



## **Conflicts of Interest**

## 1. GENERAL STANDARD

Chelverton Asset Management Limited ("CAM") and its employees must adhere to the highest standards of honest and ethical conduct. These include, but are not limited to, sensitivity to the existence of a conflict of interest or the appearance of a conflict of interest.

Conflicts of interest can arise in many ways, and all employees must be sensitive to those situations in which they are most likely to be present.

A conflict of interest exists when an employee's personal interest interferes, or appears to interfere, in any way with the interests of CAM or its clients, or when an employee otherwise takes actions or has interests that may make it difficult to perform his duties objectively and effectively. For example, a conflict of interest would arise if an employee, or a member of his family, receives improper personal benefits as a result of his position with CAM.

CAM provides a range of investment advisory and management services to its clients. From time to time, in the course of providing such services, CAM may find that it has a relationship with another client that might give rise to a conflict of interest. In other words, a pre-existing or contemplated interest, relationship or arrangement could, if not disregarded, be material to and influence services being provided to a client.

Conflicts of interest are not always readily apparent and, for that reason, employees must always be aware of the possibility of such conflicts.

CAM's policy requires that clients' interests are put first and that employees disregard any other relationship, arrangement, material interest or conflict of interest which may influence any service which CAM may provide to a client.

## 2. IDENTIFYING CONFLICTS

CAM will take all appropriate steps to identify and to prevent and manage conflicts of interest between:

- (1) CAM including its managers, employees, appointed representatives or tied agents, or any person directly or indirectly linked to them by control, and a client of CAM; or
- (2) one client of CAM and another client, that rise or may arise in the course of CAM providing the services.
- (3) combinations thereof, including those caused by the receipt of inducements from third parties or by company's own remuneration and other incentive structures.

Employees should be aware that contact with another related company employee, eg from another division or Group company, may endanger any Chinese walls/ Informational barriers that exist.

Where arrangements have been made by CAM to prevent conflicts of interest from adversely affecting the interest of its client are not sufficient to ensure, with reasonable confidence, that risks of damage to clients' interests will be prevented, CAM will disclose clearly to the client the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf. The disclosures shall:

- (a) be made in a durable medium; and
- (b) 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.

## 3. TYPES OF CONFLICTS

The types of conflict that arise, or may arise, in the course of providing a service where CAM or a relevant person:

- (1) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

- (2) has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- (3) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (4) carries on the same business as the client; or
- (5) receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

#### **4. POTENTIAL CONFLICTS IDENTIFIED IN CAM'S STRUCTURE**

Conflicts of interest in the company may arise because, for example:

- An Investment advisor in CAM or an associate undertakes investment business for other clients that may conflict with the interest of the clients already managed

An analysis of potential conflicts of interest should be conducted each time a product is generated. In particular, the analysis should look at whether the product creates a situation where the client may be adversely affected if they take:

- an exposure opposite to the one previously held by the company itself; or
- an exposure opposite to the one that the company wants to hold after the sale of the product.

The company will ensure that all relevant staff possess the necessary expertise or receive the appropriate training to understand the characteristics and risk of the products they want to manufacturer before the new product is manufactured.

#### **5. RECORD OF CONFLICTS**

A record of the kinds of service or activity carried out by or on behalf of CAM in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise, must be kept and regularly updated.

#### **6. MANAGING CONFLICTS**

The Company will establish, implement and maintain an effective written conflicts of interest policy which is appropriate to the size and nature of the organisation and scale and complexity of its business.

CAM will review the conflicts of interest policy on an annual basis and on a risk based approach when a relevant event occurs.

The conflicts of interest policy considers, but is not limited by, the following:

- (a) Where the company is a member of a group, the policy should take into account the structure and business activities of other group members that could give rise to a conflicts of interest,
- (b) Procedures must be included to prevent or control the exchange of information where there is a risk that the exchange would harm the Interests of one or more clients.
- (c) Procedures with regards to separately supervising a person where whose principle activities could lead to a conflict.
- (d) Measure must be noted to remove any direct links between the remuneration of different persons engaging in different activities, where the remuneration arising from such activities could lead to a conflict of interest.

- (e) Limits must be included to prevent inappropriate influence over the way in which a person carries out investment or ancillary activities.
- (f) Measure must be included to prevent the simultaneous or sequential involvement of a person in separate investment or ancillary activities where their involvement could impair proper management of conflicts.

## 6.1 Employee Disclosure

Before joining CAM, employees must disclose all external business interests including:

- Directorships or directorships and details of companies in which they have interest or a holding.
- Any personal relationships with employees of the company.
- Positions held as an officer of any organisation.
- Beneficial interests under the terms of a trust, the trustee of which is a person connected to you.
- Any business or employment activity that is in addition to the employee's principle employment with CAM.

Employees have an ongoing obligation to inform the Compliance Officer and the Board of Directors if they propose to become involved or to accept an appointment in any of the activities described above.

## 6.2 Business Opportunities

Employees shall not take for personal use (or for use by a family member) any business opportunity learned of during the course of serving, using CAM property or as a result of such individual's position with CAM.

To the extent that an employee or officer learns of a business opportunity that is within CAM's existing or proposed lines of business, the employee or officer should inform his or her supervisor, or the Board of Directors, as appropriate, of the business opportunity and refrain from personally pursuing the matter until such time as CAM decides to forego the business opportunity. At no time may any employee or officer utilise any CAM property, information or position to generate personal gain or engage or participate in any business that directly competes with CAM.

## 6.3 Loyalty

All employees owe a duty of undivided and unqualified loyalty to CAM and may not use their positions improperly to profit personally or to assist others in profiting at the expense of the company.

Therefore, all employees are expected and required to regulate their activities so as to avoid conflicts of interest. In addition, employees shall promptly communicate to the Compliance Department any material transaction or relationship that reasonably could be expected to rise to a conflict of interest so that CAM and the employee may take steps to minimize the conflict.

## 6.4 Policy of Independence

No inducements offered by issuers or others with a material interest in the subject matter of investment research, may be accepted by investment decision makers or Directors of the company. The company's inducements policy is set out in the Compliance Manual. Any proposed personal account dealing by employees is subject to prior approval by a Director of the relevant CAM subsidiary in accordance with the Personal Account dealing procedures established in the Compliance Manual. No dealing which could create a conflict of interest between the employees of CAM and its clients is permitted.

## 6.5 Investment Management

All decisions will be subject to monitoring by the Compliance Officer with full consideration of the requirements to Treat Clients Fairly and all decisions must be made in line with client investment guidelines.

## 6.6 Informational Barriers

All employees must ensure that any information that comes into their possession is only discussed with other members of that CAM business unit and failure to comply with this policy may be cause for disciplinary action. Exceptions may apply where individuals are employed by more than one business unit. In such cases any potential conflicts should be discussed with the Compliance Officer and disclosure made, where appropriate.

## 6.7 Declining to act

It may be appropriate in certain circumstances where the above policies do not allow the companies of CAM group to act in the best interests of the relevant clients to decline to act for or on behalf of a client or group of clients.

## 7. FEES, COMMISSIONS AND MONETARY BENEFITS

The company that provides independent advice to clients and/or portfolio managers should not accept fees, commissions and monetary benefits. Certain minor non-monetary benefits are permitted. These are defined within the company's Compliance Manual.

Whether a minor non-monetary benefit enhances the quality of the relevant service to the client is an assessment that is made on a case-by-case basis by the Compliance Officer. The company may receive research without this constituting to an inducement provided it meets certain criteria, defined in the company's Compliance Manual.

## 8. DISCLOSURE OF CONFLICTS

Where organisational or CAM administration arrangements made by the company to prevent conflicts of interest from adversely affecting the interest of the client are not sufficient, to ensure, with reasonable confidence that risk of damage to client's interest will be prevented, the company will disclose clearly to the client the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on its behalf. The client disclosure will be:

- (g) made in a durable medium in writing or via electronic communication; and
- (h) 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.

For the avoidance of doubt, it is the general policy of CAM that it will disclose all potential conflicts to clients prior to conducting business with them. In particular wherever relevant the interactions of the group and significant personal relationships will be made clear. In the case of research adequately signposted disclosure will be made at the time that the research is issued as well as being part of the general disclaimers made on the website and in terms and conditions where appropriate.

## 9. OTHER POLICIES

The company also has specific policies set out in relevant modules of the Compliance manual regarding gifts and benefits; and personal account dealing that are applicable in respect of managing conflicts.