

**goetzpartners securities Limited**

**Conflicts of Interest Policy**

**14<sup>th</sup> January 2020**

## Contents

1. Purpose .....	4
2. Regulatory Background .....	4
3. Summary of Requirements .....	4
3.1. Identifying and Preventing Conflicts .....	4
3.2. Types of Conflict .....	4
3.3. Segregation of functions.....	5
3.4. Disclosure of conflicts to clients .....	5
3.5. Responsibilities of Staff Members .....	5
4. Situations in which Conflicts of Interest could arise.....	6
4.1. Potential misuse of information .....	6
4.2. Inappropriate flow of information.....	6
4.3. Personal Account Dealing (“PAD”) .....	7
4.4. Inducements.....	7
4.5. Remuneration Policy.....	7
4.6. Outside Business Interests.....	8
4.7. Group Conflicts.....	8
4.8. Personal Interests in Funds .....	8
4.9. Staff on notice to leave .....	9
4.10. Public statements.....	9
4.11. Trade and Initial Public Offering allocations .....	9
5. Arrangements for managing conflicts .....	9
5.1. Governance .....	9
5.2. Reporting Lines .....	10
5.3. Segregation of Functions.....	10
5.4. Restricted List and Insider List.....	10
5.5. Recruitment.....	10
5.6. Training .....	10
5.7. Compliance and Procedures Manuals.....	10

5.8. New clients/business ..... 10

5.9. Confidentiality ..... 10

5.10. Compliance monitoring ..... 11

5.11. Review of Policy..... 11

## **1. Purpose**

The purpose of this Conflicts of Interest Policy in accordance with Article 34 (2) of MiFID II (2014/65/EU) and SYSC 10 is:

- To identify, by reference to the specific services and activities carried out by (or on behalf of) the Firm, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients; and
- To specify procedures to be followed and measures to be adopted in order to manage such conflicts; and
- It is the responsibility of all staff members to familiarise themselves with the contents of the Policy and report conflicts of interest to the Compliance Officer using the appropriate channels.

## **2. Regulatory Background**

FCA Principle 8 (Conflicts of Interest) states that:

A firm must manage conflicts of interest fairly, both between itself and its clients and between one client and another.

## **3. Summary of Requirements**

### **3.1. Identifying and Preventing Conflicts**

We must take all appropriate steps to identify and prevent or manage conflicts of interest between:

- the Firm (including its directors, managers, employees, consultants, contractors, secondees, interns, appointed representatives / tied agents or any person directly or indirectly linked to them by control) and a client of the Firm; or
- one client of the Firm and another client;

that arise or may arise in the course of the Firm providing any services in the course of carrying on regulated activities, including those caused by the receipt of inducements from third parties or by our own remuneration and incentive structures.

### **3.2. Types of Conflict**

The Firm must, in accordance with Article 33 of the MiFID II Delegated Regulations, identify the types of conflict that arise in the course of providing a service, and, where there may be a risk of damage to the interests of a client. We must consider as a minimum, whether the Firm or a relevant person or a person directly or indirectly linked by control to the Firm:

- Is likely to make a financial gain or avoid a financial loss at the expense of the client;

- 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;
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Carries on the same business as the client;
- 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 monetary or non-monetary benefits or services.

### **3.3. Segregation of functions**

The senior management of the Firm should, where appropriate segregate duties so as to avoid conflicts of interest.

### **3.4. Disclosure of conflicts to clients**

In accordance with Article 23 (2) of MiFID II and Article 34(4) of the Delegated Regulations, if the arrangements made by the Firm are not sufficient to ensure, with reasonable confidence, that the risk of damage to the client will be prevented we must provide the client with a clear disclosure of this fact. This disclosure must:

- clearly state that the organisational and administrative requirements established by the Firm to prevent or manage that particular conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- describe the general nature and source of the conflict of interest and the steps taken to mitigate those risks and this description must be provided before undertaking business for the client;
- provide sufficient detail to enable that particular client to make an informed decision in relation to the service in the context of which the conflict arises; and
- be provided to the client in a durable medium.

It is important to note that a disclosure should only be used as a matter of last resort after all other options to successfully mitigate the conflict of interest have been exhausted and are not sufficient to ensure that the risk of damage to the interests of the client will be prevented.

### **3.5. Responsibilities of Staff Members**

It is the responsibility of all employees to familiarise themselves with this Policy and to report any actual or potential conflicts of interest to their line manager who will in turn report them to the Compliance Officer. Failure to adhere to this policy may be held to be a breach of an employee's, consultants, contractors, interns contract.

Overall responsibility for Conflicts of Interest lies with the Board. The Board will be responsible for ensuring that this Conflicts of Interest Policy is reviewed at least annually and if there is any material change to the activities of the Firm. The Compliance Officer is responsible for the day-to-day administration of the Policy.

The Compliance Officer will work with line management to identify and prevent Conflicts of Interest, record conflicts and the mitigating action in the Conflicts Register and report the situation to the Board for consideration. Additionally, the Compliance officer will ensure that this conflict of interest policy is reviewed at least annually.

The Board, via the Compliance Officer, has responsibility for ensuring that staff are aware of the aspects of the Policy relevant to them.

#### **4. Situations in which Conflicts of Interest could arise**

In order to assist employees, consultants, contractors, interns in identifying, reporting and assisting in eliminating conflicts of interest the Firm has set out below some typical situations in which conflicts of interest may arise and are managed in the course of the Firm's day-to-day business.

##### **4.1. Potential misuse of information**

###### Potential conflict

Members of staff of the Firm may come into possession of material non-public information. The improper use of such information by staff members could cause a conflict with the interests of the Firm's clients, or between the interests of the Firm's clients, and may also be unlawful.

###### Method of managing / avoiding conflict

The Firm manages these risks by maintaining and following policies and procedures to prevent the misuse of material non-public information. These procedures have been designed to prevent and detect any insider trading, taking into account the nature of the Firm's business and the instruments typically traded. The Firm has also implemented procedures to manage the risks of Insider Dealing, including using the Compliance Department as a "Gatekeeper" to clear any Inside Information based conflicts, the use of restricted/Insider Lists and deal monitoring.

##### **4.2. Inappropriate flow of information**

###### Potential conflict

A conflict of interest could occur where there is an inappropriate flow of information between relevant persons within separate areas of the business who should be acting independently and where the absence of this independence could be detrimental to the client.

#### Method of managing / avoiding conflict

The Firm has procedures in place to control the inappropriate flow of information which includes both physical separation of relevant areas of the business as well as restricted access to certain parts of the server.

### **4.3. Personal Account Dealing (“PAD”)**

#### Potential conflict

The Firm’s staff members may engage in the trading of securities or other instruments for their own account. Such trading activities may put those employees and officers, or the Firm, in conflict with the interests of the Firm’s clients (for example, by having a personal interest in a transaction with a client, or by front-running transactions with clients).

#### Method of managing / avoiding conflict

The Firm manages this potential conflict of interest by maintaining a PAD Policy which has been formulated in accordance with relevant FCA Rules and MiFID II requirements. All staff members must seek prior permission from the Compliance Officer to deal in securities for their own account. In addition, the Compliance Officer will monitor all PAD against both the Restricted and Insider List.

### **4.4. Inducements**

#### Potential conflict

The giving or receiving of gifts, entertainment, or any other form of gratuity or hospitality by or to the Firm’s staff members may create the appearance of a lack of impartiality and may lead to a potential conflict between the interests of the donor /done and the interests of the clients.

#### Method of managing / avoiding conflict

The Firm has in place procedures in relation to inducements as set out in the Compliance Manual and only certain types of inducements are permitted. All inducements must be reported to the Compliance officer who will review them to ensure there is no conflict.

### **4.5. Remuneration Policy**

#### Potential conflict

Firm and employee interests are aligned with those of the Firm’s clients, as the level of remuneration is dependent on performance of the individual in relation to the services for which the Firm is contracted by the respective client, as well as by performance of the business unit concerned and the overall results of the firm.

#### Method of managing / avoiding conflict

The Firm will ensure that there is no direct link between the remuneration of a person engaged in one activity and the remuneration of a different person engaged in another activity, where a conflict of interest may arise in relation to those activities.

### **4.6. Outside Business Interests**

#### Potential conflict

The Firm's staff members may hold outside business interests, such as directorships or shareholdings, in service providers or other firms. The Firm has identified that such outside business interests or investments could cause a potential conflict between the personal interest of the relevant member of staff and the interests of the Firm's clients.

#### Method of managing / avoiding conflict

Staff members must inform the Compliance Officer about their outside business interests both when joining the Firm and on an ongoing basis. The Compliance Officer must approve any such interests and will maintain a record of them.

### **4.7. Group Conflicts**

#### Potential conflict

Other members of the goetzpartners Group may have relationships, with clients or other parties, that could create a conflict of interest.

#### Method of managing / avoiding conflict

Group conflicts will be assessed at a Group level and the Group will determine what mitigation needs to be put in place at both or either of the entities that are impacted. This may include one entity not being able to continue a relationship with a client or third party.

### **4.8. Personal Interests in Funds**

#### Potential Conflict

The potential conflict may be that a staff member receives an economic or other benefit compared to third party investors.

#### Method of managing / avoiding conflict

Full disclosure of the Partners' and employees' investing terms is made to all existing investors. The Firm believes that staff members investing in its Fund(s) is likely to align their interest with that of third party investors, rather than create conflict.



#### **4.9. Staff on notice to leave**

##### Potential Conflict

Conflicts of interest could arise if a member of staff on notice to leave the Firm concentrates on higher risk short term performance in order to achieve a larger leaving bonus.

##### Method of managing / avoiding conflict

The Board of the Firm/Compliance Officer monitors the risk level of investments and, where necessary, gives instructions to restore the risk balance. If an employee, consultant, contractor, intern on notice are seen to pose a particular risk, then that individual will be put on 'gardening leave' to remove the possibility of inappropriate behaviour.

#### **4.10. Public statements**

##### Potential Conflict

Potential conflict and Market Abuse issues arise if the portfolio managers make public statements in order to "talk up or down" a particular security in which the portfolios managed by the Firm have a position.

##### Method of managing / avoiding conflict

The Firm and its staff do not currently make public statements about the Firm or its investments. The Firm also has procedures in place whereby employees are not allowed to talk to the press regarding the Firm and its investments unless prior approvals from the Compliance Officer and the Governing Body of the Firm have been received.

#### **4.11. Trade and Initial Public Offering allocations**

##### Potential conflict

Conflicts may arise where the Firm only receives scaled back allocation for oversubscribed IPOs.

##### Method of managing / avoiding conflict

Allocation conflicts are managed in accordance with the Firm's general allocation policy.

### **5. Arrangements for managing conflicts**

#### **5.1. Governance**

The Firm has robust governance arrangements in relation to conflicts of interest and key business decisions are taken by the Board and are recorded. The Board has overall responsibility for ensuring all conflicts are appropriately identified and mitigated.

The Compliance Officer is responsible for the day-to-day management of conflicts of interest and reports directly to the Board with management information in relation to conflicts.

## **5.2. Reporting Lines**

The Firm has defined and clear reporting lines. An organisational chart is maintained by the Compliance Officer.

## **5.3. Segregation of Functions**

Duties should be segregated as appropriate, to avoid conflicts of interest wherever possible. These duties are set out in job descriptions, procedure manuals and organisational charts. Ensuring these duties remain segregated is the responsibility of line managers, as advised by the Compliance Officer.

## **5.4. Restricted List and Insider List**

In order to facilitate the monitoring of conflicts, the Firm maintains a group Restricted List and the London office maintains an Insider List.

## **5.5. Recruitment**

When individuals are recruited by the Firm, their fitness and propriety is considered by the Compliance Officer, as well as their technical and, where relevant, managerial ability. Suitable background checks are made and references are taken up.

## **5.6. Training**

Compliance training regarding conflicts of interest forms part of the annual training needs analysis. The Compliance Officer ensures that appropriate training is prepared and delivered.

## **5.7. Compliance and Procedures Manuals**

Systems and controls are documented in the compliance and procedures manuals which are reviewed at least once a year to ensure they are fit for purpose.

## **5.8. New clients / business**

Conflicts checks are undertaken when taking on new clients or accepting new business from existing clients. In cases where a conflict or potential conflict is identified, a decision is made as to whether to proceed with the new client and, if so, what additional measures should be taken to mitigate the conflict. All such decisions are documented and are based on the nature of the conflict and the potential for the conflict to entail a risk of damage to the interest of one or more clients. The Compliance Officer keeps records of business approval and related correspondence.

## **5.9. Confidentiality**

No portion of this Policy may be copied, reproduced, or shown to any individual who is not an employee of the Firm, a representative of a relevant legal or regulatory authority or a relevant professional advisor.

#### **5.10. Compliance monitoring**

The Compliance officer will undertake an annual review to ensure that the Firm has complied with these policies. In addition, the Compliance Manager will review the conflicts register on a quarterly basis.

#### **5.11. Review of Policy**

This Policy was reviewed and approved by the Board on 14<sup>th</sup> January 2020.