

HOTTINGER



DUBLIN LONDON GENEVA

CONFLICTS OF INTEREST POLICY

HOTTINGER INVESTMENT MANAGEMENT

SUMMARY:	This document represents Hottinger Investment Management Limited's (HIM) Conflicts of Interest Policy (the Policy).
OWNERS:	The Compliance Oversight Officer (CO) and the Board of Directors (Board).
EFFECTIVE DATE:	September 2016.
STATUS:	Live
APPROVED BY:	HIM's Board on 29 September 2016.

MODIFICATION HISTORY:

VERSION	DATE APPROVED	REVIEWED BY	CHANGES
v.2015.01	5 August 2015	Compliance Oversight Officer	New Policy, which replaces previous versions
v.2016.01	29 September 2016	Compliance Oversight Officer	Annual Review

INTRODUCTION

Hottinger Investment Management Limited (HIM) is authorised and regulated by the Financial Conduct Authority (FCA). We have produced a Conflicts of Interest Policy, to address actions or transactions, which may give rise to actual or potential conflicts of interest. As a provider of advisory and discretionary investment management services to our clients, we face actual and potential conflicts of interests as a natural part of the day to day management of our business. Our Board is responsible for establishing and maintaining such controls as are appropriate to our business. We are required to

establish, implement and maintain an effective conflicts of interest policy that is set out in writing and is appropriate to the size and organisation of the firm and nature, scale and complexity of our business.

OBJECTIVES

The FCA has authorised HIM with the following Part 4A Permission:

- Advising on investments (except on Pension Transfers and Pension Opt Outs);
- Agreeing to carry on a regulated activity;
- Arranging (bringing about) deals in investment;
- Dealing in investments as agent;
- Making arrangements with a view to transactions in investments;
- Managing investments; and
- Arranging safeguarding and administration of assets.

Our scope of activity includes dealing with retail, eligible counterparties and per se professionals. As an authorised firm, we must take reasonable steps to identify conflicts of interest that arise between us and our clients as well as conflicts between one client and another. Our Policy applies to all employees of HIM and identifies the circumstances, which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more our clients. This Policy specifies the control procedures to be followed and measures to be adopted in order to manage such conflicts.

PRINCIPLES and RULES

Principles/Rules	Requirements
Principle 2	A firm must conduct its business with due skill, care and diligence.
Principle 6	A firm must pay due regard to the interests of its customers and treat them fairly.
Principle 8	A firm must manage conflict of interest fairly, both between itself and its customers;
Principle 9	A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
SYSC 4	General organizational requirements
SYSC 10	Conflicts of interest
COBS 2	Conduct of business obligations
COBS 11	Dealing and managing

RELATED DOCUMENTS and POLICIES

- Dealing and Asset Allocation Policy;
- Personal Account Dealing (“PAD”) policy and procedures;
- Treating Customers Fairly (“TCF”) policy and procedures;
- Order and Best Execution policy and procedures; and
- Inside Information and Use of Chinese Walls policy and procedures.

OUR POLICY

Conflicts of interest, and potential conflicts, are ubiquitous in the financial services industry. Although the potential for conflicts to arise is likely to be greater in large organisations providing a range of financial services, even the smallest firm can have interests which conflict with those of its client.

We recognise that it can be the very expertise which attracts a client to our advisory and discretionary investment management services that may create the potential for conflicts to occur. But whilst the existence of conflicts is inherent in the business models of some firms, this does not mean that our Regulatory Authority, the FCA is prepared to accept conflicts as an unavoidable fact of life.

The proper management of conflicts of interest is at the heart of maintaining fair, orderly and efficient financial markets. To do this, we are committed to having in place arrangements to identify and prevent (where reasonably possible), manage and mitigate risks arising from conflicts. The key, of course, is how effective these arrangements are. The costs in the loss of reputation of failing to manage conflicts, as well as the direct and pecuniary costs, can be substantial. Further, the impact of the loss of our clients' trust is no less significant. Given the potential for detriment to our clients, to us and to market confidence, we are also committed to maintaining the highest standards through strong management oversight and control of our affairs.

We are committed to carrying out our business in compliance with the highest standards of corporate governance. However, our senior management recognise that conflicts of interest may arise in our business and this Policy has been adopted to manage these conflicts. Our Policy is governed by our tenet to seek to conduct our business in compliance with the highest principles while, at the same time, acknowledging that there should be a procedure to protect us, our members of staff, and our clients from the adverse effects of any possible conflicts of interest.

We are committed to paying due regard to the interests of our clients and treating them fairly and in doing so, managing any conflicts of interest fairly, both between us and our clients and between one client and another client.

It is important to recognise that there is no 'one size fits all' approach to conflicts of interest that can address the full range of conflicts that may arise in our business. We review the specific issues relevant to our business and tailor our conflicts prevention and management policies accordingly. Conflicts are a very dynamic issue, and our response to the conflicts faced need to be flexible and evolve to reflect changes in market practices and to meet our duty to our clients.

We believe it is the responsibility of our senior management to implement arrangements, policies and procedures to identify and, where reasonably possible, to prevent or to manage conflicts effectively and secure our continuing compliance with our regulatory requirements.

We have identified the following principles of good practice which are fundamental to our continuing approach to corporate governance and the management of any conflicts. These tenets are:

- Our senior management are fully engaged in the identification, prevention or management of conflicts;

- Our senior management seek to take a holistic view of the risks of conflicts and their prevention or mitigation within our business activities;
- Our senior management seek to achieve the consistent treatment of conflicts of interest throughout our business activities;
- Our senior management receive management information on the extent of, and mitigation of, conflicts of interest in our business activities;
- Our senior management review on a regular basis the types of mitigation we consider acceptable to address conflict risks; and
- The establishment and maintenance of a corporate culture for the proper management of conflicts of interest.

We are committed to establishing, implementing and maintaining an effective conflicts of interest Policy that is set out in writing and appropriate to our size and organisation and the nature, scale and complexity of our business.

In general, we will only disclose an actual or potential conflict of interest as a method of managing a conflict, but only when we are not reasonably confident that our other procedures and measures for managing the conflict or potential conflict will prevent the risk of damage to our clients' interests. This does not imply that disclosure cannot be the appropriate method of managing a conflict. We will always consider whether other measures will be more effective before resorting to disclosure.

We are aware that conflicts of interest will continue to exist. The effective management of conflicts remains a high priority. It is incumbent not just on our senior management but on all members of our staff to firstly, identify potential conflicts and where reasonably possible, prevent any conflicts of interest from arising; and secondly, manage any conflicts should they arise and guard against the risk of market abuse being committed or facilitated and thereby ensure that proper market and business standards are maintained.

We take any market abuse through persistent use of conflicts very seriously. To this end, our Policy makes it clear that if any member of our staff engages in misconduct, in any form, or abuse of any conflict, we will take the appropriate disciplinary action against them, which can ultimately lead to the loss of employment and the notification of any such misconduct to our Regulatory Authority, the FCA, which retains the statutory authority to pursue the individual.

We conduct our business on the principle that we must manage our conflicts of interest fairly, both between us and our clients, and between one client and another. By doing so, we seek to help our clients avoid unnecessary costs and to be able to access all suitable investment opportunities.

We endeavour to manage our conflicts in a manner consistent with the highest standards of integrity and fair dealing. In order to ensure that these standards are met, we continually and proactively seek to:

- Identify potential conflicts before they happen;
- Control conflicts when they happen; and
- Review the controls that are in place to manage conflicts.

IDENTIFYING CONFLICTS

Our Policy is designed to identify, with regard to our business activities, the circumstances that constitute or may give rise to a conflict of interest, and which might entail a risk of damage to the interests of our clients.

We have in place arrangements that specify the procedures to be followed and the measures that we adopt to manage such conflicts. These arrangements are designed to ensure that any member of our staff engaged in an activity involving a conflict of interest undertakes the activity at a level of independence to the conflict and to the materiality of the risk of damage to the interests of our clients.

In order to ensure the required degree of independence, we have in place procedures to prevent or control the exchange of information between members of our staff engaged in activities involving a risk of a conflict of interest where the exchange of such information may be to the detriment of the interests of one or more of our clients.

Each of our business activities is separately supervised and overseen by our senior management in order to ensure the prevention or control of a member of our staff whose principal functions involve carrying out activities on behalf of, or providing services to, our clients whose interests may conflict, or who otherwise might represent different interests that may conflict with those of our clients and/or us.

We also have in place arrangements to remove any direct link between the remuneration of any member of our staff principally engaged in one activity and the remuneration of, or revenues generated by, different members of our staff principally engaged in another activity, where a conflict of interest might arise in relation to those activities.

Our arrangements are also designed to prevent or limit any member of our staff from exercising inappropriate influence over the way in which a member of our staff carries out services or activities; and to prevent or control the simultaneous or sequential involvement of a member of our staff in separate services or activities where such involvement may impair the proper management of conflicts of interest.

If the adoption of or the practice of one or more of our arrangement does not ensure the required level of independence, we will adopt alternative measures and procedures that are necessary and appropriate to mitigate any risk of damage that may arise from a conflict of interest.

This Policy focuses on our provision of advisory and discretionary investment management services. In particular, this Policy pays special attention where members of our staff perform a combination of two or more of those activities.

We are committed to taking all reasonable steps to identify any conflicts of interest that might arise between us (including our managers, employees and or any agents or representatives that might act on our behalf, or any person linked directly or indirectly to them by control) and our clients, and any client and another in the course of our provision of any designated investment activity.

For the purposes of identifying the types of conflicts that arise, or may arise, in the course of providing a service and or an activity and whose existence might result in a material risk of damage to the interest of our clients, we, as a minimum, will consider whether we or a relevant person meets the following criteria:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of our clients;
- Has an interest in the outcome of services and or activities provided to our clients, or transactions carried out on behalf of our clients, which is distinct from our clients' interests in that outcome;
- Has a financial or other incentive to favour the interest of another client or groups of clients over the interests of the specific client;
- Carries on the same business as our clients;
- Receives or will receive from a person other than our clients an inducement, gift or benefit in relation to services provided to our clients, in the form of monies, goods or services, other than the standard commission or fee agreed by us for such services.

Other circumstances that we will consider as giving rise to a conflict of interest include cases where there is a conflict of interest between our interests or certain persons connected to us and the duty we owe to our clients; or between the differing interests of two or more of our clients, to whom we owe in each case a duty.

We are committed to maintaining and operating effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interest of our clients.

We undertake a number of activities and provide a number of investment related services where there is a risk that interests of one or more of our clients could be compromised. These include:

- Managing portfolios of investments;
- Advising on investments in the portfolios; and
- Dealing in investments on behalf of clients.

We have identified **several categories of conflicts**:

- Conflicts between us and our clients - Potential conflicts may exist between our clients' interests and our interests. These types of conflicts include situations where we may be unfairly advantaged at the expense of our clients.
- Conflicts between a member of our staff and our clients - Potential conflicts may exist between the interests of a member of our staff and the interests of our clients. In these situations, employees' interests may not be aligned with the best interests of our clients.
- Conflicts between one client and another - Potential conflicts may also exist between different clients or different types of client. In these situations, one client may receive preferential treatment, which could negatively impact another client.

TYPES OF CONFLICTS

Conflicts may entail a risk of damage to the interests of our clients. We must, therefore, take into account whether we or a member of our staff:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of our clients;
- Has an interest in the outcome of services provided to our clients or of transactions carried out on behalf of our clients, which is distinct from our clients' interests in the outcome;
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of a client;
- Carries on the same business as our clients; or,
- Receives or will receive from a person other than our clients an inducement in relation to services provided to our clients, in the form of monies, goods or services, other than the standard commission or fee for such services.

The circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between us, or a member of our staff, and a client; or between one client and another. It is not enough that we may gain a benefit, if there is also a possible disadvantage to a client; or that one client to whom we owe a duty may make a gain or avoid a loss, without there being an associated possible loss to another such client.

RECORD OF CONFLICTS

A list of identified conflicts and arrangements in place to identify, prevent (where reasonably possible) and/or manage these conflicts is maintained. Conflicts entailing a material risk of damage to the interests of one or more of our clients are recorded in our Conflict of Interest Register.

MANAGING CONFLICTS

If our arrangements to manage any conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of one of our clients will be prevented, we will clearly disclose the general nature and or the sources of conflicts of interest to our clients before undertaking business for that client.

We will make such disclosure in a durable medium and include sufficient detail, taking into consideration the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflicts on interest arises. Where we have or may have a material interest in a transaction to be entered into; or a relationship which gives or may give rise to a conflict of interest in relation to such a transaction; or an interest in relation to a transaction which is, or may be, in conflict with the interest of any of our clients; or where our clients have or may have conflicting interests; then we will not knowingly advise or deal on a discretionary basis in relation to that transaction unless we have taken reasonable steps to ensure the fair treatment for our clients.

We will therefore disclose to any such client any material interest, in writing via our engagement letter, client agreement or other contractual documentation, whether general or in relation to a specific transaction before acting for and or advising the client and be able to demonstrate that the client does not object to that material interest or conflict. If disclosure is impractical, we must manage the conflict of interest so that any disadvantage to the client is avoided. Alternatively, we must look to eliminate the conflict of interest by either declining to act or disposing of the holding or relationship that gives rise to the conflict.

We have a regulatory obligation to disclose any identified conflicts of interest. The following is an example and not a definitive list of the conflicts that we are required to disclose:

- In circumstances where we may be dealing for or acting on behalf of more than one party;
- Where we are recommending to buy or sell;
- Where a client may have given instructions to buy or sell; and
- Where we are recommending buying or selling or where we may have a position.

We will at all times consult with our CO when a conflict arises; ensure that the appropriate clauses are inserted in any engagement letter, client agreement or other contractual documentation; ensure that these are signed at the outset of the business relationship; disclose any relationship that we might have with companies in written research of any kind that we undertake; and adhere to our rules on Personal Account Dealing and, where applicable, impose Chinese Walls.

The CO, in conjunction with a nominated senior manager, will oversee the effective management of any Chinese Walls within the business and will monitor all parts of the separation to help to ensure that the controls are working as intended. In addition, our senior management will also review the compliance monitoring undertaken to ensure that the Chinese Walls are being maintained and that the relevant systems are up to date. In these cases, we will often review the arrangements for each transaction and take into account new business initiatives, changes in regulation and market practice.

Additionally, our senior management will continue to be responsible for the oversight of these controls. Although our senior management is keenly aware of the risks of poor conflict management and the effect on reputational, legal and financial risks, we believe that it can only help mitigate the business risk if a similar understanding reaches all members of our staff. Given their unique position, we encourage our senior management to take positive action to ensure they sufficiently inform and motivate all members of our staff to uphold a compliant culture, whether this is through formal training on our arrangements and or through formal monitoring and record keeping.

We are required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to material risk of damage to the interest of our clients. We will employ the following techniques to manage and mitigate conflicts including but not limited to:

- Using physical information barriers to stop and control the flow of information between certain parts of the business: this is known as a Chinese wall. This can occur when one fund manager or

senior employee is made aware of inside information for an investment made or about to be made. We recognise this by requiring the individual to report that they are aware of such inside information;

- Treating customers fairly (TCF) - Before undertaking any business with a client, we must ensure the fair treatment for that client. We act at all times in compliance with the FCA's Principle 6, which requires us to pay due regard to the interests of our customers and treat them fairly. We have a TCF policy and our senior management are responsible for monitoring our business to ensure that we always act in the best interest of our clients;
- When we use our discretion to make investment decisions we are required to ensure that our actions and decisions are suitable for our clients in compliance with the FCA's Principle 9.

We, or some other person connected with us, may have an interest, relationship or arrangement that is material to the service, transaction or investment concerned. We require all members of our staff to disclose any such interest, relationship and/or arrangement and to be recused from any such service that we may provide to and on behalf of our clients; the

- Outside interest disclosure - We require all members of our staff to disclose any outside interests and to disregard such interests when acting on behalf of our clients or to be recused from any such service that we may provide to and on behalf of our clients;
- Provisions of internal guidance and training to relevant employees to raise their awareness of conflicts and how to deal with conflicts when they arise;
- A gifts and entertainment policy - This policy prohibits staff from giving or receiving gifts and entertainment without prior authorisation and the requirement to disclose all gifts and entertainment in excess of a low de minimis amount;
- A personal account dealing policy - This policy prohibits staff from dealing on their personal account without prior authorisation;
- An order allocation policy - This policy is designed to ensure the fair allocation of aggregated orders and transactions, including how the volume and price of orders affects allocation and the treatment of partial executions;
- Voting activity. - In accordance with our Stewardship Code policy (a copy is available on www.hottinger.co.uk).
- Each member of staff has a duty to report promptly any possible conflict of interest situation by notifying our CO.

Best practice always dictates that it is better to seek guidance early on any situation that may give rise to a possible conflict of interest. Guidance will be provided by our CO, who may refer the potential conflict to the Chief Executive Officer (CEO) and the Board of Directors.

MANAGEMENT OVERSIGHT

Our Directors, senior management and CO continue to consider whether these arrangements are relevant, and whether any of our procedures could help identify more effectively where potential conflicts could arise. We continue to review the systems, controls and procedures we have in place for

mitigating conflicts and any risks or issues that might impact on our ability to treat our customers fairly. We are aware that the regulatory requirements in this area continue to evolve and we remain committed to observing the highest standards. Our Directors and senior managers remain responsible for the oversight of our systems and controls and for the appropriate management information.

Our Policy remains to always manage any conflict in the best interest of our clients, to always disclose any conflict where relevant and to not undertake the activity if a conflict can not be effectively managed (and disclosure would not be appropriate). Our aim is to ensure that there is effective management of conflicts that may arise when our interests and those of our clients and investors differ.

DISCLOSURE OF CONFLICTS

If our arrangements to manage conflicts of interest are not sufficient to ensure that risks of damage to the interests of a client will be prevented, the general nature and / or sources of conflicts of interest must be disclosed to the client before undertaking business with them.

The disclosure must:

- Be made in writing, and
- Include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

DISSEMINATION AND IMPLEMENTATION

A condensed version of this Policy forms part of our investment services terms and conditions in our Investment Management Agreement (IMA).

Our Policy is communicated to all staff internally via email and is available electronically on our hard drive. Training will be provided to staff to ensure their understanding and application of the Policy.

POLICY DEVELOPMENT AND APPROVAL

This Policy is owned by our Board of Directors. It has been established by our CO and has been approved by our Board on 29th September 2016.

POLICY MONITORING AND REVIEW PROCESS

The framework set out in this Policy seeks to identify, control and review conflicts which we and our employees are exposed to. Our Board will, on an annual basis, monitor compliance with this Policy. It will review and where appropriate, amend and recommend acceptance of the list of identified conflicts to which the business has been exposed in the reporting period. Our Board's task is to:

- Identify any new conflict;
- Ensure that the measures in place to control the existing conflicts are kept up to date; and
- Review actual conflicts that have arisen.

REPORTING

Any new conflict that is identified is reported to our CO and recorded in our Conflicts Register. It is the responsibility of our CO to maintain the Conflicts Register. In order to ensure Management Information (MI) can be drawn from our Conflicts Register, it records:

- Conflict type:
 - Trading
 - Trading Commissions
 - Breaches and Errors
 - Gifts and Entertainment
 - Personal Account Dealing
 - Introducers' Fees
 - Research
- Reason for the Conflict
- Remedial Action Taken
- Conflict Action
- Conflicts Avoided
- Conflicts Managed
- Conflicts Disclosed
- Situations where we refused to act

All conflicts of interest are raised directly with our CO. MI is distributed to our Board.

DOCUMENT REVIEW CYCLE

The Policy is reviewed and approved by our Board at least annually or more frequently in case of changes in the structure of our firm or regulatory amendments.