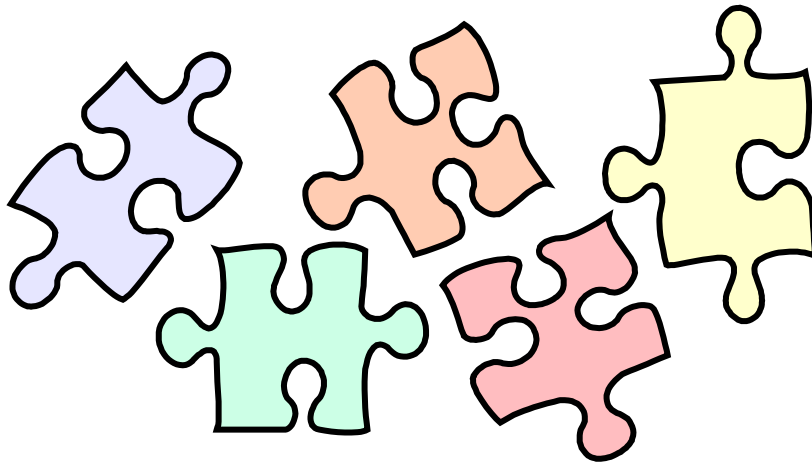


Pilling Ideal Portfolios (PIPs) User Guide & Client Agreement



Your Name:		Your A/C No(s)	
Your Pilling Contact		Date of Completion	

Please note that the value of your investments and the level of income produced can fall as well as rise and you may not get back the full amount that you invested. Past performance is not a guide to future returns. Any opinions expressed should not be construed as advice for investment in any product or security featured. Some shares may use part of the capital invested to provide an income. If you are uncertain about the suitability of any investments you should take independent advice (including tax advice) before investing. The information herein is based on current HMRC rules which are subject to change. Any opinions or information provided has been based on sources we believe to be reliable. Pilling & Co staff and/or principals may hold investments featured. All investments are subject to our current terms and conditions and charges which we reserve the right to change. Whilst every effort is made to ensure accuracy we cannot be held liable for errors or omissions. A copy of our internal complaints procedure is available on request together with the Financial Ombudsman Service (FOS) leaflet explaining their operation. Pilling & Co is registered under the Data Protection Act as a controller of information.

Pilling & Co is authorised and regulated by the Financial Services Authority No 141242
And are members of the London Stock Exchange and A.P.C.I.M.S PIP0911

The Pilling Ideal Portfolios

As a totally independent stockbroking and wealth management firm our Investment Managers have regular contact with the country's leading fund management groups. It is difficult for a single fund management group to have sufficient expertise across all sectors and geographic areas. So we research which fund managers are best in each particular area and “cherry pick” the best for you.

The Pilling Ideal Portfolios (PIPs) are five portfolios of funds carefully selected by our Investment Managers. These are the **Income PIP**, the **Growth PIP**, the **Higher Income PIP**, the **Select Opportunities PIP** and the **Overseas PIP**.

When selecting a fund or trust it is essential to know: -

- The fund manager and his ability
- The portfolio strategy both current and looking ahead
- Sector and/or geographic weightings
- Tracking error, where applicable, and volatility
- Gearing strategy (for investment trusts only)
- Discount/premium situations (for investment trusts only)
- Currency hedging strategy for overseas fund

We continually monitor these points by having regular meetings and dialogue with managers.

The PIPs can be bought in your Pilling ISA & SIPP portfolios. They can also be bought via a Pilling Nominee Account. Due to the spread of investments we suggest the minimum investment should be **£20,000 per PIP**. You may add further money to the PIP later if you wish, providing it does not breach any contribution limits for ISAs and SIPPs.

PIPs are only available on a discretionary basis which means that we make changes to the portfolio when we think it best to do so. You will be sent contract notes when any changes are made and we provide you with a full report on the progress every six months.

Changes may be prompted by: -

- An underperformance within a sector
- A sector falling out of favour
- A change in the management of the fund
- A change to the economic environment

Charges

If you would like to sell existing stocks to invest in a PIP, we will not charge commission on the sale of these investments. If we decide to switch from one unit trust to another within the PIP, we do not charge commission on the sale. When purchasing units for the PIP, commission is normally paid to us by the managers up to a maximum rate of 3%. If no commission is payable, our normal commission of 1.65% on the first £10,000 and 0.5% on any balance will be charged on the contract instead. These rates also apply to investment trusts transactions.

Our management charge is also lower than our normal discretionary rate at **0.5% plus VAT** per annum on the value of your PIP assets. This is levied proportionately every six months at the time of our report.

Please note the individual funds also charge annual management fees which will be reflected in the unit price. Details of these charges will be available on the managers websites.

PILLING IDEAL PORTFOLIO: GROWTH	
<p>INVESTMENT AIM:</p> <p>To provide a balanced return of growth and income superior to the FTSE All-Share Index over medium and longer term by exposure to world equity and fixed interest markets via a medium risk portfolio of unit trusts, OEICs and investment trusts.</p>	<p>KEY FACTS: Launch Date: 23 August 2001 ISA/SIPP compliant £20,000 minimum</p> <p>PORTFOLIO CO-ORDINATOR: Mike Tattersall</p> <p>PORTFOLIO MANAGERS: Pilling & Co Investment Managers</p>
Medium risk, balanced return but growth biased, mainly UK investments	

PILLING IDEAL PORTFOLIO: SELECT OPPORTUNITIES	
<p>INVESTMENT AIM:</p> <p>To provide long term capital growth superior to the FTSE All-Share Index through exposure to equity and fixed income markets, together with unlisted investments, via a medium to high risk portfolio of unit trusts, OEICs and Investment Trusts.</p>	<p>KEY FACTS: Launch Date: 23 August 2002 ISA/SIPP compliant £20,000 minimum</p> <p>PORTFOLIO CO-ORDINATOR: Nigel Moore</p> <p>PORTFOLIO MANAGERS: Pilling & Co Investment Managers</p>
Medium and High risk, growth return, mainly UK investments	

PILLING IDEAL PORTFOLIO: INCOME	
<p>INVESTMENT AIM:</p> <p>To provide an income return comparable to the FTSE 350 High Yield Index with growth over medium and longer term by medium risk exposure to world equity and fixed interest markets via unit trusts, OEICs and investment trusts.</p>	<p>KEY FACTS: Launch Date: 23 August 2001 ISA/SIPP compliant £20,000 minimum</p> <p>PORTFOLIO CO-ORDINATOR: Alistair Hodgson</p> <p>PORTFOLIO MANAGERS: Pilling & Co Investment Managers</p>
Medium risk, balanced return but income biased, mainly UK investments	

PILLING IDEAL PORTFOLIO: HIGHER INCOME	
INVESTMENT AIM: To provide a higher level of income than 10 year gilt yields and a capital performance consistent with the UK Gilt 10-15 year Index from a portfolio of Unit Trusts, OEICs, funds and Investment Trusts investing in UK and overseas fixed interest and property investments.	KEY FACTS: Launch Date: 23 August 2002 ISA/SIPP compliant £20,000 minimum PORTFOLIO CO-ORDINATOR: Bev Taylor PORTFOLIO MANAGERS: Pilling & Co Investment Managers
Low to Medium risk, income return investments	

PILLING IDEAL PORTFOLIO: OVERSEAS GROWTH	
INVESTMENT AIM: To provide predominantly long term capital growth superior to the FTSE Global All-Cap (Ex UK) index through the active management of a diversified portfolio with exposure to equity and fixed interest markets, via a medium to high risk portfolio of unit trusts, OEICs and investment trusts.	KEY FACTS: Launch Date: 23rd April 2005 ISA/SIPP compliant £20,000 minimum PORTFOLIO CO-ORDINATOR: Terry Applegate PORTFOLIO MANAGERS: Pilling & Co Investment Managers
Medium and High risk, growth return, non-UK investments	

Annual performance (%) to 23 rd September of year shown below (net income retained)					
	2011	2010	2009	2008	2007
Growth PIP Model	7.4%	12.1%	-7.5%	-13.3%	12.6%
Select Opps PIP Model	1.7%	16.0%	-11.4%	-14.1%	15.0%
FTSE All-Share	-1.3%	7.7%	-11.2%	-12.2%	6.5%
Income PIP Model	0.3%	5.6%	1.5%	-7.9%	5.2%
FTSE 350 High Yield	2.0%	-0.3%	-13.0%	-18.2%	3.9%
Higher Income PIP Model	4.7%	16.1%	-21.4%	-12.3%	-4.9%
UK Gilt Index 10-15 years	4.8%	4.7%	8.4%	1.1%	-4.4%
Overseas Growth PIP Model	-4.6%	20.0%	-7.4%	3.4%	13.9%
FTSE Global All Cap Ex UK	3.1%	4.4%	-16.6%	-12.4%	15.7%
Past success should not be seen as a reliable indicator of future performance. The figures above are before account fees					

OUR DEFINITION OF RISK

It is a fact of life that capital growth or a high income return can only be achieved with some degree of risk. The greater the potential growth or income yield, the higher will be the risk. We suggest that you think about the risks inherent in the investments you are making and in very broad terms, for your guidance we classify the three major risk categories as follows:-

LOW RISK

These can include cash and fixed interest sterling denominated securities issued by major governments and corporations. In addition unit trusts, OEICs and ungeared collective investments investing principally in the above are acceptable. Please note however that a high exposure to gilts and other fixed interest securities might constitute a high risk policy since their capital values and the real value of the income that they produce are affected by interest rate fluctuations and inflation

MEDIUM RISK

Medium risk investments may include other fixed interest investments, shares in FTSE 100 Index constituent companies, well-established FTSE Mid 250 companies (perhaps ex-FTSE 100 stocks) and where possible (eg where the capital commitment is great enough) a judicious spread of shares in large and medium capitalized companies, Unit Trusts, OEICs, Investment Trusts and similar packaged investments in the major western markets (UK, Europe, North America) as well as internationally diversified examples of such funds are included.

Some sector specialist, ethical and single company country funds can be used as part of a diversified portfolio. Modest portfolio allocation in smaller companies in the major western markets via managed collective investments is also acceptable.

Insurance company and investment management company managed or multi-manager products are generally acceptable, either as part of a portfolio or in isolation.

HIGHER RISK

High risk covers all other types of investments not mentioned above and can incorporate weighting or even exclusive concentration on smaller capitalized or recent start-up businesses, junior markets and trading facilities (eg AIM and Plus quoted shares) or venture capital vehicles. Collective and packaged versions of the above are acceptable as well as offshore, non-sterling denominated or hedge funds. Investments in lesser-developed markets eg Asian and Emerging Markets are also included.

Warrants, covered warrants (securitised derivatives), options and other forms of derivatives also come under this category and you are required to complete a further application form (available on request) to help us assess whether complex products of this nature are appropriate for you.

Other investments covered under the **Notification of Services Required** section of this agreement should also be considered in this category.

We may invest in securities where the individual risk category of that security is outside your chosen risk profile. However, the overall risk profile of the portfolio will remain within your risk profile.

WARNING: - We make every reasonable effort to ensure that your investments meet with your risk requirements. At the time of investment our understanding, and the market's opinion in general of a security's risk category will be applied as per your investment questionnaire. If at a later date it is found that the risk category was incorrect, we cannot be held responsible for any financial consequences or liabilities arising from any misunderstandings or mistakes in this aspect of your dealings with Pilling & Co.

CLIENT INVESTMENT QUESTIONNAIRE

This agreement should be completed to enable us to operate a Pilling PIP model under discretionary management. As PIPs have a set management and administrative criteria, many of the answers on pages 7 and 8 have been defined already. If you are not in agreement with the pre-defined answers please do **not** complete and sign the form. You should contact your Pilling advisor for further assistance. Where the answers are not pre-defined, please indicate your preferences by initialling the appropriate blank boxes, signing the form and returning the complete copy of the agreement.

The FSA rules require us to obtain such information about your investment objectives, financial resources and personal background as may be necessary to ensure the suitability and quality of our investment advice or the extent of discretion exercised on your behalf.

Surname		
Forename(s)		
Address		
Postcode		email
Tel No Home		
Tel No Work		
Tel No Mobile		
Date of Birth		
Nationality		
Occupation		
Marital Status		
Number of Dependants		
Income Taxed @	50%/40%/20% /Other	
Income from Employment	£	
Income from Pension(s)	£	
Other Income	£	
Value of Home(s)	£	
Value of other Property	£	
Savings	£	
Investments	£	
Other assets	£	
Mortgage(s) outstanding	£	
Overdraft / Loans / HP etc	£	
Credit Card Lending	£	
Other Debts	£	
BANK DETAILS: - Name of Bank/Building Society		
Account Name		
Account Number	Sort Code	

NOTIFICATION OF SERVICES REQUIRED

Under FSA rules we can only provide the following services if you give your **written consent**. You must therefore carefully consider each service you require in terms of risk, your responsibilities and the obligations you may incur. Please indicate your agreement to receive these services or allow us to conduct them on your behalf by **initialling** (do not tick) boxes 10 and 11 on page 8.

SERVICE REQUIRED	YOUR CONSENT TO DEAL IN :	Yes	No
1. Options, Warrants and Covered Warrants (Securitised Derivatives)	Non-margined but highly geared and price sensitive products	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Before requesting the services in (1) you must complete an application form (available on request) which helps us to assess whether complex products are appropriate for you.

2. Off-Exchange Transactions	Deals not regulated by the rules of an approved Stock Exchange / Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Unregulated Collective Investment Schemes		<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Non-Readily Realisable Investments	Illiquid investments in which the market is limited	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Penny Shares	Investments in smaller companies where there is a big difference between buying and selling price	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Stabilisation	New issues where prices may be maintained artificially	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Your money	Holding your cash in a deposit style account held with a UK FSA approved bank.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Depositing your money in non-UK jurisdictions where your rights and protections may be reduced	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Custody of your Investments	Registering your investments in the name of St. Anns Square Nominees Ltd or a nominated sub-custodian subject to a written agreement with Pilling & Co	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Overseas Custodians	Depositing your assets in non-UK jurisdictions where your rights and protections may be reduced and where there may not be separate identification of investments	<input checked="" type="checkbox"/>	<input type="checkbox"/>

10. Third Party Instructions Accepting any instructions from the person(s) listed below **Yes** **No**

Full name, address and telephone number

Restrictions on authority to act on your behalf:

We will accept the instructions of the third party you name for the purposes of dealing in all types of products, as well as the movement of your investments and the payment and receipt of your money *until cancelled by you in writing.*

11. Unsolicited Calls Telephone calls or visits by us to discuss investments of the type you normally deal in without your express invitation **Yes** **No**

Please take note that you may forgo certain statutory rights to cancel deals you enter into as a result of an uninvited call.

If you wish to authorise unsolicited calls but subject to certain restrictions please list them here.

DISCRETIONARY MANAGEMENT SERVICES

Report Dates

23rd February / 23rd August


This Agreement sets out the arrangements under which we will provide our Discretionary Management Services.

- We will manage for you the PIP portfolio that you have chosen on the “PIP contribution form”.
- We shall have full discretion, and without prior reference to you, to enter into any kind of transaction or agreement for your account in or relating to the type of investment you have elected for.
- Other than the periodic reviews, statements and valuations, or unless requested by you or your Personal Investment Manager, you will not be contacted with regard to any aspect of the operation of your account.
- You will receive a contract note confirming the details of each transaction carried out on your account within a few days of dealing.
- **Our Charges and Fees** for the PIP services are as stated on page 2 of this document. We reserve the right to alter charges with one month’s written notice.
- **Investment Objectives** - we will proceed on the basis that your investment objectives and risk parameters are as set out by your selected model portfolio. We may from time to time write to you to confirm that these objectives are unchanged and, in any event, should you wish to modify them you must notify us in writing as soon as possible.
- **Execution Only Arrangements** - transactions conducted on your behalf will always be entered into under the principles of *suitability and best execution*. However, on some occasions you may wish to instruct us to carry out transactions which you will not expect us to be responsible for advising you about their investment merits.
- **Portfolio Review and Performance Report** - we will send you an in depth analysis and review of your own portfolio every 6 months, a statement, a reconciliation of its performance and a general economic report.
- **Basis of Performance Measurement** - the percentage increase or decrease in the value of your portfolio since your last report will be shown alongside the percentage change (over the same period) in the level of an agreed benchmark (e.g. FTSE All Share Index) that is appropriate for the PIP selected. (See descriptions on pages 3 and 4)
- **Basis of Valuations** - investments quoted, listed or regularly dealt on a recognised investment exchange will be valued at their middle-market quotation on that exchange unless stated otherwise. Unquoted investments will be valued at cost or such other value as we may consider appropriate at the time. Current exchange rates will be applied when valuing holdings in foreign currencies. We reserve the right to adopt any other method of valuation when we have reasonable grounds for believing that another approach more accurately reflects the market value of a particular investment.

- **Notification of Services Required** - we will assume that you do not require us to provide any other service listed in the Notification of Services Required section of the Agreement other than the pre-ticked boxes, unless you specifically initial the appropriate "Yes" box.
- **Transfers of Income and Capital** - we will arrange for any income or capital sums arising from your portfolio to be sent to you in accordance with your written instructions.
- **Termination of Agreement** - either party may terminate a discretionary agreement by giving one month's notice in writing. You will remain liable for any transactions entered into before notice is received or instructed during the notice period and you will pay any charges or fees due to us under the appropriate Agreement on a pro rata basis.
- **Simplified Prospectus / Key Features Document**— we fully comply with the FSA requirement to make available a "Simplified Prospectus" or "Key Features Document" where required for each of the packaged products we recommend you buy or sell. These documents are marketing tools containing important information about the fund and we recommend you read these before buying, selling or switching investments.
- It is hereby confirmed that where this Agreement is signed by more than one person, we are the joint owners of all cash, securities or other property held for us and that on the death of any one of us such ownership will automatically accrue to the survivor(s) who will continue to be bound by the above terms and conditions as if they had signed alone.
- I have read and understood the contents of this Discretionary Management PIP Services Agreement including the Terms and Conditions of Business and agree to be bound by them.
- I understand that Pilling & Co cannot make any promises as to the future performance of the portfolio maintained on my behalf and that, so long as they act in good faith, they cannot accept any liability for any loss arising through their exercise of this authority or the management of my portfolio, nor for taxation charges arising for any reason.

IMPORTANT NOTICE

If there is anything that you do not understand or if you wish for further clarification, please contact us before you sign and return this agreement.

Signed	X	X
Full Name		
Date		
Signed for and on behalf of PILLING & Co		
Dennis L Morgan (Senior Partner)		

