

Conflicts of Interest Policy

Thesis Asset Management Limited (TAM)

1. Purpose

In the normal course of business, situations resulting in potential or actual conflicts of interest may arise. There is nothing inherently unethical if and when such situations arise, subject to compliance with regulatory and legal requirements. However, the abuse of such situations is clearly improper and TAM is committed to managing these conflicts of interest to prevent abuse and protect our clients, employees and counterparties.

The nature of TAM's business means that conflicts will naturally arise. The key consideration is that where a situation arises employees ensure that appropriate actions are taken and that those actions are consistent with the policies and procedures established. From a client/investor perspective this represent a positive outcome.

TAM is required to take all reasonable steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between itself (including our managers and employees and any person directly or indirectly linked) and our clients, and between one client and another, and to have in place a policy relating to conflicts of interest.

This Policy also takes into account any conflicts between the interests of other companies within the wider Thesis Group of companies.

TAM recognises that personal connections of employees may give rise to conflicts of interest. TAM will promptly address these issues if and when they arise.

This Policy is designed to address the conflicts of interest management for TAM, appropriate to the nature, scale and complexity of its business.

We manage conflicts of interest:

- To reduce the risk of Market Abuse;
- To ensure that all clients are treated fairly;
- To ensure that TAM does not take any inappropriate benefit from its clients.

We document the arrangements we have put in place to manage the conflicts identified entailing a material potential risk of damage to the interests of one or more clients.

We take all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients.

Where the potential risk cannot be effectively managed with reasonable confidence to prevent the risk, we disclose this to our client before providing services.

We make disclosure in a durable medium; providing sufficient detail to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Objectives

The key objectives of this policy are to:

- Provide information regarding Conflicts of Interest
- To ensure that Conflicts are managed in line with good integrity and governance principles, and in line with regulatory requirements and expectations.

TAM's clients can be categorised as follows;

Fund Management

TAM is appointed by Thesis Unit Trust Management Limited (Tutman) to manage portfolios, most frequently alongside other discretionary managers in Tutman's multi-manager funds. TAM provides advice on asset allocation, stock selection and currency hedging. It will invest in low-cost tracker funds and ETFs, third party funds and securities.

Custody and execution

TAM provides a custody execution service for wealthy families and high net worth individuals, or their advisers. Often it will have a direct relationship with the family. However, it may simply have a relationship with a family office, or an adviser such as a multi-family office. In either case it is clear that it does not offer clients advice on what to buy. Those decisions are the responsibility of the client or their advisers; TAM simply offers to use its expertise and infrastructure to execute trades and maintain safe-custody of the assets.

2. Employee reporting requirement

All employees are responsible for acting in the best interests of its clients and are responsible for reporting actual and potential conflicts of interest.

It is therefore, the responsibility of all employees to familiarise themselves with the contents of this Policy and report any conflicts of interest using the form in Appendix 1 as soon as they are identified.

This Policy must be followed by Employees and breaches of this Policy can amount to or result in:

- Criminal offences;
- Financial sanctions and/or penalties being levied against TAM and/or individuals;
- Reputational damage to TAM;
- Serious breaches of contractual relationship which may result in disciplinary action being taken.

3. Principal Regulatory Considerations

Principle 8 of the FCA's Principles for Business states:

"A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client "

Under **SYSC 10** the Firm is required to take all reasonable steps to identify and avoid or, where avoidance is not possible, to manage a, monitor and (where applicable) disclose conflicts of interest between:

- (a) The Firm (or its Employees or any Group member); or
- (b) Two or more Clients of the Firm.

4. What are Conflicts of Interest?

The FCA has set out the types of conflict which must be **considered by TAM** as a management company.

A conflict of interest is a situation where there is a material risk of damage to the interests of a client because the interests of:

- TAM (including its employees and the parent entities) or
- Any client and those of another client differ.

A conflict is the source of any advantage, direct or indirect, of whatever nature, tangible or intangible, professional, commercial, financial, non-financial or personal.

In addition to this policy, please refer to the following policies which together comprise TAM's overall framework for managing potential conflicts of interest see also section 5 below):

- Personal account dealing
- Inducement, hospitality, gifts and entertainment

5. How do we manage Conflicts of Interest?

TAM operates and maintains effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest identified from constituting or giving rise to a material risk of damage to the interests of its clients.

All TAM Committees and the TAM Board have a standing agenda item of "Conflicts of Interest". This is to ensure that conflicts are considered, discussed and documented at all levels of the governance structure within TAM.

There are a number of ways in which TAM seeks to manage conflicts of interest internally:

- All employees of the Group are subject to a Personal Account Dealing Policy. This is designed to avoid conflicts of interest arising from the acquisition by employees of shares or securities relating to a client, prospective client, target or acquirer of a client. A register is maintained by Compliance of all personal account dealing undertaken by employees;
- A remuneration policy which means that there is no direct link between the remuneration of employees engaged in one part of the Group with the remuneration of/or revenues generated by those employees in another part of the Group;
- Systems and controls, such as clear job descriptions and reporting lines and independent oversight and monitoring by compliance are designed to prevent or limit any employee from exercising undue influence over the way in which staff carry out services or activities;
- Documented policies and procedures covering key business areas and processes;
- Segregation of key duties to provide control and oversight of processes;
- Senior management emphasis on effective conflicts management;
- Whistleblowing arrangements for anyone concerned that a conflict has arisen, that is not being properly addressed;
- Annual certification by all employees that all conflict circumstances, actual and potential, that they are aware of have been elevated and addressed;
- Conflicts of interest training to employees on joining the company and periodically thereafter;
- The use of physical means to protect against the inappropriate exchange of sensitive information between various parts of the business where applicable;
- Active consideration of potential conflicts of interest and their effective management in relation to outsourcing arrangements with third parties;
- Active consideration of potential conflicts of interest and their effective management before launching a new fund/product or taking on a new client.

6. Governance of Conflicts

Conflicts of Interest Governance Framework

The TAM Board are ultimately responsible for the management of conflicts, and for the framework as a whole, which will include conducting an annual review of the Policy.

Board Delegated Responsibility and Oversight:

The TAM Board has delegated responsibility for ongoing conflicts management to the Thesis Management Committee.

Conflicts of interest are a standing agenda item at TMG and sub-committees.

Details of new and existing entity specific conflicts are then considered with any new conflicts identified, together with details of the proposed mitigating controls. An entry is then recorded on Conflicts of Interest Register via the proforma reporting.

Every **six** months,

May and November, the Board review, consider and ratify details of both the new and existing conflicts recorded on its Register and the adequacy of the associated mitigating controls.

Monitoring of Conflicts of Interest Management will also feature as part of the rolling programme of Compliance monitoring reviews, taking a risk-based approach.

7. Where do we log Conflicts of Interest?

Conflicts of interest are logged on the Conflicts of Interest Register which is maintained on the intranet.

Note that this is an internal register and must not be disclosed without Compliance authorisation.

New /potential conflicts should be notified as soon as possible to the Head of Compliance, Managing Director or another member of the Management Committee.

8. If we cannot manage a Conflict of Interest?

The FCA has set out disclosure of conflicts requirements which must be followed by TAM as a management company.

TAM is required to assess whether its operating conditions may involve any other material conflicts and disclose to the funds that it manages and their investors any such conflicts that cannot be prevented.

If this is the case, then the Chief Executive Officer and Compliance must be consulted and approve any written document.

9. TAM - examples of Conflicts of Interest

The following scenarios have been identified as potentially giving rise to a conflict of interest, actual situations of which are detailed in the Conflicts of Interest register.

- We are acting as investment manager for a client where another Group entity is acting either as investment manager or scheme operator;
- Recommendation of investments that will earn greater fees for the firm when they are not appropriate for the client;
- An investment in Tutman funds by TAM staff where an activity is known to be occurring/proposed in a Tutman fund;
- Where an employee of the Group engages in personal account dealing in respect of securities and the firm has a client with an interest that potentially conflicts with such dealing;
- Where one part of a multi-service financial institution is used by another part of the same institution which owes fiduciary obligations, e.g. an investment manager placing orders with affiliated broker dealers; and
- Where substantial gifts and entertainment (including non-monetary gifts) are received that may influence behaviour in a way that conflicts with the interests of the clients of the firm;
- The Group may combine orders received from one client with those received for the accounts of other clients {and exceptionally may combine with its own orders). Such aggregation may operate on some occasions to a client's advantage and on some occasions to their disadvantage. Where orders have been aggregated, they will be allocated out to clients on a pro-rata basis.

Staff and Structure

- Excessive gifts and entertainment
- Exploiting confidential information for personal gain
- Inappropriate flow of information
- Performing conflicting tasks
- External interests and appointments

Investment Process and Portfolio Risk Management

- Favouring brokers for execution
- Preferential treatment for some clients when allocating trades
- Potentially a conflict can arise when deciding how to allocate trades between clients particularly where favouring one client over another when crossing trades

Client Relationship

- Inappropriate handling of client complaints
- Unequal access to investment opportunities

Note that this list is not intended to be exhaustive; other situations may occur which give rise to an actual or potential conflict of interest arising.