment Manager is entitled on regular basis to borrow margin loans against the Portfolio and/or to sell short assets from the Portfolio for the purpose to provide Investment Management Service and implement the Strategy.
 - 4.5 At any time market exposure (defined as the sum of TEB and margin loans) is capped by the 300% of the TEB.
5. Client initially instructs Investment Manager to apply the strategy with [or without] Target Proximity Adjustment (TPA) as described in the Schedule 7. The Client is entitled to change TPA any time by emailing an instruction. The Client understands and accepts use of the strategy with TPA will impact performance and risk of the Portfolio that can deviate significantly from the model Portfolio.
6. Restrictions (referred to in the Clause 18.1.5):
 - 6.1 **Critical Drawdown Level** is set at 30% of the sum of Adjusted High-Water Mark (as defined in Schedule 3).
 - 6.2 **Warning Drawdown Level** is set at 20% of the sum of Adjusted High-Water Mark (as defined in Schedule 3).
 - 6.3 The Strategy should check drawdown at least every hour.
 - 6.4 **Stop-loss:** When the Portfolio drawdown exceeds **Critical Drawdown Level**, the Client shall be informed immediately (as soon as possible but at least within one hour) and **the Strategy shall be stopped immediately**, unless the Client provides a written consent to continue with the Strategy, where
 - (a) **immediately** means within 1 (one) hour to close all active positions, cancel all active orders and stop further trading on the Client account. If exchange trading has

been suspended, these actions should be executed within 1 (one) hour after trading resumes.

6.5 When the Portfolio drawdown exceeds **Warning Drawdown Level**) the Investment Manager shall:

- (i) Inform the Client by phone or by email or by messenger about the Warning Drawdown Level;
- (ii) If the Client is available, to discuss the situation and get the Client's instruction on further actions which can be as follows:
 - (A) Stop trading and close all the open positions on the account.
 - (B) Stop trading and do not close current positions (although this option is too risky due to the active positions might be highly leveraged).
 - (C) Temporary reset the new Warning Drawdown Level without changing the Critical Drawdown Level and continue trading;
 - (D) Amend the Agreement and permanently change the Warning Drawdown Level and the Critical Drawdown Level.

7. The service of under this Agreement falls under the definition of MiFID business, so to comply with MiFID regulation the Manager shall provide information which enables the Client to assess the Manager's performance. This includes:

Information on the method and frequency of valuation of the financial instruments in the client portfolio;	Valuation of the Client's portfolio is Mark-to-Market (MTM) and shall be provided by the Custodian-Broker on a daily basis
Details of any delegation of the discretionary management of all or part of the financial instruments or funds in the client portfolio;	No delegation. The Client's portfolio is managed by our proprietary trading system which is fully automated and based on a proprietary algorithm.
A specification of any benchmark against which the performance of the client portfolio will be compared;	The Manager applies Long/Short Quantitative US Equity investment strategy, so a relevant benchmark would be <i>Eurekahedge North America Long Short Equities Hedge Fund Index</i> (link). The index is equally weighted index of 253 constituent funds and designed to provide a broad measure of the performance of underlying hedge fund managers who invest exclusively in North America.
The types of financial instrument that may be included in the client portfolio and types of transaction that may be carried out in such instruments, including any limits;	US stocks, including ETFs, traded on NYSE and Nasdaq. Long and short positions in the stocks, all positions are short-term, average holding period is about 5 business days.

	See details in the Investment Mandate.
The management objectives, the level of risk to be reflected in the manager's exercise of discretion, and any specific constraints on that discretion.	No human discretion. All trades are fully automated but supervised by the Investment Manager's Chief Investment Officer.
<p>According to the COBS 2.2.3, the firm which is managing investments for a professional client that is not a natural person must disclose clearly on its website, or if it does not have a website in another accessible form:</p> <ul style="list-style-type: none"> a) the nature of its commitment to the Financial Reporting Council's Stewardship Code; or b) where it does not commit to the Code, its alternative investment strategy. 	The Manager is not able to commit to the Financial Reporting Council's Stewardship Code because the Manager applies alternative investment strategy.

SCHEDULE 3

Fees

1. The Client shall pay the Investment Manager the management and performance fees as set out in this Schedule.
2. **Management Fee**
 - 2.1 is determined for each Client's account separately if there is a number of Client's accounts managed under this Agreement;
 - 2.2 is calculated on the last business day of each **month**, or on an Addition or Withdrawal date (**the Period End**);
 - 2.3 is charged by the Investment Manager or the Custodian-Broker on behalf and in favour of the Investment Manager as $(\text{Last Business Day of Month NAV amount} * \text{Rate}) / (\text{Number of business days per year} / \text{Number of Fee Days})$, where
 - 2.3.1 Number of business days per year set as 252,
 - 2.3.2 Number of Fee Days is the number of business days in a month period for which the fee is calculated,
 - 2.3.3 Rate is shown in the Table 1 below and relevant to the NAV at the **Period End**.
3. Additions or Withdrawals
 - 3.1 Additions and Withdrawals can be made by the Client once a month subject to approval of the Investment Manager.
4. **NAV**, or Net Asset Value, means the difference between mark-to-market value of assets on Client's account and total liabilities of this account.
5. **Performance fee**
 - 5.1. is determined for each Client's account separately if there is a number of Client's accounts managed under this Agreement;
 - 5.2. is calculated at the end of **Performance Period** (occurring on a quarter end);
 - 5.3. is invoiced by the Investment Manager manually at the performance fee rate shown in the Table 1 below and relevant to the NAV at the end of Performance Period, and applied to the Net Performance;
 - 5.4. where
 - 5.4.1. **Net Performance** means the Gross Performance reduced by the amount of (i) Interest Accrued for the current Performance Period, and (i) Interest debt at the start of the Performance Period.
 - 5.4.2. **Gross Performance** means the difference between the NAV and the Adjusted High Water Mark.
 - 5.4.3. **Adjusted High Water Mark** means the previous highest NAV (before any accrual for the Performance Fee) at the end of any previous Performance Period on which the Performance Fee was paid ("HWM Date") which is increased by all additions and/or

reduced by all withdrawals (including Management fees and Performance fees, paid from the account for that period) made after the HWM date to the end of the Performance Period.

5.4.4. **High Water Mark** means the previous highest Net Asset Value at the end of any previous Performance Period on which the Performance Fee was paid or payable.

5.4.5. **Interest Accrued** means a sum of Monthly Interest accrued for each month of the Performance Period where each **Monthly Interest** is calculated using time-weighted method applying Hurdle rate (HR) of 3% p.a. to the NAV at the start of the month increased by all additions within the month and reduced by all withdrawals (including management and performance fee, paid from the account for that period) within the month.

5.4.6. **Interest debt** means the greater of 1) zero, and 2) the difference between a sum of all Interest Accrued and a sum of all positive Gross Performances for all previous Performances Periods.

5.5. If the Net Performance is negative, then the Performance Fee is zero.

6. After cessation of Investment Management Service,

6.1 the management fee is to be accrued and paid until the Termination Date;

6.2 the performance fee is to be accrued and paid until the Cessation of Investment Management Service Date.

Table 1: Rates for USD investments

NAV	Management fee rate (p.a.)	Performance fee rate (of Net Performance)
\$250,000 to \$1,000,000	1.00%	25.0%
\$1,000,001 to \$5,000,000	0.90%	23.0%
above \$5,000,000	0.80%	20.0%

7. Illustration -- The Cumulative Effect of Costs on Return

The below illustration is based on an example portfolio amount of £1m and provides a description of the cumulative effect of costs on return.

The below example is based on an investment of £1m. The total charges deducted for each investment will have an impact on the investment return you might get. While performance cannot be guaranteed, the illustration shows the effects charges have when comparing returns before and after fees. Past performance is not a guide to future performance. The value of investments cannot be guaranteed and an investor may receive back less than their original investment.

Example:

- Assuming a single investment portfolio.
- Management fee is 1.00% (£10,000 in this example);
- Performance fee is 25% above the Hurdle rate of 3%

In year 1, without fees the performance of the investment could have achieved 5%, after fees the performance achieved would be 3.5%. This would equate to a reduction in profit of £15,000. Note that this amount does not include any custody and execution charges levied by your Custodian-Broker

In year 2, without fees the cumulative performance of the investment could have achieved 5%, after fees the performance would be 3.5%. This would equate to a reduction in profit by £15,525.

<u>Assumes £1,000,000 investment with 5% growth</u>				
<u>Investment period</u>	<u>Year 1 (year 0-1)</u>		<u>Year 2 (year 1-2)</u>	
	<u>£</u>	<u>%</u>	<u>£</u>	<u>%</u>
<u>What you might return with no charges at all</u>	<u>1,050,000</u>	<u>5%</u>	<u>1,086,750</u>	<u>5%</u>
<u>What you might return after charges</u>	<u>1,035,000</u>	<u>3.50%</u>	<u>1,071,225</u>	<u>3.50%</u>

Cumulatively over 2-year period without fees the performance of the investment could have been 10.25% which equates to £102,500. After fees, the performance would be 7.12%, which is £30,525 less than before the fees were applied.

SCHEDULE 4

Derivatives

[These terms apply in cases where the Client has not instructed the Investment Manager to use a specific Custodian-Broker under specific terms concluded directly between the Client and such Custodian-Broker.]

Where the Investment Manager is authorised pursuant to the Guidelines to enter into transactions in derivatives subject to the Guidelines and any Instructions, the following terms shall apply:

1. subject to the Order Execution Policy, the Client authorises the Investment Manager to effect transactions in derivatives with such Custodian-Brokers and on such trading venues as it reasonably considers appropriate. Where applicable, all such transactions shall be effected in accordance with the rules and regulations (if any) of the relevant market or exchange and the Investment Manager may take all such steps as may be required or permitted by such rules and regulations and/or by appropriate market practice;
2. the Investment Manager shall select and use Custodian-Brokers, markets or exchanges pursuant to paragraph (1) above in accordance with the Standard of Care (unless instructed by the Client to use a specific Custodian-Broker or trading venue in which case the Investment Manager shall have no responsibility for the selection or use of such Custodian-Broker or trading venue);
3. notwithstanding paragraph (2) above, and except as agreed in the Guidelines, the Investment Manager shall have no responsibility for monitoring the creditworthiness of any Custodian-Broker after a transaction in derivatives has been entered into with such Custodian-Broker and, in particular, shall not be required to terminate early or consider the early termination of any transaction in derivatives due to the creditworthiness of, or any other factors relating to, the relevant Custodian-Broker and shall have no liability for any Losses arising out of any failure to terminate early a transaction in derivatives;
4. the Client authorises the Investment Manager to negotiate, amend, execute, sign or deliver on behalf of the Client all such documents including but not limited to agreements, master agreements, account opening documents, master confirmation agreements, confirmations, credit support documentation (whether by way of title transfer or by way of security) and other instruments as the Investment Manager shall consider necessary or desirable to effect such transactions in derivatives pursuant to the Guidelines;
5. the Client authorises the Investment Manager to give such representations and warranties including tax representations to Custodian-Brokers as agent on behalf of the Client as are customary;
6. the Client agrees to provide such further information reasonably requested by the Investment Manager;
7. the Client shall instruct the Custodian-Broker to act in accordance with instructions from the Investment Manager including, but not limited to, making such payments or deliveries, pledging or debiting the Portfolio with any sums required to pay or supplement any deposit, margin, collateral or market support as may be required in respect of transactions in derivatives;
8. the Investment Manager may allocate, novate, amend, terminate, settle, set-off or close-out such transactions in derivatives in its absolute discretion and without conferring with or obtaining the consent of the Client;
9. subject to paragraph (2) above, the Client acknowledges that under the relevant agreement or any relevant rules of any clearing house or any exchange, the Custodian-Broker's recourse in the event of any Losses in relation to transactions in derivatives may not be limited to the assets of the Client in respect of the Portfolio;

10. the Investment Manager shall not be liable for any Losses arising from any default by, or lack of enforceability of any agreement against, the relevant Custodian-Broker or arising from the unenforceability of the termination, close-out, netting or credit support provisions of any agreement in the event of the default, insolvency or similar event of the relevant Custodian-Broker;
11. the Client acknowledges that under the terms of credit support documentation, the Client may be required to deliver upfront or initial collateral, which will typically mean that the collateral provided by the Client will be greater than the amounts due by the Client under the agreement and that the Client may rank as an unsecured creditor of the Custodian-Broker to the extent of such over-collateralisation; and
12. the Client acknowledges that where collateral is delivered to the Custodian-Broker by way of title transfer, if the Custodian-Broker were to become insolvent, the Client would rank as an unsecured creditor in respect of any over-collateralised amounts.

SCHEDULE 5
Investment Manager and Client details

With respect to the Investment Manager:	ARQuant Management Limited
Address:	167-169 Great Portland Street, Fifth Floor, London, W1W 5PF
Telephone:	(+44) 0333 050 9302
Attn:	Chief Investment Officer
Email:	trading@arquant.co.uk

With respect to the Client:	Client Full Name
Address:	
Telephone:	
Attn:	
Email:	

SCHEDULE 6⁶

Risks

1. STRATEGY

- 1.1 It is fair to say that our strategy is a concentrated stock picker and has a substantial exposure to unsystematic risk. To manage unsystematic risk, usually a client portfolio consists of 20 actively traded stocks on average.
- 1.2 On contrary, the strategy exposure to systematic risk is very low.
- 1.3 The strategy methodology is statistically robust that means it works for a very wide variety of market conditions, especially when volatility is above average.
- 1.4 Loss accumulation
 - 1.4.1 There is a risk of loss accumulation during periods when the patterns are more difficult to recognise, such as, an extended sideways or a long trend with too frequent retracements.
- 1.5 Flash Crash
 - 1.5.1 In case of a flash crash (when very rapid, deep, and volatile fall in security prices occurs within a very short time period) a market-to-market value of client portfolio may reduce below the pre-agreed stop-loss level.
 - 1.5.2 Our system checks prices and can change portfolio positions every 15 minutes, so the system and client portfolios may be affected by a flash crash.
 - 1.5.3 The system checks a drawdown every hour, and when the client's account losses more than the pre-agreed proportion (the **Critical Drawdown Level**) of high-water mark, the client shall be informed immediately (as soon as possible but at least within one hour) and further trading shall be stopped immediately. There is also the Warning Drawdown Level which triggers a higher alertness mode.

2. LEVERAGE

- 2.1 The system uses leverage (borrowing against assets on the client's account) that multiplies not only profits but also losses. That is why this Agreement sets the limit on borrowing (the maximum leverage level).

⁶ Article 48 of the MiFID Delegated Regulation "Investment firms shall provide clients or potential clients in good time before the provision of investment services or ancillary services to clients or potential clients with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorisation as either a retail client, professional client or eligible counterparty. That description shall explain the nature of the specific type of instrument concerned, the functioning and performance of the financial instrument in different market conditions, including both positive and negative conditions, as well as the risks particular to that specific type of instrument in sufficient detail to enable the client to take investment decisions on an informed basis"

- 2.2 The actual leverage level is being set dynamically for the purpose to control the risk. And, in any case the actual leverage level can't exceed the maximum leverage level set.
- 2.3 When a portfolio start accumulating losses, and the system forcefully reduces the actual leverage level until a turnaround of portfolio value.
- 2.4 Investments often engage in leverage and short selling that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested.

3. RISKS OF ALGORITHMIC TRADING

- 3.1 Our algorithmic trading system is subject to different risks, including
 - 3.1.1 There could be internal errors and bugs in software or in parameters of statistical models used by the system for portfolio modelling;
 - 3.1.2 Embedded trading thresholds and limits may not be appropriate to prevent the system from sending erroneous orders or functioning in a way that may create or contribute to a disorderly market;
 - 3.1.3 Business continuity arrangements may not be sufficient to cover any failure of the system;
 - 3.1.4 Despite we have done our best to comply with MAR.7A.3 and Commission Delegated Regulation (EU) 2017/589, there may be a risk that our internal risk management system and controls may not be sufficient enough.
 - 3.1.5 Cyber security risk
- 3.2 To reduce the above risks and to comply with MAR.7A.3 and Commission Delegated Regulation (EU) 2017/589 the firm has developed and adopted a number of policies - IT Requirements, IT Business continuity and Monitoring Arrangements, IT Development Life Cycle and IT Testing policies as well as set up adequate systems and controls.

4. PAST PERFORMANCE

- 4.1.1 The past performance is not a reliable indicator of future results.
- 4.1.2 The past performance is shown in USD and currency fluctuation of USD vs GBP may have a negative effect;
- 4.1.3 When analysing performance, a client shall differentiate gross and net performance where the latter is the former after deducting all the fees due to the Investment Manager.

5. TRANSACTION COSTS

- 5.1 Performance of the trading strategy is heavily dependent on transaction cost because of frequent trades with relative small volumes which are required for continuous portfolio optimization.

- 5.2 Amongst all Connected Custodian-Brokers listed in Schedule 8, Interactive Broker (IBKR) has the most competitive and lowest commissions on the stock trades among most well-known brokers and provides one of the best executions, when dealing with market orders.
- 5.3 The model Portfolio is implemented on the reference account opened with IBKR. However, if a Client instructs the firm to use another Connected Broker-Custodian, then transaction costs may be materially different and negatively affect financial performance of the trading strategy.

6. COUNTERPARTY CREDIT RISK

- 6.1 The Client at its own discretion selects, appoints opens an account with and anticipates a counterparty credit risk to the Custodian-Broker from the list set out in Schedule 8 .
- 6.2 If the Client intends to appoint IBKR as the Custodian-Broker
- 6.2.1 the list of IBKR subsidiaries and affiliates which serve different geographic locations can be found on IBKR's website.⁷
 - 6.2.2 IBKR is a global electronic market maker and broker with an investment grade of "A-" (Outlook Stable) as rated by credit rating agency S&P. ⁸ Please remember that the credit rating may be changed in future.
 - 6.2.3 Interactive Broker is a publicly traded company (NASDAQ: IBKR) with the current market capitalization of around \$30 billion⁹ which allows the company to quickly raise additional equity if necessary.
 - 6.2.4 IBKR provides any client with and account protection of up to 30 million USD. For more information follow the link below¹⁰

7. TAXATION

- 7.1 Managed account is tax transparent so each client is responsible for paying income and capital gain taxes as well as, in some cases where appropriate, withholding taxes. The client should seek an independent advice from a tax consultant.

⁷ <https://www.interactivebrokers.co.uk/en/index.php?f=41347>

⁸ <https://www.interactivebrokers.co.uk/en/index.php?f=1387>

⁹ <https://finviz.com/quote.ashx?t=IBKR>

¹⁰ <https://www.interactivebrokers.com/download/salesPDFs/10-PDF0514.pdf>

8. SUSPENSIONS OF TRADING

- 8.1 Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

9. MARKET RISK

- 9.1 Markets can be developed in many different ways and so the price for investments in each market is dependent on several factors such as supply and demand, and other economic variables. In emerging markets social, economic and political changes can also influence these factors and as such the profitability of any investment in this market.
- 9.2 You should also be aware that trading conditions may differ in every market. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted.
- 9.3 Placing a stop-loss order or limit order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

10. CURRENCY RISK

- 10.1 Portfolio is managed in US Dollars and consists of US stocks.
- 10.2 If a client invests in a currency other than US Dollars, then the client anticipates a currency exchange rate risk and should be aware that FX market is one of the most volatile.

11. REGULATORY AND LEGAL RISK

- 11.1 The risk that a change in laws and regulations will materially impact a security and investments in a particular sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape and as such alter the profit potential of an investment. This risk is unpredictable and may vary from market to market.

12. OPERATIONAL RISK

- 12.1 As an emerging manager we have limited staff, resources and capacity, therefore there is an operational risk. Operational risk is defined as the risk of loss as a result of ineffective or failed internal processes, people, systems, or external events which can disrupt the flow of business operations.

SCHEDULE 7 Investment Mandate

1. OBJECTIVE

- 1.1 Our objectives, despite any market cycle, are
 - 1.1.1 To achieve a positive absolute return;
 - 1.1.2 To generate a positive alpha (Jensen measure) above the benchmark;
 - 1.1.3 To maintain the Sharpe ratio above 1.5; and
 - 1.1.4 To make our fees competitive within the industry.
- 1.2 Our industry is alternative investment active management, where we apply Quantitative Long/Short Equity strategy (see the Section Strategy for details).
- 1.3 Our benchmark is:
 - 1.3.1 *EurekaHedge North America Long Short Equities Hedge Fund Index* ([link](#)) that is equally weighted index of 253 constituent funds. The index is designed to provide a broad measure of the performance of underlying hedge fund managers who invest exclusively in North America.

2. TIME HORIZON AND LIQUIDITY

- 2.1 We invest in exchange-traded US stocks and ETFs that are highly liquid. That is why a client can exit and withdraw money at any point. Usually, it takes up to 3 trading days to gradually close all positions, but the client can instruct us to do this quicker. There is no lock-up period, no withdrawal notice period, no cash proceeds withdrawal period, and no other liquidity constraints.
- 2.2 On average, it takes about 3 years to demonstrate full benefits of our strategy and deliver the performance above the industry average. Therefore, we recommend considering this time horizon for investing, and we do not recommend to invest for a shorter period than 12 months.

3. STRATEGY DESCRIPTION

- 3.1 Our strategy is Quantitative Long/Short Equity investing. It is *proprietary* trading strategy developed more than 10 years ago and tested live on a personal managed account since March 2018.

- 3.2 The *strategy capacity*¹¹ is at least USD 300 million. It is possible to increase the capacity up to USD 1 billion by limiting max positions for mid- and small-cap stocks which, as expected, may reduce performance by about 1/5. The soft close is set at 70%, and the hard close is set at 100% of the maximum capacity.
- 3.3 The trading methodology is quantitative, *statistical trading* (see the clause 3.13 for details).
- 3.4 Portfolio managing and stock trading are *systematic and 100% automated* (coded in a software owned by the firm).
- 3.5 As an investment firm engaged in algorithmic trading, we *comply with MAR.7A.3¹² and MiFID RTS 6¹³*
- 3.6 Portfolio managing consist of the following stages:
- 3.6.1 Stocks selection
 - 3.6.2 Portfolio rebalancing
 - 3.6.3 Portfolio optimization

Stocks selection

- 3.7 Every quarter our trading system (“**the robot**”) selects up to 100 stocks and ETFs (further jointly referred as “**stocks**”), taking into account several factors:
- 3.7.1 Liquidity,
 - 3.7.2 Momentum, and
 - 3.7.3 Volatility.
- 3.8 The selection is made among all stocks and ETFs traded on the US stock exchanges.
- 3.9 As liquidity is one of the main factors, the robot does not select illiquid stocks, and liquidity is not one of the main risk factors.

Portfolio rebalancing

- 3.10 On the basis of the selected stocks, every 3 weeks the robot creates a portfolio of tradeable stocks.
- 3.11 Tradeable stocks usually demonstrate the best Sharpe ratio measured for different past periods.

¹¹ The level of AUM that allows our strategy to achieve its stated risk-return objectives

¹² <https://www.handbook.fca.org.uk/handbook/MAR/7A/3.html>

¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0589&from=IT>

3.12 The number of tradeable stocks is about 20 on average.

Portfolio optimization

3.13 The robot re-calculates positions and weights every 15 minutes when a price update is received. The optimization is performed as follows:

3.13.1 For every tradable stock, the robot runs several principal models, where each consists of several sub-models working with different time frames. Each sub-model acts as an independent predictor which analyses different samples over a number of price derivatives and tries to recognise patterns, makes statistical inference about the discovered patterns and predicts probability, direction, expected price mean and standardized moments over a specified time frame.

3.13.2 The better the expert predicts the more weight is being assigned to its prediction. The final prediction is a weighted average over all individual predictions. Actual number of active predictors varies due to adding new predictors and muting ineffective ones.

3.13.3 Then, to separate the market noise from the market trend, the robot applies some filters, which prevent the portfolio from overreacting to the noise and provide for sustainable position changes.

3.13.4 Finally, having the expected return and expected volatility for each stock, algorithm defines the best the size of position and leverage required for every stock.

3.13.5 As soon as all positions have been finally recalculated, the robot sends orders to the broker.

3.13.6 That is why we call the above approach as statistical trading.

3.14 All positions are short-term, where an average holding period is about 5 business days.

3.15 It could be hundred trades per day, but this is not high-frequency trading.

4. TARGET PROXIMITY ADJUSTMENT (TPA)

4.1 Since September 2024 the reference account shows performance of the modified strategy TPA that decreases market exposure in proportion to the portfolio's profit accumulation, reducing risk as the investment approaches its monthly target level.

4.2 As of Dec-2024, the target for monthly profit is set at 3% before fees.

SCHEDULE 8

List of Connected Custodian-Brokers

1. Interactive Brokers (UK) Limited, or another operating subsidiary of IBG LLC¹⁴
2. EXT LTD¹⁵
3. Saxo Capital Markets UK Ltd, or another operating subsidiary of Saxo Bank A/S¹⁶

¹⁴ <https://www.interactivebrokers.com/en/general/about/info-and-history.php>

¹⁵ <https://exante.eu>

¹⁶ <https://www.home.saxo/institutional-and-partners/about>