

Trendwatch Asset Management

TERMS & CONDITIONS

Introduction

This agreement constitutes the investment management agreement (the Agreement) offered by Trendwatch Asset Management Ltd. (TAM) who is the Investment Manager. Before signing it, you should read it and ensure that you understand it. You should retain a copy for your records. We will provide paper based copies of this agreement or any document related to it on request. A Glossary of terms used in the Agreement is included at the end.

Risk Warning

The Managed Account Service uses leveraged products and strategies. These can increase the profits accruing to your Account in respect of winning trades but may equally increase the losses accruing to your Account in respect of losing trades. There are also costs inherent in leveraged trading which may result in losses on the Account in quiet market conditions.

TAM will exercise due skill, care and diligence in the execution of its duties to minimise the risk of losses and such losses could extend to a sum equal to the whole of your Deposit. However, TAM will apply guaranteed 'stop losses' to all trades on the Account at levels calculated to ensure that losses do not exceed your deposit.

Annex I to this agreement contains a full risk warning notice. You must read this notice and ensure that you have understood it before you enter into this Agreement. By signing the Agreement you warrant to TAM that you have read and understood the risk warning notice.

Scope

The Managed Account Service is only available in conjunction with your spread betting account (the Account) with WorldSpreads Limited (WorldSpreads) and accordingly this Agreement will only take effect when you have signed an account opening agreement with WorldSpreads (the Account Agreement).

If you do not already have such an account with WorldSpreads. We will give you help to open one. However, WorldSpreads has a number of criteria which must be met by any applicant before an account can be opened and reserves the right to reject any applicant with whom it is not entirely satisfied.

In addition to WorldSpreads' normal account opening documentation, you will be required to execute a Power of Attorney empowering Us to issue instructions on the Account. It is important that you sign this document. Without it, We will be unable to manage the Account.

About Us

We are TrendWatch Asset Management Limited, a company registered in England and Wales (company number 4704608) and authorised and regulated by the FSA.

You may contact Us by writing to Us at Walmar House, 296 Regent Street, London, W1B 3AW; by telephoning us on +44 (0) 208 242 6005; or by e-mailing enquiries@trendwatch.com.

Unless We agree otherwise with you in writing, all communications between Us must be in English.

We are covered by the Financial Ombudsman Service. This is an independent arbitration service established under the Financial Services and Market Act 2000. In the event that you have a complaint against Us which We have been unable to resolve to your satisfaction, you can take your complaint to the Ombudsman who will attempt to mediate in the dispute.

We are also covered by the Financial Services Compensation Scheme. In the event that you have a claim against Us which We are unable to pay, you may be able to claim compensation. The Financial Services Compensation Scheme covers 100% of the first £30,000 of any claim and 90% of the next £20,000. The maximum compensation payable to any customer is £48,000.

About You

We accept you as a customer based on the information you provide in the application form. No person shall have any rights under this Agreement unless their identity has been fully disclosed to Us in the application form. Neither shall We have any fiduciary or other responsibility towards such a person.

In accordance with the rules of our regulator, We have categorised you as a "Retail Customer". This is the class of customer to whom the highest degree of protection is provided under the regulatory system. However, you are entitled to request a different categorisation if you wish. To do so, you should write to the compliance officer stating how you would like to be categorised and your reasons for requesting that categorisation. Where We are allowed to do so under the rules of our regulator We will amend your categorisation in accordance with your request.

You agree that We may contact you using any contact details that you have provided to Us at any reasonable time to discuss this service or any other service which We believe would be of interest to you.

The Managed Account Service

We shall provide a discretionary portfolio management service in respect of the Account. In doing so, We shall have absolute discretion on your behalf to arrange any transaction which WorldSpreads offers to undertake under the Account Agreement.

You agree that you will neither place nor permit any person other than Us to place transactions on the Account

You understand and agree that many of the transactions offered by WorldSpreads relate to over-the-counter contracts which will not be traded on any exchange or regulated market.

Unless you notify Us otherwise in writing, We will proceed on the basis that the Account represents only a part of a well balanced portfolio and that you are prepared to accept a high level of risk in the pursuit of absolute gains on the Account.

Spread betting carries a risk to your capital. You must read and ensure that you have understood the risk warning notice which forms part of this agreement. You agree to contact Us immediately if at any time you feel that you do not fully understand the risks involved in this service.

Your investment objectives shall not be deemed to have been breached as a result of changes in the value of the portfolio which are brought about solely through market movements.

Client Money

TAM is not authorised by the FSA to hold or control client money. You must therefore ensure that any money is sent directly to WorldSpreads in accordance with the Account Agreement. Any withdrawal instructions should also be addressed to WorldSpreads. However, you should note that in accordance with this Agreement, 1 week's notice is required for any withdrawal. This will allow TAM to unwind any open positions on your account on an orderly basis prior to WorldSpreads processing the withdrawal.

Execution

When We undertake transactions on your behalf, We will take reasonable steps to ensure the best possible outcome for you.

We believe that the most important factors to you are:

- The status of the contract as a bet.
- The overall costs involved in the contract.
- The ability to use profits on open contracts as collateral to cover losses or margin requirements on other open contracts.
- Fair treatment compared to other customers of TAM.

We have selected WorldSpreads as Our spread betting firm and all business will be placed with this firm. The prices at which bets are struck or closed will be determined in accordance with WorldSpreads' execution policy.

All orders will be aggregated. This means that WorldSpreads will agree a single price for the entirety of all customer orders. In individual cases, this may work for you or against you. However, We believe that this is the only way of ensuring that all clients are fairly treated.

We will review our execution arrangements on an annual basis to ensure that they are still providing the best outcome for our clients.

Conflicts of Interest

We have designed our fee structure so that our profits will be maximised when yours are. We believe this substantially aligns your interests and ours. Nevertheless, there may be times in the course of Our relationship when our interests and yours will not be aligned. To protect your interests, We have implemented a range of policies designed to manage any conflicts that may arise.

Valuations

WorldSpreads shall send you regular statements of the Account in accordance with the Account Agreement. These shall show all transactions entered into on the Account since the previous statement and the net value of the Account as at the statement date.

It is the intention of TAM that you may also view the Account on-line at any time at www.trendwatch.com using the login details supplied to you.

The Charges

Our charges fall into three parts:-

- (i) An initial fee of 2% of the funds introduced.
- (ii) A management fee at the rate of ½% per quarter.
- (iii) A performance fee of 20% of any profits made on the Account for each year in which profits are made.

The management fee will be payable in arrears and will be based on the statement produced on the Account by WorldSpreads at the relevant quarterly period end and shall be based on the value of the Account on such statement. The first relevant quarterly period end shall be the last Friday of the third month following the month in which the Initial Deposit is made into the Account so that if for example the Initial Deposit is made on 15 April the first relevant quarterly period end shall be the last Friday in July. Subsequent quarterly relevant period ends shall be on the last Friday of every third month. In the event that Further Deposits are added to the Account during any quarter then the management fee for that quarter will be reduced to take account on a pro rata basis of the number of days that elapsed in that quarter before the Further Deposits were introduced.

The performance fee shall be calculated on new profits generated up to the relevant annual period end from the time of the Initial Deposit into the Account or from the previous relevant annual period end. The first relevant annual period end shall be the last Friday of the twelfth month following the month in which the Initial Deposit into the Account is made. Subsequent relevant annual period ends shall be on the last Friday of every twelfth month. Where losses are incurred, these will be carried forward and offset against future profits.

You authorise WorldSpreads to pay all charges due directly to Us from the Account. We will send you an invoice when the charges are deducted. If you do not agree with the invoice, you should contact both WorldSpreads and Us as soon as possible.

In the event of notice of a significant withdrawal from or closure of the Account, fees shall be calculated up to the date of withdrawal or closure and deducted at the same time as the payment due to you is made and any payment to you shall be net of such fees. For this purpose a significant withdrawal is a withdrawal of 50% or more of the value of the Account.

You will also be liable for any charges on the Account arising under the Account Agreement.

Deposits, Withdrawals and Termination

The Initial Deposit or Further Deposits must be in multiples of £5,000 and may be made into the Account at any time and will become eligible to be used to finance transactions as soon as value for the deposit is received into the Account.

Notice of withdrawal from the Account or closure of the Account may be given by you at any time in which case all positions (or in the case of a partial withdrawal the necessary positions) will be closed down on the same day or exceptionally if We in our absolute discretion believe it to be in your best interest within 3 business days including the day that notice is given.

Payment to you in respect of any withdrawal from the Account or closure of the Account will be made not later than one week after notice of the withdrawal or closure is received by TAM.

The minimum account value for an Account is £5,000. In the event that you request a withdrawal which would reduce the value of the Account below this level, We may at our discretion choose to close all positions on the Account and terminate this Agreement.

Variation, Assignment, Discontinuation

You agree that We may discontinue the service and close the Account for any reason at any time without prior notice to you whether or not We continue offering the service to other clients. In the event that We do this, We will write to you notifying you of Our decision. The Account will then be closed on the same basis as if you had given Us notice of closing of the Account at the time that We gave notice of closing to you.

You agree that We may vary any of the terms of this agreement at any time by written notice to you. We will give you at least 30 days notice of any such change.

We may assign any or all of Our rights or obligations under this agreement to any other entity which is properly authorised and regulated by the FSA for the purpose.

Exclusion of Liability

You acknowledge that markets can fall or rise and that We can offer no guarantee or warranty as to the performance of the Account.

Any representation that We may make or have made about the tax treatment of any product is based on our understanding of current tax law. However, the tax implications may vary depending on your circumstances and may be subject to change. You shall be liable for any and all taxes arising from profits generated on the Account.

We shall not be liable for any errors of fact or judgement or any action lawfully taken or omitted to be taken in providing the services under this Agreement except through its negligence, fraud or wilful default. We shall not be liable for any loss of opportunity whereby the value of the Account might have risen nor for any decline in the value of the same unless the loss is a direct result of Our negligence, fraud or wilful default.

Jurisdiction and Complaints

You agree that this agreement shall be construed in accordance with the laws of England and Wales. You agree that any dispute between Us may only be resolved in the English courts.

In the event that you are dissatisfied with Our service in any way, you should in the first instance contact Our complaints department detailing your concerns. We will seek to address any issues within four weeks and will provide you with a final response to your complaint within eight weeks.

If you are not satisfied with Our response, you may be able to seek assistance from the Financial Ombudsman Service. This is an independent service established by parliament and funded by the financial services industry to intermeditate in unresolved disputes between regulated financial services firms and their clients. You may also take action against Us in the courts. However, you may incur costs by doing so and would lose any right of access to the Financial Ombudsman Service.

Personal Details, Representations and Warranties

You represent and warrant that any and all information that you provide to Us about yourself is true and complete. You undertake to promptly advise TAM of any changes to your personal details.

You represent and warrant to us that all cash or other assets transferred to WorldSpreads for credit to the Account are Your sole and beneficial property and free and clear of any lien, charge or other encumbrance.

Indemnities and Liability

We accept no liability to you for any consequential loss or indirect loss, loss of profits or damage save in the case of fraud, wilful default or gross negligence on behalf of TAM.

A single or partial exercise of, or failure or delay in exercising, any right either under this Agreement or at law by Us shall not constitute a waiver by Us of, or impair or preclude any exercise or further exercise of that or any other right arising under this Agreement or at law.

We shall have no liability to you for any consequential loss, indirect losses, loss of profits, loss of opportunity (including in relation to subsequent market movements) that you might suffer as a result of any defect or failure of the whole or any part of our telecommunications system, website, or internet trading website (the Website), including when all of our trading lines are busy.

Should We allow you access to the Website, this and any materials provided in connection with the Website are intended for your use only, provided on a non-exclusive basis, and remain the property of TAM and its internet providers at all times and you therefore have no rights to the ownership, copyright, or protected intellectual property rights of any software employed by the Website.

Should you choose to access the Website, you agree to take steps to ensure that the hardware and software that you employ to access the Website does not introduce any form of computer virus, (including, but not limited to, "software bombs" and "worms") into the Website and you agree to indemnify Us for any loss that We may suffer as a consequence of such introduction.

You acknowledge that WorldSpreads is not acting in the role of Investment Manager or Advisor and only providing execution and statement services and a range of administrative and support services.

In allowing you to access the Website We make no warranties (express or implied), representations or guarantees as to the fitness, suitability or merchantability of its content, documentation or any hardware or software provided by Us in connection with, or which forms part of, the Website.

Neither TAM nor its employees will be liable for any loss, cost, expense or damage whatsoever which may arise directly or indirectly as a result of any technical difficulties which you may experience in connection with the Website and which may lead to, but not be limited to, malfunctions, failures, delays, hardware damage or software erosion and could possibly lead to economic and/or data loss as a result of installing, attempting to access, accessing, using, maintaining, modifying or deactivating the Website or otherwise including arising out of the negligence of TAM and/or if TAM had been advised of the possibility of the same arising. Nor shall We be liable for the introduction of any form of computer virus, (including, but not limited to, "software bombs" and "worms") into your computer hardware or software as a result of connection to the Website on the proviso that We have taken reasonable steps to prevent any such introduction.

TAM does not effect insurance in respect of the liabilities which are limited and/or excluded under this Agreement. If you find this unacceptable, you should either refrain from dealing with TAM or take steps to insure yourself in respect of those matters.

You will indemnify Us and keep Us indemnified on demand in respect of all liabilities, costs, claims, demands and expenses of any nature whatsoever which We suffer or incur as a direct or indirect result of any failure by you to perform any of your obligations under this Agreement or under any bet and by signing this Agreement you acknowledge that you are not entitled to assign, transfer, charge, sub-contract or deal in any other manner with this Agreement nor any of its rights or liabilities hereunder (including any interest in balances, open positions or collateral), or purport to do any of the same.

By signing this Agreement you acknowledge that the taxable status of any bets that We place on your behalf will be dependent on your personal circumstances and may be subject to variation, and therefore it is your responsibility to seek independent tax advice if you are in any doubt as to your liability to pay tax on bets placed on your behalf. You also agree that in the event that taxes become due and payable in relation to any bet placed on your behalf you will be responsible for the full payment of such taxes. In the event that We are obliged, for whatever reason, to pay your personal liability with regard to such taxes you will fully indemnify Us against the same.

In this Agreement, unless the context otherwise requires:-

- a) the clause headings shall not affect the interpretation and are for ease of reference only,
- b) use of the singular includes the plural and vice versa;

- c) the use of any gender includes the other genders;
- d) any phrase introduced by the terms "including", "include", "in particular", "for example" or the letters "e.g." or any similar expression shall be construed as illustrative and shall not limit the sense of the words that precede it.

Each clause and part of a clause in this Agreement is separate and severable and enforceable accordingly and should any clause, either in whole or in part, of this Agreement be found to be invalid or unenforceable by any court or administrative body of competent jurisdiction, such invalidity or unenforceability shall not affect either the remaining part of the affected clause or the other clauses which shall retain their full force and effect.

The rights contained within this Agreement that are in favour of TAM are cumulative and are without prejudice to and are not exclusive of any rights or remedies provided by law.

This Agreement and all business transacted between with or for you shall be governed by, and shall be construed in accordance with, the laws of England and Wales and the parties submit to the non-exclusive jurisdiction of the English courts.

Nothing within this Agreement shall restrict or exclude any liability or duty owed by Us to you under the rules of our regulator. In the event of conflict, the rules of our regulator shall prevail over this Agreement.

Glossary

Account	The spread betting account which you have opened and will maintain with WorldSpreads Limited
Account Agreement	The agreement that you have entered into with WorldSpreads in relation to the Account and which will be managed by the Investment Manager in accordance with this Agreement.
Agreement	This agreement.
Deposit	The aggregate sum that has been paid by you into the Account less any withdrawals.
FSA	Financial Services Authority Limited
Further Deposit	Any sum paid by you into the Account subsequent to the Initial Deposit
Initial Deposit	The first sum paid by you into the Account as a result of which the Account is opened.
Investment Manager	TAM
Managed Account Service	The service provided by TAM as Investment Manager to manage the Account in accordance with this Agreement.
Our	TAM's
TAM	Trendwatch Asset Management Limited
Us	TAM
We	TAM
Website	The internet trading website set up by TAM
WorldSpreads	WorldSpreads Limited

Annex 1 - Risk Warning

An investor in TrendWatch Asset Management (TAM) could be materially and adversely affected by any of the risks described below. In such cases, investors may lose part or all of their investment. Additional risks and uncertainties not presently known to the directors, or that the directors currently deem immaterial, may also have an adverse effect on TAM.

The directors consider the following risks to be the most material for potential investors in TAM, but the risks listed do not necessarily comprise all those associated with an investment in TAM and are not set out in any particular order of priority:

- For individuals based in the UK, gains from spread betting are currently free from UK capital gains tax and income tax. Although the directors are not aware of any government moves to modify this, taxation laws are subject to change and UK tax exemption might be withdrawn in the future.
- The advice we have received is that TAM will not be viewed by HM Customs & Revenue as constituting 'the carrying on of trade', and therefore gains should not become subject to tax for that reason. However, taxation laws and / or HM Customs and Revenue's view on this may alter over time.
- TAM is a geared investment, which means that we are effectively able to invest a larger amount on your behalf than your initial investment with us. This implies that losses (as well as gains) can be substantially greater than with a conventional ungeared investment of the same size.
- The performance of investments recommended by *TrendWatch* in the past should not be regarded as an indication of the performance of investments to be made by TAM. NO PROJECTION IS IMPLIED OR SHOULD BE INFERRED from any figures quoted in TAM's brochure or similar material, since market conditions in the future will bear no relationship to the past, and the investments made by the investment managers in the future will be unrelated to those recommended in the past.
- The TAM investment concept depends upon its relationship with its chosen spread betting broker, WorldSpreads Ltd. In the event of the insolvency of WorldSpreads or a breakdown of the relationship, there is no guarantee that TAM will be able to forge a similar relationship with another spread betting broker.
- TAM's existence depends upon the continuing authorisation by the Financial Services Authority (FSA). This in turn depends upon TAM continuing to satisfy the rules and requirements set out in the FSA Handbook (e.g. the capital adequacy requirement) as well as other legislation and EU Directives. There can be no guarantee that FSA authorisation will not be withdrawn in the future, either as a result of TAM's inability to satisfy the FSA's requirements or as a result of changed legislation or EU directives.
- Many of the spread bets placed by TAM will be on small to medium-sized companies. These generally carry a higher risk profile than larger companies as their securities may be less freely marketable and may, therefore, be difficult to realise.
- Trades placed by TAM are likely to be large because the bets on each individual TAM investors' account will be aggregated. Consequently, there is no guarantee that sufficient investment opportunities will be identified or that TAM's investment objective will be met.
- Any loss realised on a TAM investment will not be an allowable loss for UK capital gains tax purposes.
- The valuation of a TAM investors' account depends on stock market conditions. Consequently, the value of that account will go down as well as up and investors may not receive back the full amount that they invested.
- The performance of TAM is dependent upon the skill and experience of the investment managers, and their continued capacity to carry out their analysis.
- The investment funds deposited by a TAM investor will be invested in the market over time. It will be some time before funds are fully invested. Only then are TAM investors likely to experience maximum returns (though they will then also be at maximum risk). For this reason, and the fact that investments can fall in value as well as rise, an investment in TAM should be regarded as a medium to long-term rather than a short-term investment.
- In many respects, TAM is a new and innovative investment concept. Because of this, despite the Directors having made every effort to anticipate and plan for all likely eventualities, it is possible that there may be unforeseen technical or other factors that may result in the scheme being less successful than the Directors anticipated.