

# Conflicts of Interest Policy

## 1. Introduction

We are committed to identifying and effectively managing conflicts of interest that may arise in the course of our business. This policy details how we achieve this and comply with our legal and regulatory obligations.

It is the responsibility of our employees (temporary or permanent), agents or contractors (**staff**) to familiarise themselves with the contents of the policy and adhere to it. We have put in place detailed internal procedures (**procedures**) in order to comply with this policy.

We are committed to maintaining the highest professional standards and principles in providing our services and in doing the right thing by all of our stakeholders (those with an interest in our business). This commitment is part of our Responsible Business Policy and we have decided to publicly release this policy as part of that commitment.

## 2. Legal and regulatory background

Principle 8 of the Principles for Businesses chapter of the FCA's Handbook of Rules and Guidance says that a firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

Principle 8 has been expanded in Chapter 10 of the Senior Management Arrangements, Systems and Controls sourcebook (**SYSC**) of the FCA Handbook. SYSC says that firms must take all appropriate steps to identify and to prevent or manage conflicts of interest. There is also a requirement to have in place a written policy which identifies the circumstances which may give rise to conflicts and the procedures and measures in place to manage those conflicts. This policy is our written policy for the purposes of SYSC 10.

In acting as investment manager on behalf of our clients, we also have certain duties which include the duty to act in our clients' best interests and to identify and deal with possible conflicts of interest.

We have a branch in Jersey from which we provide services. When providing our services in Jersey, we have to keep to the Jersey Financial Services Commission Codes of Practice for Investment Business (**IB codes**). The IB codes say we must do our best to avoid conflicts of interest arising, and if they do arise, have appropriate procedures in place to deal with these conflicts by revealing them, applying our own rules of confidentiality, refusing to act, or using other appropriate responses.

## 3. Identifying conflicts

Conflicts of interest may arise when we are providing our services. In deciding whether there may be a conflict of interest to which this policy applies, we consider whether there is a significant risk of damage to a client, taking into account whether:

1. we are likely to make a gain or avoid a loss at the expense of a client;
2. we have an interest in the outcome of a service which is different to that of the client;
3. we have an incentive to favour the interest of one client over another; or
4. we receive an inducement in relation to our services provided to clients.

We will follow our procedures when identifying actual or possible conflicts of interest. It is the responsibility of all our staff to consider whether their activities may give rise to a conflict of interest, and to report any instances to senior management and our Compliance Department (**Compliance**).

## 4. Types of conflict

Our senior management and Compliance have considered our services and activities, and have decided that the following circumstances are examples of the types of situation that may give rise to conflicts of interest.

- **Acting for more than one client**

There may be a conflict when we are acting on behalf of two or more clients in the same transaction and receiving fees or charges from those clients for that transaction.

- **Our own interest in investments**

There may also be a conflict when we are acting for clients in relation to investments where we also have an interest in those investments. For example, a conflict of interest may arise if we are involved in a new rights issue for an investment or if we carry out a transaction for a client where we have knowledge of other actual or potential transactions in that investment or are trading, dealing or market-making in that investment.

- **Business relationships**

There may be a conflict if we have any business relationships with, or interests in, the issuer of any investments bought or sold for clients (including buying, selling or promoting our own in-house funds).

There may also be a conflict if we allow inappropriate business relationships or charging structures with intermediaries who refer clients to us to be put in place.

- **Pay**

A conflict may arise if we arrange our pay structures so that there is a direct link between the pay of one member of staff mainly involved in one activity and the remuneration of other QC staff mainly involved in other activities.

- **Oversight**

A conflict may arise if our oversight structures allow one member of staff to inappropriately influence another or oversee someone who is a relative or otherwise closely connected to them.

There may also be a conflict if senior management fail to make sure Compliance and our research function remain independent.

There may be a conflict if we fail to put in place appropriate structures and protection in relation to personal account dealing by our staff, fee structures and offering or receiving gifts, hospitality, entertainment and other inducements.

- **Group products and services**

We are part of the Quilter Plc group of businesses (**Quilter Group**). Any arrangements for cross-selling products or services provided by other members of the group could give rise to conflicts of interest.

- **Other**

We do not currently carry out proprietary trading or corporate finance business. The above list may change if we identify further circumstances which we consider may create the risk of a conflict arising.

## 5. Managing conflicts

We will follow our procedures when managing actual or potential conflicts of interest. Although not a full list, the main measures for conflicts management cover the following areas.

- **Information barriers**

We seek to prevent or control (where relevant) the exchange of information between people involved in activities where sharing that information may harm the interests of one or more clients. This is achieved by putting in place information barriers. Broadly speaking, these barriers restrict the flow of information between different parts of our business, either by physically separating different teams of people or by installing IT security measures to restrict access to information.

- **Trade surveillance and restriction**

Compliance keeps an 'Insiders List' which records those members of staff who are aware of inside information relating to investments. Compliance monitors the personal account dealing of those individuals on the list until they come off it. We also have an effective and established Personal Account Dealing policy.

- **Oversight**

Our oversight structures make sure we separate the supervision of our staff whose main functions are carrying out activities on behalf of, or providing services to, clients, from those whose interests may conflict with carrying out those activities, or providing those services. These structures are also designed to prevent any staff member from using inappropriate influence over the way in which someone else carries out their activities.

Our corporate governance structures make sure that clear and defined reporting lines are in place and Compliance and the research function remain independent. All staff are required to comply with our policies and procedures which detail responsibilities relating to disclosure, escalation and whistleblowing procedures.

- **Pay**

We have designed our pay policies to remove any direct link between the pay of members of our staff mainly involved in one activity and the remuneration of, or revenues generated by, different staff mainly involved in other activities.

- **Gifts and inducements**

Staff are prohibited from offering or receiving any gift or inducement which could conflict with the duties they owe to clients or which could affect the independence of the person receiving the gift. Depending on certain thresholds, our Anti-Bribery & Corruption and Gifts & Entertainment policies say that all employees must disclose to Compliance any inducements offered or received.

- **Investment research**

We pay for any investment research we get from other organisations directly and without using client commissions to cover these payments.

## **6. The Quilter Group**

We form part of the Quilter Group and our ultimate parent company is Quilter Plc. The Quilter Group is an integrated financial services business but is structured so that each company within the group can operate independently with limited intervention from its affiliates. This structure has been designed to limit the probability of group conflicts arising.

We may from time to time market products and services to clients from other parts of the group, for example Quilter Investors. Where we are involved in the selection of such products or services, including the selection of Quilter Investors' funds under our discretionary management service, we will make sure that such products or services are appropriate (based on our standard due diligence processes) and suitable for the relevant client(s) in line with our policies and procedures.

Where our arrangements to manage conflicts of interest in this context are not sufficient to ensure with reasonable certainty that we will prevent the risk of damage to the interests of our clients, we will clearly disclose the general nature and source of such conflicts to the affected clients before undertaking the relevant transaction.

## **7. Oversight and Governance**

The Business and Compliance functions both play an important role in identifying, assessing and managing actual or potential Conflicts of Interest by means of:

- i) together with our learning and development function, making sure that all our staff are appropriately trained in their responsibilities relating to conflicts;
- ii) establishing procedures that take all appropriate steps to prevent, mitigate or manage actual or potential Conflicts of Interest
- (iii) maintaining the Conflicts of Interest register which records the kinds of service or activity carried out by us, or on our behalf, in which a conflict involving a risk of damage to the interests of clients has arisen or may arise;
- (iv) helping senior management in adjudicating conflicts issues; and
- (v) performing periodic reviews of conflicts including reporting to the Risk Committee and escalating issues to senior management and Risk Committee as appropriate.

## **8. Disclosure of conflicts**

If the measures described in this policy (and detailed in the procedures) are not enough to make sure, with reasonable certainty, that we will prevent the risk of damage to the interests of one or more clients, we will explain the nature and source of those conflicts to the clients in question. We must give this explanation before any business relating to the identified conflicts is carried out with, or for, the relevant clients. We must also get their permission to go ahead before doing so.

We will assess if arrangements made are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, then we must clearly disclose the following to the client before undertaking business for the client:

- (a) the general nature or sources of conflicts of interest, or both; and
- (b) the steps taken to mitigate those risks.

We must treat disclosure of conflicts as a measure of last resort to be used only where the effective organisational and administrative arrangements established to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

## 9. Refusal to act

Notwithstanding any disclosure, if we believe that there is no practical way of preventing damage to the interests of one or more clients, we can refuse to act for those clients.

## 10. More information and updates

We can give you more information about this policy or our approach to conflicts of interest generally if you ask. Please contact [compliance@quiltercheviot.com](mailto:compliance@quiltercheviot.com) or call 020 7150 4000.

We may change this policy at any time. If we make changes, we will post a revised version of this policy on our website at [www.quiltercheviot.com/important-information](http://www.quiltercheviot.com/important-information).

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**Quilter Cheviot**  
Senator House  
85 Queen Victoria Street  
London EC4V 4AB  
+44 (0)20 7150 4000

**To find out more please contact your investment manager  
or email: [marketing@quiltercheviot.com](mailto:marketing@quiltercheviot.com)**



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