



Discretionary Portfolio Management Service

Discretionary Management Agreement

Flying Colours Investment Management Limited is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No: 12433663. Registered Office: 8 Godalming Business Centre, Woolsack Way, Godalming, GU7 1XW

1. Authorisation

Flying Colours Investment Management Limited (Flying Colours) is authorised and regulated by the Financial Conduct Authority (FCA), our FCA Firm Registration Number (FRN) is 922882. You can check this by contacting the FCA:

- **Address:** The Financial Conduct, 12 Endeavour Square, London E20 1JN.
- **Telephone number** 0800 111 6768.
- **Website** www.fca.org.uk/register

2. Investment Services

Once you have selected the specific investment profile(s) most suitable for you, we will confirm your chosen portfolio to be managed on the platform that is recommended by your Financial Adviser. We will manage your portfolio in accordance with your selected investment profile(s). Your portfolio will be invested in a range of funds which can be seen on your account on the Platform.

Our portfolios are rebalanced on a quarterly basis and outlined below are the portfolios that are available through our Core and Dynamic range.

2.1 Core Portfolio Range - A range of risk targeted portfolios primarily using passively managed investments to minimise cost to clients:

- **Flying Colours: Core Ultra Defensive** – The Flying Colours Core Ultra Defensive model portfolio is designed for investors who are risk averse and invests entirely in low cost money market funds. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Core Defensive** – The Flying Colours Core Defensive model portfolio is designed for investors who are prepared to accept a limited risk to their capital, and invests predominantly into cash and fixed income securities, with an equity exposure typically of 20%. The portfolio offers investors blend of passive or index-tracking funds that helps keep costs to a minimum. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Core Conservative** – The Flying Colours Core Conservative model portfolio is designed for investors who are aiming for moderate growth without extreme volatility, and invests predominantly into cash and fixed income securities, with an equity exposure typically of 40%. The portfolio offers investors a blend of passive or index-tracking funds that helps keep costs to a minimum. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Core Balanced** – The Flying Colours Core Balanced model portfolio aims to achieve a balance between risk and return and investors should expect some short-term volatility. It invests predominantly into equities, with an equity exposure the has ranged from 57% to 61% in the past. The portfolio offers investors a blend of passive or index tracking funds that helps keep costs to a minimum. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Core Growth** – The Flying Colours Core Growth model portfolio is invested primarily in equities (typically 80%), with the balance invested into cash and fixed interest securities. The portfolio aims to achieve a good overall return, however short-term volatility should be expected. The portfolio offers investors a blend of passive or index-tracking funds that helps keep costs to a minimum. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.

- **Flying Colours: Core Growth Plus** – The Flying Colours Core Growth Plus model portfolio is invested primarily in equities (typically 85%), with the balance invested into cash and fixed interest securities. The portfolio aims to achieve a good overall return, however short term volatility should be expected. Alongside a core holding of passive or index-tracking funds that helps keep costs to a minimum, the portfolio may at times include carefully selected investments designed to improve returns. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Core Aggressive** – The Flying Colours Core Aggressive model portfolio aims to maximise returns, however large short-term volatility should be expected and there is the possibility of longer-term losses. It is invested mainly in equities (typically 90-95%), with the balance invested into cash and fixed interest securities. The portfolio offers investors a blend of passive or index-tracking funds that helps keep costs to a minimum. The Core portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.

2.2 Dynamic Portfolio Range - A range of risk targeted portfolios using a range of different investment types to offer clients flexibility across different investment environments:

- **Flying Colours: Dynamic Defensive** – The Flying Colours Dynamic Defensive model portfolio is designed for investors who are prepared to accept a limited risk to their capital, and invests predominantly into cash and fixed income securities, with an equity exposure typically of 20-25%. Alongside a core holding of passive or index-tracking funds that helps keep costs to a minimum, the portfolio includes carefully selected investments designed to improve returns. The Dynamic portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Dynamic Conservative** – The Flying Colours Dynamic Conservative model portfolio is designed for investors who are aiming for moderate growth without extreme volatility, and invests predominantly into cash and fixed income securities, with an equity exposure typically of 40-45%. Alongside a core holding of passive or index tracking funds that helps keep costs to a minimum, the portfolio includes carefully selected investments designed to improve returns. The Dynamic portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Dynamic Balanced** – The Flying Colours Dynamic Balanced model portfolio aims to achieve a balance between risk and return and investors should expect some short-term volatility. It invests predominantly into equities, with an equity exposure typically of 60-65%. Alongside a core holding of passive or index-tracking funds that helps keep costs to a minimum, the portfolio includes carefully selected investments designed to improve returns. The Dynamic portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Dynamic Growth** – The Flying Colours Dynamic Growth model portfolio is invested primarily in equities (typically 80-85%), with the balance invested into cash and fixed interest securities. The portfolio aims to achieve a good overall return, however short-term volatility should be expected. Alongside a core holding of passive or index-tracking funds that helps keep costs to a minimum, the portfolio includes carefully selected investments designed to improve returns. The Dynamic portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.
- **Flying Colours: Dynamic Aggressive** – The Flying Colours Dynamic Aggressive model portfolio aims to maximise returns, however large short-term volatility should be expected and there is the possibility of longer-term losses. It is invested mainly in equities (typically 95-98%), with the balance invested into cash and fixed interest securities. Alongside a core holding of passive or index-tracking funds that helps keep costs to a minimum, the portfolio includes carefully selected investments designed to improve returns. The Dynamic portfolio range could be the ideal choice for investors interested in a simple and cost-effective investment portfolio.

3. Client Classification

We treat you as a “retail client”. This means you are afforded the highest level of protection under the UK regulation system.

4. Methods of Communication

We will contact you from time to time to check that the information we hold for you in respect of your Account regarding your objectives and financial circumstances continues to be correct. If we are unable to review your information with you, we may have to stop providing our Discretionary Managed Portfolio Service to you.

Unless you advise us otherwise, we may communicate with you via the following methods of communication, via your Financial Adviser, E-mail, Telephone, Letter and SMS.

5. Language

Please note that all our communications and documents will be provided to you in English.

6. Governing Law and Jurisdiction

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

The Parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

7. Eligibility

The Service is only available for clients who:

- Are resident in the United Kingdom;
- Are not US nationals or permitted nationals resident in the US, or anyone subject to US tax reporting, irrespective of dual nationality status or country of residence; and
- Have a Financial Adviser who is authorised and regulated by the FCA, who has a business relationship with us, and who has recommended this Service to you.

8. Grant of Discretionary Authority

By entering into this Agreement, you grant Flying Colours the exclusive right to manage your portfolio through the model portfolio approach described above, at our sole discretion, without prior reference to you or your Financial Adviser but always according to your selected investment profile(s).

9. Indemnification

Flying Colours shall not be liable for any depreciation or loss of investments in any respect resulting from reliance by you on representations or forecasts given by Flying Colours or any employee on their behalf or by the completion of transactions or instructions by Flying Colours on your behalf. Flying Colours shall not be liable for any loss of opportunity whereby the investments could have increased in value or for taxation charges arising for any reason.

You and your Financial Adviser are solely responsible for the selection, appointment and ongoing suitability of the platform on which your portfolio will be held. Flying Colours cannot be held responsible for any adverse outcome to its provision of Services that are caused by the platform that is holding your portfolio, or actions taken by your Financial Adviser.

You acknowledge that other than in respect of our obligations under our Agreement we are not responsible for providing you with, and we have not provided you with any, investment advice, tax advice, or personal recommendations in respect of your portfolio or in relation to your decision to invest. We shall not be liable for any losses you suffer or incur as a result of acting or deciding to act on the advice or recommendation of any third party (including your Financial Adviser) in relation to our Services.

You acknowledge that it is the responsibility of your Financial Adviser to keep your financial circumstances, objectives, capacity for loss and appetite for risk under review, and to assess whether your selected investment profile(s) remain(s) suitable for your needs.

Where events or circumstances happen which are beyond our reasonable control, you acknowledge that the investment objectives and restrictions applicable to your portfolio as stated in your selected investment profile(s) will not be treated as breached.

10. Client's Risk

You are advised that because investments can fall as well as rise, you may not get back the full amount invested. Past performance is not a guide to future performance.

11. Best Execution

We are committed to treating you fairly when we manage your Account. As part of this commitment, we have prepared this Best Execution Policy ("Policy") to provide you with information on how we will transmit orders to place deals in investments for your Account.

Under the FCA's Rules, when transmitting orders to other entities (such as third-party brokers) for execution, we are required to act in your best interests, and to take all reasonable steps to obtain the best possible result (the "Best Execution Obligation"). This Policy therefore sets out the most important aspects of the arrangements that we have put in place to comply with our Best Execution Obligation.

As an investment manager, Flying Colours makes, and then gives effect to, decisions to deal in investments on behalf of your Account. There are two methods of giving effect to these decisions:

- we can transmit an order to a third-party intermediary (e.g. a stockbroker or investment bank) for that third party to carry-out on our behalf; or
- we can carry-out the transaction on your behalf directly with the relevant counterparty or exchange. The counterparty or exchange with whom we (or a third party) may choose to execute such transactions is referred to in this Policy as an "Execution Venue".

12. Conflicts of Interest

There may be occasions where we or one of our other clients have some form of interest in business being transacted for you. If this happens or we become aware that our interests or those of one of our other client's conflict with your interests, we will write to you and obtain your consent before we carry out your instructions and detail the steps we will take to ensure fair treatment.

Where advisory clients of Flying Colours Investment Management Limited have been recommend to invest in our DMPS there is the potential for financial and commercial interests of Flying Colours Financial Limited to conflict with the interests of you (our client) when assessing and deciding whether to make such recommendations.

We are unable to accept or retain payments or benefits from other firms (e.g. product providers) as this would conflict with our independent status. Acceptable non-monetary benefits can be described in a generic way (e.g. training / hospitality). Any other allowable benefits must be priced and disclosed separately.

From time to time we may attend training events funded and/or delivered by product providers, fund managers and investment platforms. These events are designed to enhance our knowledge and enhance the quality of service we provide to our clients. As such this doesn't affect our obligation to act in your best interests. Please ask us if you want further details.

13. Amendment and Termination

This Agreement may be terminated at any time, without penalty, and without prejudice to the completion of transactions or instructions already initiated on your behalf by either party giving 30 days' prior written notice. After termination of this Agreement Flying Colours will not seek to execute any further transactions or instructions for you except at your specific request and then only with a new Discretionary Investment Management Agreement being entered into.

If this Agreement is amended or terminated, you will be responsible for paying for any transactions which are completed before the amendment or termination took place and a due proportion of any periodic payments for Services. We may cease to provide the Services to you upon giving you notification if for any reason or if, in our opinion, it becomes impractical to continue to administer your portfolio.

14. Notification of the death of a client

When we are notified of the death of an account holder, and the account is held by a single individual, the portfolio will be suspended from the date that we receive notification and, subject to our completion of any transactions already initiated, our discretionary mandate will stop immediately. We will continue to deduct our Investment Management charge from the portfolio for administering the portfolio and dealing with any arrangements concerned with the death, including (without limitation) closing the account. Subject to our discretion no instructions will be accepted in relation to the portfolio until title to it has been established.

15. Costs/Charges

You are responsible for paying the fees and charges set out below. We reserve the right to change these rates from time to time and will notify you of any such changes in writing at least 30 days before they take effect. If you are unhappy with any change to our rates, then you may terminate our Agreement.

You are also responsible for any costs we properly incur in respect of managing the investments in your Account, such as acquisition and disposal costs, commissions, currency conversion costs, fees and charges (including any penalty fees and charges that are incurred as a result of you failing to meet your obligations under the Agreement), management charges, taxes and other fiscal liabilities.

We will typically seek to maintain 2% of your Account in cash so that we may deduct any amounts payable by you to us from your Account. If the available funds are insufficient, we may sell assets held as part of your Account to cover such charges. If there are insufficient investments in your Account to pay the amounts owed to us, you will need to pay these to us by other means.

15.1 Discretionary Management Charge - Our charge for our portfolios is 0.24%. There is no VAT added to this.

15.2 Platform Charge - Please refer to the providers' Terms and Conditions for details on the providers' platform charges

15.3 Fund charges - The fund charges are typically:

- Core – 0.16 to 0.30%; and

- Dynamic – 0.41% to 0.60%.

While the exact charge is subject to change due to portfolio holdings varying in proportion over time, we do not expect the underlying fund charges to vary significantly beyond this range. We will provide you with the exact fund charges attributable to your Account on request.

As these charges are a percentage of the total portfolio investment, these will vary in line with any fluctuations in the fund value. A full list of the underlying funds can be found on our website.

16. Client Money and Safe Custody

Under the Service all client monies and investments in the portfolio(s) are maintained on the platforms recommended by your Financial Adviser, which are external to Flying Colours. Your Financial Adviser will have provided separate details of the platform on which your portfolio is held.

Flying Colours does not handle its clients' money. Any payments by yourself or a third party into your portfolio(s) must be made directly to your account on the platform on which your portfolio is held.

Any ad-hoc or regular withdrawals from the portfolio(s), other than the Flying Colours fees, will be paid directly to you from platform on which your portfolio is held.

17. Valuations, Confirmations and Periodic Statements

You will also receive communication directly from the platform on which your portfolio is held notifying you of any trades that Flying Colours have made to the selected investments of your portfolio(s).

The platform on which your portfolio is held will provide you with periodic statements, including a valuation of the assets of your portfolio(s).

18. Depreciation Reporting

You will receive communication directly from your Financial Adviser or Flying Colours (where advised) if the model portfolio you are invested in depreciates in value by 10% and every 10% thereafter during any reporting period. The reporting periods are as follows:

- 1st January to 31st March;
- 1st April to 30th June;
- 1st July to 30th September; and
- 1st October to 31st December.

19. Data Protection and GDPR

19.1 How long do we keep your personal data?

We will only keep your personal data for as long as necessary. Should the agreement between us cease for any reason, we will keep your personal data for a minimum of seven years after the agreement has been cancelled. However, if the assets invested in the Flying Colours DMPS service originate from a defined benefit pension transfer or a transfer from a Free-Standing Additional Voluntary Contribution (FSAVC), we are obligated by the FCA to retain this data indefinitely.

19.2 How we use your personal data?

To provide our services properly, we will use your data in the following ways:

- Agreement – this is our agreement with you
- Services – this is us providing our services to you

- Marketing – this is how we keep you up to date with current affairs

In some circumstances, we may need personal data of a sensitive nature, known as “Special categories of personal data”. This may include the following data: racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership and data concerning health.

Our policy is that should we require any special category (sensitive) data as described above, we will require your consent, which will be obtained via your Financial Adviser.

19.3 Your rights to access

GDPR legislation gives you the right to access your personal data that we hold, or request this information to be transmitted to another party. We will require this request in writing and, once received, we will action your request without undue delay and free of charge.

19.4 Your right to be forgotten

GDPR legislation gives you the right, in some circumstance, to request us before erasing your personal data from our systems. In these circumstances, we will require this request in writing, we will action your request without undue delay. There are certain types of data, which we are legally required to be kept for a period, therefore, this data will not be erased immediately. Please note that this right does not override Flying Colours’ recording keeping obligations under FCA Rules.

20. Recordings

Subject to compliance with any applicable laws or regulations, Flying Colours may record telephonic and electronic communications and keep a record of such communications as required.

21. Assignment

Flying Colours may assign, transfer or novate or purport to assign any of its rights or obligations under this Agreement to any entity controlled, directly or indirectly, by Flying Colours, any entity that controls, directly or indirectly, Flying Colours or an entity directly or indirectly under the common control with Flying Colours, by providing written notice to the other party.

You may not assign, transfer or novate, or purport to assign, transfer or novate, any of your rights or obligations under this Agreement without our prior written consent.

22. Compensation Arrangements

The products in which we provide our Service are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. The actual level of compensation you receive will depend on the basis of your claim. The FSCS only pays compensation for financial loss.

Compensation limits are per person per firm, and per claim category (listed below):

- Most types of investment business are covered for 100% of the first £85,000 per person per firm, so the maximum compensation is £85,000 per person per firm.
- Insurance advising and arranging is covered for 100% of the claim with no upper limit where claims arise from the death or incapacity of the policyholder due to injury, sickness, or infirmity. This includes Long Term Insurance, for example, Long Term Care, Pension and Annuities and at 90% of the claim with no upper limit for other types of Insurance.

Further information about compensation scheme arrangements is available from the FSCS. Visit www.fscs.org.uk or call 0800 678 1100.

23. Complaints

If you are dissatisfied with any of the services provided to you, you are entitled to make a complaint. If you wish to raise a complaint, please contact us:

- **Address** Flying Colours Investment Management Limited, 8 Godalming Business Centre, Woolsack Way, Godalming, GU7 1XW
- **Telephone** 0333 241 9900
- **E-mail** complaints@flyingcolourslife.com