



WHITLEY ASSET MANAGEMENT CONFLICTS OF INTEREST POLICY

Document Information

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Introduction

This document sets out the policy of Whitley Asset Management (“the firm”, “we”, “our”, “us”) with respect to Conflicts of Interest (“Conflicts”).

We are committed to maintaining the highest professional standards in providing our services and in doing the right thing. On occasions, conflicts may arise during the course of our business and in these circumstances, we aim to identify and effectively manage those conflicts.

Scope

This Policy, and any related procedures, apply to all employees and activities undertaken by the firm. Employees are obliged to act for and in the best interest of the firm and its clients. Employees include appointed representatives, or any person directly or indirectly linked by control to the firm.

Regulatory Background

The proper management of conflicts is at the heart of maintaining orderly financial markets, and as a consequence, the FCA has a clear focus on ensuring that financial services firms establish policies and procedures to identify and prevent conflicts that could adversely affect a client’s interests.

- FCA Principle 1 requires a firm to conduct its business with integrity.
- FCA Principle 6 requires that a firm must pay due regard to the interests of its clients and treat them fairly (where Principle 12 does not apply).
- FCA Principle 8 addresses conflicts directly as follows:

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

- FCA Principle 12 requires a firm to act to deliver good outcomes for retail customers.

Identifying conflicts

The FCA Handbook addresses conflicts in the Systems and Control rules (SYSC 10) which oblige a firm to take appropriate steps to identify and to prevent or manage actual or potential conflicts. It is our aim to always treat clients fairly. Our internal procedures and controls enable us to identify and manage conflicts.

Types of conflicts

To assist in identifying the types of conflict that might arise when providing services, and which may damage the interests of a client, we take into account whether the firm (or relevant person/employee):

- 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 or transaction 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 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 monies, goods or services, other than the standard commission or fee for that service

We will also consider:

- If we hold knowledge in confidence for one client which would benefit another;
- If acting for one client may damage another;
- Whether the firm or its employees are remunerated in a way which might encourage behaviour or acts that are against clients' interests or;
- Whether employees may take advantage of client information.

Managing Conflicts

We will maintain and operate effective organisational and administrative arrangements and take all reasonable steps to prevent conflicts from giving rise to a material risk of damage to the interests of clients. We will also establish, implement, and maintain a conflicts policy that:

- Identifies circumstances which may give rise to conflicts that risks causing material harm to the interests of clients;
- Stipulates procedures to be followed and measures to be adopted to manage such conflicts; and
- Is appropriate to the size and organisation of the firm and the nature, scale, and complexity of the firm's business.

We manage conflicts, whether actual or potential by the adoption of systems and controls. Records are maintained of situations where the potential for conflict could arise, or where it has arisen

The Conflicts Policy forms part of our risk management activities. Senior management will receive periodically, written reports addressing conflicts of interest matters.

Where conflicts do arise, they may be addressed by:

- Disclosure;
- Applying internal rules of confidentiality;
- Declining to act; and/or
- Acting otherwise as appropriate

Disclosure

It is our policy to disclose any interests that could potentially conflict with our responsibilities. Disclosure of a conflict is, however, 'a measure of last resort' and only used where the procedures and controls established by us to prevent or manage conflicts are not adequate to ensure, with reasonable confidence, that the risks of harm to the interests of the client will be avoided. Disclosure will happen before we undertake business, and we will tell the client the following:

- The general nature or sources of conflicts or both; and
- The steps taken to mitigate those risks

The disclosure will:

- Be in writing, and clearly state that the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- Include specific description of the conflicts that arise in the provision of the services; and
- Explain the risks to the client that arise because of the conflicts; and include sufficient detail, taking into account the nature of the client, to enable them to make an informed decision.

We will agree with the client the best way to protect their interest and may ask for confirmation to proceed on this basis. We will not enter into any transaction with or for a client if we have reason to believe that the client has objected to the conflict.

Declining to Act for a Client

If we feel that a conflict cannot be managed by disclosure, we will give due consideration to declining to act for that client.

Summary of our approach to Mitigating Conflicts

This Policy provides the framework within which we aim to meet clients' expectations and deliver fair outcomes in the context of conflicts. We believe that our arrangements provide an effective way of mitigating as far as possible, any conflicts and avoiding interests being unfairly affected.

The following types of measures are in place to mitigate the firm's conflicts:

- **Personal conflicts and disclosure of outside business interests** – employees must disclose to Compliance any outside positions they hold, or other business/relationships, with or without compensation, to ensure these do not create a conflict in relation to their role. This includes personal relationships with third party service providers. Individuals may be asked to resign from external positions or make other arrangements to ensure they are not conflicted.
- **Information Barriers** – Whitley Asset Management operates with a small team from a single office. It is not practical to consider the use of a “Chinese Wall” and thus any other conflicts of interest which may be identified will be addressed (if they cannot be prevented by any other practical means) by means of appropriate disclosure. However it should be noted that in general, disclosure is seen as the measure of last resort, after all other means of preventing or managing a conflict have been exhausted. If the firm were to believe it could not act for two clients on a particular transaction or pair of transactions because of an insuperable conflict of interest, this would be disclosed to both clients and WAM would offer to step down from one of the parties' transactions if a resolution of the conflict could not be achieved.
- **Supervisory Arrangements** – two departments or businesses which, if run together, could encounter conflicts have a clear division of responsibilities and are monitored by compliance. Reporting lines are designed in a way to avoid conflicts arising.

- **Organisational structure and operation** – where practical, we arrange our business model and services to avoid conflicts; for example, we segregate duties so that no one person has inappropriate influence, and we do not carry out proprietary trading. Identified actual/potential conflicts may require the employee to step back from any related decision making. Where necessary, we may restrict the flow of information to certain employees to protect client interests and to prevent improper access to client information.
- **Employee training** – we provide employees with regular training, to help them recognise conflicts and understand that they are expected to take all reasonable steps to avoid or manage those conflicts and to record and disclose them.
- **Order handling** – to prevent conflicts arising from order handling we have a best execution policy which sets out the criteria by which we manage client orders and details how we try to ensure the best possible results for clients.
- **Personal Account (PA) Dealings** - to prevent conflicts arising from the use of information obtained by clients and market abuse, we have a Personal Account Dealing, Insider Dealing and Market Abuse Policy.
- **Inducements** – inducements include gifts, entertainment, hospitality, benefits, retrocessions, and commissions. We will not pay to or accept from, a third party any inducements in relation to business undertaken for a client that would impair our duty to act in the clients best interest and that does not meet certain strict criteria, or would be in contravention of regulations. Inducements are subject to reporting and recording procedures.
- **Whistleblowing** – our whistleblowing arrangements ensure that employees can confidentially report any wrongdoing by others. We have a comprehensive Whistleblowing Policy.
- **Advice and Provision of Portfolio Management Services** - suitability of advice, portfolio construction and any changes made are monitored to ensure clients are fairly treated and receive the appropriate level of service. We are mindful that whilst advice may pass suitability tests, it does not alleviate any concerns with respect to conflicts. In selecting a platform, we are also aware that platforms can create conflicts. For example, a firm's desire to save on administrative costs should not lead to it recommending clients to use a platform when it is not in their interests.
- **Remuneration and other Incentive Structures** – The general rule is that our remuneration, structure is designed so it does not provide an incentive for an employee to act contrary to a client's best interests.
- **Data Protection** – we do not use client information for any other purpose than to provide clients with our services. Any personal data used in the operation of our Policy is used fairly, responsibly and in accordance with applicable law and regulation. We have a comprehensive Data Protection Policy.
- **Complaints** - complaints are handled fairly and impartially, and in accordance with our Complaints Policy.

- **Disclosure statements** – we will ensure that relevant disclosure statements in letters and, where relevant, contract notes, make it clear to clients the scope of the service provided. We provide a comprehensive service with a transparent pricing structure for our service offerings. Where relevant, processes are in place to enable disclosure to clients of any commission we receive.
- **Private equity opportunities** - from time to time the firm is offered access to private equity investment opportunities which it may in turn offer to its clients. Whitley Asset Management does not itself invest in such opportunities (albeit it retains the option to take private equity transaction fees in the form of equity in the investment: if fees were taken in the form of equity then the firm would sit alongside its clients as investors in the target company and this would form a material conflict of interest which would be disclosed immediately). The risk is that Whitley Asset Management could favour one client over another when considering such opportunities. Whitley Asset Management takes account of Suitability rules when considering which clients it will invite to consider such opportunities.

Roles and responsibilities

It is the responsibility of all employees to recognise and escalate to compliance and/or senior management any actual or potential conflicts they become aware of. Employees must think about whether their activities may give rise to a conflict and report the matter without delay. If an employee is unsure whether there is a conflict, they are encouraged to raise the matter with compliance, to ensure it can be managed swiftly. It is also the responsibility of employees to read the conflicts policy and follow it.

The board/senior management are predominantly responsible for overseeing and controlling the systems, controls, and arrangements in place regarding conflicts management, and for ensuring they are appropriate. The Compliance Officer, in conjunction with the board/senior management, will investigate and assess any conflict situation, and provide advice on how to handle the circumstances. Their deliberations will confirm such matters as whether existing control mechanisms are sufficient to mitigate the risk; if new or additional controls are required or if a disclosure to the client(s) involved is necessary.

Ongoing review and monitoring

Compliance is responsible for monitoring the effectiveness of internal controls and arrangements, as part of on-going monitoring. Compliance provides an annual written report to the board/senior management on the kinds of service or activity carried out by or on behalf of the firm, in which conflicts entailing a 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. This report also confirms the status of the arrangements in place in relation to conflicts.

If a breach is identified, it will be managed in accordance with our Breaches Policy.

We will keep the Conflicts Policy and all associated policies referred to under continual review and carry out a formal review annually. Additionally, our approach to compliance with the various policies will be regularly monitored to ensure that our clients are properly protected.