

Brooks Macdonald

How to complete the Application Pack

Suitability Responsibility: Professional Adviser



BROOKS MACDONALD

Glossary of Terms

AIM

Alternative Investment Market. This is a sub-market of the London Stock Exchange. It allows smaller, less-viable companies to float shares with a more flexible regulatory system than is applicable to the main market.

AMC

Annual Management Charge. Our annual management charges are based on a percentage of the value of the client's portfolio. Calculated quarterly, they are taken against the value of the client's portfolio at the end of March, June, September and December. Detailed charges will be set out in the investment proposal we will provide once we have a comprehensive understanding of the client's requirements.

AIM Portfolio Service

Our AIM Portfolio Service is an actively managed discretionary portfolio of Alternative Investment Market (AIM) listed companies. The service is available to clients, via a professional adviser, with at least £200,000 to invest.

BIC

Bank Identifier Code. This is the international identification code of financial Institutions that is used when communicating transactions.

BPS

Bespoke Portfolio Service. Our Bespoke Portfolio Service is designed for private clients who want a fully personalised investment portfolio designed to reflect their specific individual requirements. The service is available to those with at least £250,000 to invest.

CGT

Capital Gains Tax. UK Government tax on the profit you make when you sell an asset that has increased in value from when you bought it. For an up to date guide on CGT rules and schedules, please consult your professional adviser.

GIA

General Investment Account. An investment account that can be used by any client, but it has no tax benefits, that is, you will pay income tax and capital gains tax in accordance with your personal tax circumstance.

IBAN

International Bank Account Number. This is the internationally agreed system of identifying bank accounts to facilitate the communication and processing of cross border transactions.

Investment Profile

Your Investment Profile consists of your Investment Objectives (outcome to be achieved), Risk Profile (the risk you are willing to take for potential larger returns), and Time Horizon (the length of time you plan to invest for). For more details on your Investment profile, please refer to our "Client Investing Guide" which is available at www.brooksmacdonald.com in "Our Services - Factsheets & Literature" section.

ISA

Individual Savings Account. These are accounts in which dividends, interest and capital gains are tax free. ISAs can only be held by individuals and have an annual limit to the amount that can be held in the account. For an up to date guide on ISA rules and schedules, please refer to your professional adviser.

MPS

Managed Portfolio Service. Our Managed Portfolio Service is a discretionary investment management service consisting of 10 options, each with their own risk profile and objective. The service is available to clients, via a professional adviser, with at least £20,000 to invest.

Section 1: Brooks Macdonald Service Options

1.1 Account service

Select service type: choose which Discretionary Portfolio Service the client is signing up to as discussed with Brooks Macdonald. The choices are BPS, MPS or AIM Portfolio Service.

Brooks Macdonald Investment Manager (BPS only): for BPS clients, enter the name of the lead Investment Manager from Brooks Macdonald who presented the service to the client. This is not required for MPS or AIM Portfolio Service clients.

1.2 Accounts to be opened

One individual Account: this is for one individual client opening one account.

Two separate Individual Accounts: two individual clients may open two separate accounts with different investment profiles.

One Joint Account for two applicants: two individual clients opening a joint account (one account). This can only be done if the individuals have identical investment profiles. A separate Application Pack or an Additional Account form must be completed by each individual or by both parties in a joint account if there is a difference in any of the Applicant's investment profile.

If any applicant wishes to open two or more individual accounts under separate investment profiles, then please use the Additional Account form. For example, if a single applicant wishes to run their GIA as a Medium Risk, Growth investment profile and their ISA as a Low Risk, Income investment profile, then the GIA can be opened with the main form and the ISA needs to be opened with the additional account form. No additional account form is required if a Joint Account investment profile is different from one of the joint applicant's individual account investment profile, e.g. partner A may open a High Risk, Growth Individual GIA, partner B may open a Low Risk, Income Individual ISA and partner A & B may open a Medium Risk, Income & Growth Joint GIA all on this application.

1.3 Account selection

Select the account / wrapper type the client would like to hold their assets in: onshore GIA, offshore GIA or Stocks & Shares ISA.

Section 2: First Applicant Personal Details

2.1 Personal details

Please provide accurate personal details of the first applicant. The details must be clear and in line with identity documentation held by the client such as passport or driver's license. These are to be checked by your Professional Adviser; please be aware we may ask for certified copies of documentation to verify the information provided.

- Nationality: the status of belonging to a particular nation, either by birth or through immigration.
- Country of birth: the country where the client was born.

- Citizenship: the country in which the client has a right to work and live, and to participate in political life.
- Domicile: the country that a person treats as their permanent home, or lives in and has a substantial connection with.

Section 3: First Applicant Employment and Tax Details

3.1 Employment status

You may have accumulated and continue to accumulate wealth throughout your lifetime. In this section please confirm the following information in order to assist with the anti-money laundering verification in relation to the source of your wealth.

3.2 Current tax year

Please give details of your CGT or ISA allowances that have been utilised outside of Brooks Macdonald.

Section 4: First Applicant Income and Source of Wealth & Funds

4.1 Estimated total annual income

Please give details of salary, other income and estimated net worth.

4.2 Source of wealth

Brooks Macdonald, like all regulated firms, is required to take a risk based approach to preventing the furtherance of financial crime. One way we do this is through assessing the risks posed by each client, including understanding how their wealth has been generated and if this requires us to undertake additional due diligence. The requirement to apply a risk based approach is set out in the Money Laundering Regulations 2017.

4.3 Source of wealth (specific / high risk industries)

Where a client's wealth has been generated through involvement in certain high risk industries we are required to assess if this presents a potentially higher risk of financial crime. Such industries may be more susceptible to bribery and corruption, fraud or used to undertake money laundering. By identifying clients connected to such industries we can take a risk based approach to client due diligence and the level of additional information we are required to obtain by the Money Laundering Regulations 2017.

4.4 Source of funds

Brooks Macdonald collects information about the client's Source of Funds in order allow us to take a risk based approach to assessing whether the information provided is consistent with our understanding of the client, the level of risk they represent and their reason for investing.

Transfer of funds

Electronic transfer of funds by CHAPS or Faster Payments are welcome. Alternatively, cheques are accepted and can be made payable to 'BMAM Ltd re:

client name'. For electronic transfers, do not send any funds to us until we have confirmed to you that your accounts are open and provided you with your account number.

Section 5: First Applicant ISA

5.1 **Subscribing to your Flexible Stocks & Shares ISA**

If you would like to open a Brooks Macdonald ISA, please enter the details here. You can specify the amount to subscribe into your Brooks Macdonald ISA: the maximum for the year, or a smaller amount if you have already committed part of your allowance.

5.2 **ISA declaration & authority**

All ISA applicants are required to sign the ISA declaration & authority.

Section 6: Second Applicant Personal Details

Please refer to the notes under Section 2.

Section 7: Second Applicant Employment and Tax Details

Please refer to the notes under Section 3.

Section 8: Second Applicant Income and Source of Wealth & Funds

Please refer to the notes under Section 4.

Section 9: Second Applicant ISA

Please refer to the notes under Section 5.

Section 10: Bank Accounts

10 **Bank account details**

Please provide us with the details of your bank accounts that you may wish us to make payments to. Please note, we do restrict which banks outside the UK we pay to. Please contact your local Brooks Macdonald office for more information.

Please indicate which account is the default account, i.e. where we will automatically make payments to, or if you have a secondary account you may wish to instruct us to pay to from time to time, please indicate that this as an alternate account. For 4 or more bank accounts, please use the 'Application Pack - Supplementary Form' in www.brooksmacdonald.com in the "Our Services – Factsheets and Literature section" to capture the details.

Here are some examples where multiple bank accounts are used by Joint Account holders:

- The first spouse may use their personal bank account (Bank account 1) as the default account for their ISA by checking the "First Applicant Default" box next to Bank account 1; and the joint bank account (Bank Account 3) as the alternate by checking the "First Applicant Alternate" box next to Bank account 3.

- The second spouse may use their joint bank account (Bank account 3) as the default account for their ISA by checking the "Second Applicant Default" box next to Bank account 3; and their personal bank account (Bank Account 2) as the alternate by checking the "Second Applicant Alternate" box next to Bank account 2.
- For their joint BPS application, they may use their joint bank account (Bank account 3) as the default by checking the "Joint Applicants Default" box next to Bank account 3; and each of their personal bank accounts (Bank Account 1 and 2) as the alternate by checking the "Joint Applicants Alternate" boxes next to Bank accounts 1 and 2.

Section 11: BPS Investment Profile

Please refer to "Your investment profile (BPS)" in the Brooks Macdonald Client Investing Guide for an in depth description of investment profiles. The Client Investing Guide is available to download at www.brooksmacdonald.com in the "Our Services - Factsheets and Literature section".

When completing the investment profile, please follow this guidance to ensure accurate application is made. In this we refer to sections 1.2 and 1.3 of the application where the client(s) decide which accounts they wish to apply for:

- For a single individual applicant, use 11.1 only.
- For two single individual applicants with no Joint Accounts, use 11.1 and 11.2.
- For two applicants applying for a single Joint Account, use 11.3 only.
- For two single individual applicants applying for separate Individual Accounts and a Joint Account, use 11.1, 11.2 and 11.3.

For our core investment service we utilise a guidance portfolio appropriate to your risk profile, the asset class composition of which is determined by our Asset Allocation Committee. Our Investment Managers use the guidance portfolios as a reference point for construction of your investment portfolio. In some instances, your portfolio investment requirements may fall outside the boundaries of our guidance portfolios, however Brooks Macdonald can construct and manage a fully bespoke portfolio especially designed to meet your requirements. You may also describe any investments that you wish to avoid. This may be either because you are associated with the company or have a large position in a stock elsewhere. We will make our best efforts to avoid such investments, however we cannot guarantee that we will avoid any particular investment if we purchase collective investments for you.

Section 12: MPS Investment Profile

We do not ask MPS clients to provide information about their investment profile because their Professional Adviser will always be responsible for assessing the suitability of our MPS service. Your Professional Adviser will help you establish your investment profile. This will include information about your Risk Profile, Investment Objective

and Time Horizon. We will only ask you to choose the MPS portfolio that meets your investment requirements.

Section 13: Account Funding

13.1 Funding your account

Please state how you will fund the account.

13.1 This investment

Please indicate how much you plan to invest in your portfolio. If your wealth is shared please record this in the 'Joint applicants' section.

Section 14: Instructions Relating to Income

14.1 Select accounts from which accumulated income should be paid

Any accumulated income will be automatically credited to your investment account and may subsequently be re-invested unless you instruct us otherwise. Select which accounts you would like income paid from. **If you do not select an account, the income will be held on deposit or reinvested.**

14.2 Accumulated income payment details

For each account you select in 14.1 to receive income from, we can either pay you all the accumulated income at regular intervals on the 5th or 20th of the month, or we can pay you a regular fixed sum assuming the income has been achieved.

Section 15: Operation of the Accounts

15.1 Associated parties

You may wish others to have access to your valuations, tax packs or contract notes or give them the authority to make payments on your behalf. These may include accountants, advisers, solicitors, power of attorneys, employers or other friends and family members.

Please provide us with the details of these (for 3 or more associated parties, please use the 'Application Pack - Supplementary Form' in www.brooksmacdonald.com in the "Our Services – Factsheets and Literature section" to capture their details).

For each connected/associated party with payment authority, we will require certified copies of two of the items below in order to verify the identity of the authorised person.

These documents should be included when returning this Application Pack to Brooks Macdonald. Please ensure at least one form of ID contains a photograph and a signature and one other states the third party address.

- driving licence (certified copy)
- passport (certified copy)
- national identity card (certified copy)
- a recent utility bill or bank statement (within the last three months)

15.2 Providing additional valuation statements, tax packs and contract notes

In this section you can authorise your Professional Adviser or another party to view your account(s) online and request information and valuation statements regarding the current value and performance of your account(s). Please note, the associated party will automatically be granted view access to your online account(s). They will also be able to receive information upon request regarding the current value and performance of your account(s) including valuation statements, tax packs and contract notes. For 3 or more associated parties, please use the supplementary form on our website to capture their details

15.3 Giving payment authority

In this section you can authorise your Professional Adviser or another party to act on your behalf and request payments to be made to your nominated bank account(s) on your behalf and amend regular payment amounts. Where a third person has payment authority, we would need to carry out due diligence checks which comprise of identification and verification of identity and address. In the first instance, we will attempt electronic screening however, if this is not successful, we would need to obtain two certified documents (one for identification and one for address verification). For 3 or more associated parties, please use the supplementary form on our website to capture their details. A list of acceptable documents for verification of identify and address is as follows:

Proof of identity

- Valid passport
- Valid UK photocard driving licence (full or provisional are acceptable)*
- Valid (old style) full UK driving licence
- Firearms certificate or shotgun licence
- Identity card issued by the Electoral Office for Northern Ireland
- Recent evidence from DWP confirming pension entitlements
- Recent correspondence from HMRC such as tax coding notice**
- Recent evidence of entitlement to a state or local authority-funded benefit (including housing benefit and council tax benefit), tax credit, pension, educational or other grant**

Proof of address

- Bank statements*** or credit/debit card statements*** (not printed from the internet)
- Utility bills*** (not printed from the internet)
- Council Tax demand letter or statement for the current tax year
- Instrument of a court appointment (such as liquidator or grant of probate)
- Valid UK photocard driving licence (full or provisional are acceptable)*

* Cannot be used for both proof of identity and address as the same time

** Must be dated within the last 12 months

*** Must be dated within the last 3 months

Section 16: Fees and Charges

16.1 Brooks Macdonald fees and charges

Indicate the fees and charges arrangement that has been agreed with the Brooks Macdonald Investment Manager. We provide three different fee arrangements:

- Option 1 is the Annual Management Charge (AMC) plus dealing fees. We will charge you an annual fee plus a fee for every transaction we carry out on your portfolio on your behalf.
- Option 2 is a single rate Annual Management Charge (AMC) with no extra dealing fees. This AMC will be higher than option 1, but there will be no additional transaction fees relating to activity on your portfolio.
- Option 3: This is the MPS Annual Management

Change (AMC). This is a standard fee for managing MPS portfolios.

For MPS clients, please only select option 3. For AIM clients, please only select option 2. For BPS clients, please select the fee arrangement from options 1 and 2 that you have agreed.

Section 17: Communication Preferences

Please indicate if you would like to opt out of receiving paper versions (and receive e-mail versions instead) of portfolio valuations, tax packs, cost & charges and contract notes (where applicable).

Section 18: Declarations and Authority

18.1 Client to complete

The client must read these declarations and consents, check all required boxes and sign the form.

18.2 Adviser to complete

The adviser must read and confirm these statements before signing the form.

Contact us

If you require further details or wish to discuss your portfolio please contact your Investment Manager at Brooks Macdonald.

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