



Bermuda Investment Advisory Services Limited

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Account Opening and Terms of Business

1. BIAS' Status

Bermuda Investment Advisory Services Limited (BIAS) is an independent asset management, investment advisory and financial consulting firm. All account executives employed by or contracted to BIAS are required to have appropriate industry qualifications or those recognized by FINRA, CSC, SIB or equivalent. BIAS is licenced to conduct Investment Business by the Bermuda Monetary Authority pursuant to the Investment Business Act 2003. BIAS is also a Qualified Intermediary (QI) as defined by the US Internal Revenue Service, and is registered with the Securities and Exchange Commission (SEC).

2. Integrative Service Structures

BIAS provides investment advice and arranges and effects a wide range of financial services. BIAS deals in the following broad categories of securities: mutual funds, global equities, Bermuda shares, and global fixed income securities. Before making an investment recommendation, BIAS will conduct a review of the client's needs and objectives to determine a course of action suitable for the client. BIAS has developed a hierarchy of integrative service structures designed to provide clients with access to BIAS' unique Investment Process. Priority is given to those service levels paying an asset-based fee.

- **Managed Portfolio Service (MPS)** - Managed portfolios are developed individually based on specific client needs. The client gives BIAS a discretionary mandate to make investment decisions on the client's behalf within the parameters outlined at the outset of the relationship.

BIAS' team of Chartered Financial Analysts (CFA's) manages the portfolio against the appropriate market index.

The service is fee-based and is fixed at the outset of the relationship and reviewed periodically. Fees are charged and paid quarterly in advance and are non-refundable. The service attracts an enhanced level of reporting as well as regularly scheduled portfolio reviews. Trading costs are reduced significantly or included in the overall management fee. A separate agreement covers this service. An account minimum applies.

- **Advisory Advantage (AA)** - This is a partnership between the client and BIAS in which the client makes the final investment decisions assisted by advice from BIAS. Portfolios are developed individually based on specific client needs.

BIAS has a semi-discretionary mandate such that if the client is not immediately contactable at a time when action is necessary, BIAS' account executives will use their discretion in taking the most appropriate action.

Fees are asset-based, fixed at the outset of the relationship and reviewed periodically. Fees are charged and paid annually in advance and are non-refundable. The service attracts an enhanced level of reporting as well as regularly scheduled portfolio reviews. Trading costs are reduced significantly or included in the overall asset-based fee. A separate agreement covers this service. An account minimum applies.

- **Freedom Trading (FT)** - Clients take full control over and responsibility for directing their own investment portfolios and executing their own securities transactions within this service level.

As long as the account remains active, clients will receive quarterly statements. There will be no scheduled periodic reviews although the client may request a meeting with a BIAS investment professional at any time.

Regular transaction charges and in some cases an account maintenance fee will apply (for which there is a separate agreement) depending on the clearing agent and custodian that holds the client's assets as well as other usual costs.

Business will generally be transacted on an execution only basis, i.e. directly on the client's instructions. This does not preclude a BIAS account executive from making suggestions from time to time; however, generally the onus remains with the client to request advice. An account minimum applies.

- **Institutional Custody (ICS)** – This service is for institutional clients invested in individual securities holding assets with BIAS' global custodian. Institutions for this purpose are defined as Business Entities, Charities, Endowments, Pension Funds and Collective Investment Structures such as Mutual Funds or Unit Trusts.

BIAS may undertake transactions on specific client instructions or within a specific mandate under another BIAS service structure, either MPS or AA.

Reporting is quarterly with meetings available upon request. Regular transaction charges and a custody fee will apply (for which there is a separate agreement). An account minimum applies.

3. Strategic Tools

BIAS will use specific proprietary strategic tools in the conduct of its unique Investment Process. Their use is complimentary for all fee-based accounts but a charge may apply for self-directed Freedom Trading accounts.

- **Client Needs Assessment** - This takes the form of a financial planning questionnaire that BIAS uses at the early stages of a relationship to determine the needs of the client.
- **Proposal** - This is the detailed proposal in which BIAS will outline to clients a recommended course of action designed to meet clients' specific goals.
- **WealthBuilder (WB)** - A regular savings programme is available. This service involves monthly payments taken directly from the client's bank account by standing order on either the 7th or 17th of each month being invested into selected mutual funds. An account minimum applies for this service as well as for monthly minimum contributions. BIAS pays all bank transmission costs in relation to this service, excluding the cost of the standing order.
- **BIAStrade.com** - This complimentary trade and view service is an extension of the securities account structure provided by BIAS either under the **MPS**, **AA** or **FT** service structure and involves client-directed transactions in listed stocks undertaken by internet access. An account minimum applies. A heavily discounted commission is charged for each transaction (see programme brochure for details and the dedicated website – www.biastrade.com).
- **BIAS Nominees Limited** - A Nominee Service is available to clients through BIAS' wholly owned subsidiary BIAS Nominees Limited, a Bermuda company. A non-refundable annual fee is chargeable in advance to all clients except **AA** or **MPS**.
- **Portfolio Diagnostic** - This is a proprietary analytical tool that analyses clients' portfolios from both a geographic as well as industry sector perspective enabling BIAS to both analyse and rebalance portfolios effectively.
- **Portfolio Review** - This is a multi-stage review that takes several hours of preparation for BIAS' staff. **MPS** and **AA** clients receive regularly scheduled portfolio reviews as part of their service structure. **WB** and **FT** clients may request a portfolio review at any time with a BIAS investment professional.

4. Personal Interests

BIAS undertakes not to transact for the client, business in which BIAS or any director/partner/employee has a controlling interest unless that interest is first fully disclosed in writing.

5. Instructions

Normally, BIAS asks clients to give instructions in original form and in writing, however, BIAS will accept verbal instructions but clients must be aware that these instructions form a mutually binding agreement between the client and BIAS. BIAS' authority to act on a client's behalf can be terminated at any time by either side without penalty, providing all outstanding transactions have been settled.

Due to potential technical problems in communications, BIAS will accept fax or e-mail instructions in circumstances only where there are no time sensitive issues involved. These typically would relate to administrative issues. **BIAS accepts no responsibility for accepting fax or e-mail instructions relating to securities transactions unless they are confirmed verbally by the client.**

BIAS encourages the use of the internet-based solution: www.BIAStade.com (see paragraph 3 above) for both viewing client accounts and placing trading instructions.

6. Records

BIAS will, if required by the client or his agent, supply copies of contract notes, vouchers, and copies of entries in books and records relating to the client. BIAS undertakes to maintain such records for a period of seven years from the date of each transaction for the client. Generally, BIAS will archive documents after twenty-four (24) months. A fee is charged for recovering or copying documents in excess of BIAS' regular reporting from current or archived records. This fee will be chargeable on a time basis.

7. Registration of Investments

Wherever possible, all investments will be registered in the names of the client(s) unless otherwise agreed in writing. BIAS will forward to the client all documents showing ownership of the client's investments as soon as practicable after they are received. Where this is not possible, all investments will be held either in nominee name or by BIAS' clearing agents or custodian in their street name and a regular statement will be provided to clients detailing such.

8. Recording Conversations

For the mutual protection of the client and BIAS, telephone conversations may be electronically recorded.

9. Costs

Costs arising from the conduct of investment business are subject to change from time to time. A separate list of account maintenance charges and associated costs is available.

- **Transaction Commissions** – BIAS may receive a commission on transactions executed on behalf of clients in certain circumstances. In others trading costs are received by the clearing agent. The specific service level brochure describes this process in detail.
- **Mutual Fund Charges** – Investment in BIAS’ proprietary mutual funds marketed under the brand BIAS Global Portfolios SPC (BGP) is made without initial charge. All other costs related to the BGP funds are laid out in the appropriate fund documents available upon request or on the fund website – www.biasglobalportfolios.com.
- **Nominee Fees** - Asset-based nominee charges are calculated as a percentage of assets held by BIAS on behalf of clients. Full details will be provided in advance and are subject to a separate agreement. Fees are charged annually in advance. A minimum annual fee applies.
- **Account Maintenance Fee** - Where clients maintain securities trading accounts at BIAS’ clearing agent or custodian, a quarterly account maintenance fee applies to all FT and AA clients.
- **Account Closing Fee** – An account closing fee of \$250 applies for each account. This will be debited from the closing account proceeds.

10. Settlement of Transactions

Clients’ accounts must be fully funded prior to any securities transaction unless the client has established a margin facility. These accounts are held with BIAS’ securities clearing agents or custodian whose agreements cover settlement procedures in detail. If a transaction is not settled on or before settlement date, BIAS will either (1) pledge, repledge, hypothecate or rehypothecate, without notice, any or all securities held to the order of the client for the sum then due, or (2) sell any or all securities or buy in any or all securities required to make delivery or to cancel any or all outstanding orders on the client’s account.

11. Trailer Commissions, 12b-1 Fees, Retrocession Fees

On some but not all business, BIAS may receive a trailing commission or equivalent in line with standard industry practice.

12. Debit Balances

Debit balances on clients’ accounts resulting from charges or fees that are outstanding for more than thirty (30) days will result in BIAS liquidating security positions to cover the debit balance. Debit balances resulting from margin calls or trading activity require speedier resolution and are covered under separate agreement.

13. Performance

BIAS aims to provide recommendations suited to each client’s needs and requirements. Fixed income securities will usually be invested in high quality issues (rated BBB+ or

higher) unless otherwise direct by the client. Direct investment into shares by **FT** clients will be at the direction of the client although BIAS may provide at the client's request but will not take responsibility for research acquired from reputable money centre institutions. It should be remembered that the underlying share or unit prices and income provided can go down as well as up, and the client may get back less than their original investment. The performance of **FT** accounts is entirely the responsibility of the client although a BIAS investment professional may assist from time to time if so requested by the client. BIAS is not responsible for providing advice if the client has not paid either a discretionary or advisory asset based fee.

14. Client Monies

The Proceeds of Crime (Supervision and Enforcement) Act 2008 and Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 prohibit BIAS from accepting cash in any form from clients. BIAS will only accept funds for investment by way of a cheque or by electronic transfer. Electronic payments must be made directly to BIAS' client trust accounts or directly into the client's own accounts held with BIAS' clearing agents or custodian.

Any monies received, to be returned to the client, will be deposited into BIAS' client trust account(s) and forwarded to the client as soon as practicable to the client's latest home address or direct to the client's bank accounts as directed by the client. Third party wires from clients' accounts held with BIAS' clearing agents or custodian to bank accounts other than those in their own name will not usually be permitted.

These monies are normally only held for the period of clearing and re-distribution and in accordance with the clients' instructions. As BIAS is not a bank, no interest is paid on funds deposited into BIAS' accounts. All transactions involving the movement of funds will attract charges from an intermediary banking institution. These charges will be passed through to the client in full.

15. Reporting and Reviews

When investments are undertaken via BIAS, BIAS provides a valuation statement on a quarterly basis to all clients unless otherwise specifically agreed with the client. **MPS** and **AA** clients receive detailed valuations and regularly scheduled portfolio review meetings. **FT** clients may request a review with a BIAS investment professional at any time.

16. Confirmations

All transactions are ordinarily confirmed to **FT** and **AA** clients in writing and mailed to the address of record on a timely basis unless they specifically opt to not receive confirmations by signing the appropriate letter of indemnity. **MPS** clients do not ordinarily receive confirmations.

All clients maintaining securities accounts either at BIAS' clearing agents or custodians may opt to not receive paper copies of confirmations on securities transactions or statements of securities holdings by making an appropriate online election. In this case clients will receive electronic copies of both confirmations and statements.

17. Cancellation of Appointments

24 hours notice is required for cancellation of all appointments with BIAS' investment professionals.

18. Dormant Accounts

Accounts holding securities other than BGP fund investments are considered dormant where there has been no activity on that account for one (1) year. These accounts will receive no quarterly statements from BIAS although they will continue to receive communication from mutual fund companies directly and from BIAS' clearing agents or custodian as appropriate. A reactivation charge is applicable. Clients maintaining a securities trading account will be charged an annual inactive account fee.

19. Money Laundering and Know Your Client Regulations

BIAS is obliged to conform to the Bermuda Monetary Authority Code of Conduct, Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 and Investment Business Act 2003 which require financial institutions to confirm the identity and place of residence of each investor. This will necessitate retention of copies of certain original documentation in order to provide this confirmation.

BIAS will not enter into a business relationship with investors who do not wish to provide said documentation. These documents are subject to inspection by regulatory bodies. The 'Customer Identification Program Notice' leaflet sets out the documents required to open an account at BIAS. This leaflet may be viewed on BIAS' website – www.bias.bm.

20. Confidentiality

Strict confidentiality will be maintained at all time. No information will be passed to another party without the client's prior consent or unless BIAS is legally obliged to do so. Consent is assumed for registering assets in clients' names with authorized registrars or dealers. BIAS does not share its clients' information with any unauthorised or unrelated third parties.

21. Complaints

BIAS takes care to provide the highest standards of service. However, in the event of a complaint, this should be addressed in the first instance to the client's advisor or the client services department. If the client does not receive satisfaction, the next point of contact is the Compliance Officer. An efficient internal complaint procedure exists and the clients' best interests are considered at all times.

22. Date of Document

This version of BIAS' Terms of Business dated November 2011 supersedes all previous versions of this document in all respects.