

ST JAMES'S PLACE CAPITAL PLC

INVESTMENT COMMITTEE TERMS OF REFERENCE

1 Constitution

On 29 September 2005 the Board of St James's Place Capital plc (the "**Company**") resolved the terms of reference of a Committee of the Board known as the Investment Committee (the "**Committee**").

2 Membership

- 2.1 The Committee shall comprise at least two members of the Board, together with other persons determined by the Board.
- 2.2 The members of the Committee shall be appointed by the Board from time to time.
- 2.3 The Chairman of the Committee shall be appointed by the Board.
- 2.4 A member of the Committee or a third party shall be appointed by the Committee to act as Secretary to the Committee.

3 Quorum

- 3.1 The quorum for decisions of the Committee shall be any two members of the Committee, of whom at least one shall be a Director of the Company.
- 3.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.3 If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another director of the Company to serve as an alternate member.

4 Meetings

- 4.1 Meetings of the Committee shall be held as and when appropriate (but at least twice a year), but additional meetings (particularly if required on short notice) may also be held by telephone if required.
- 4.2 Notice of any meeting of the Committee shall be given to all members. An agenda and any available supporting papers will be circulated to all members of the Committee prior to any meeting.
- 4.3 The meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.
- 4.4 The Committee shall have the discretion to decide who, other than its members, shall attend its meetings.

5 Terms of Reference

- 5.1** The terms of reference of the Committee shall be:-
- 5.1.1** To oversee the Group's investment management approach;
 - 5.1.2** to monitor the performance and suitability of the fund managers appointed by the subsidiaries of the Company to manage their portfolios ("the Fund Managers");
 - 5.1.3** to make recommendations to management in relation to the appointment of new Fund Managers and the removal of existing Fund Managers from office;
- 5.2** Without prejudice to the foregoing, the Committee shall exercise the following powers and discretions:
- 5.2.1** consider and make recommendations in relation to the appointment of consultant(s) to assist the Committee and the Group concerning the appointment and ongoing suitability of the Fund Managers;
 - 5.2.2** consider the continued effectiveness of the said Consultant(s) from time to time;
 - 5.2.3** consider presentations to the Committee by the said Consultant(s) and by the Fund Managers, with a view to monitoring the continued suitability of the investment strategy of the Fund Managers and the Fund Managers themselves;
 - 5.2.4** consider and make recommendations in relation to the appointment and removal of Fund Managers, both individual managers and investment houses;
 - 5.2.5** oversee and consider the implications of economic events on the investment guidelines prevailing;
 - 5.2.6** review industry and market trends and make recommendations to management as appropriate;
 - 5.2.7** review that Fund Managers are able to manage the tax position of their own funds and are not influenced by the Company's group tax position in any way;
 - 5.2.8** consider any other matter specifically referred to the Committee by the Board of the Company.

6 Excluded Matters

- 6.1** The terms of reference of the Committee specifically exclude:-
- 6.1.1** the selection of, or influencing the selection of, specific stocks for sale or purchase by the Fund Managers;
 - 6.1.2** any other matter which the Board shall advise the Committee is reserved to be determined by it.

- 6.2 Notwithstanding the above, the Committee may at any time make recommendations to the Company in respect of the above matters for the Company to consider and/or decide as it sees fit.

7 Reporting Procedures

- 7.1 The minutes of meetings of the Committee shall be taken by the Committee Secretary and circulated to all other Committee members and be made available to all members of the full Board as soon as reasonably practicable after each meeting.
- 7.2 The Committee shall make publicly available its terms of reference, explaining its role and the authority delegated to it by the Board.
- 7.3 The Committee may make recommendations to the Board as it deems appropriate on any area within its remit.
- 7.4 The Committee shall report formally to the Board on its proceedings after each meeting.

8 Annual General Meeting

Members of the Committee shall where possible attend the Annual General Meeting so as to be able to respond to any shareholder questions on the Committee's activities.

9 Review

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

10 Authority

10.1 The Board authorises the Committee:-

- 10.1.1 to investigate any activity within its terms of reference and seek directly any information it requires from any employee, (all employees being directed to co-operate with any such request by the Committee) in order to perform its duties; and
- 10.1.2 to obtain outside legal or other independent professional advice at the cost of the Company and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, in accordance with the Board's policy for making independent advice available to its Directors.

Approved by the Board
29 September 2005

Chairman