



# GuardCap Asset Management Limited ("GuardCap")

Conflicts of Interest Policy

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# 1. Introduction

This policy details GuardCap's approach to Conflicts of Interest (COI). All employees are required to attest that they have read and understood this policy on an annual basis.

The principles of this policy align to GuardCap's values and are:

- Always act with honesty and integrity;
- Be open about the relationships and personal interests that could be seen as influencing your independent judgement;
- Always alert your manager to any potential conflict and agree with them how it should be managed;
- Do not seek to make profit (or avoid a loss) for yourself, others or Guardcap by making improper use of information acquired as part of your duties;
- Ensure you do not leave yourself open to (or perceived to be open to) improper influence through the acceptance of gifts and hospitality;
- Exercise caution in managing your finances and do not undertake transactions that, by their nature or purpose would be improper

## 1.1 Regulatory Context

GuardCap is required to establish, implement and maintain an effective COI policy and framework which is relevant to the size and complexity of the firm.

## 1.2 Scope of the Policy

This policy applies to all individuals employed by or working on behalf of GuardCap (hereinafter referred to as employees which, for the purposes of this policy includes contractors).

# 2. Identifying Types of Conflicts of Interest

For the purposes of identifying the types of conflict and potential conflicts that arise which may damage the interests of a client, the Firm must consider whether the Firm or a member of Staff:

- 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 one client or group of clients over the interests of another client;
- Carries on the same business as the client; or
- 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.

Methods used to identify conflicts as and when they arise include:

- Structures in place to support the identification, reporting and recording of potential conflicts;
- Guidance and training on the identification of possible conflicts; and
- Procedures to ensure that potential conflicts are appropriately escalated

## 2.1 Assessment of Conflicts

Each potential conflict that is identified must be assessed to determine whether it poses a material risk to clients. Outside Business Interests should be assessed by Compliance prior to signing off,



while the risk associated with a firm-wide conflict will be assessed at both an inherent and residual level by Compliance.

- All conflicts identified must be managed in line with regulatory requirements, meaning GuardCap can have reasonable confidence that our organisation arrangements are sufficient to ensure damage to clients' interest will not occur.
- A periodic assessment of existing conflicts will be completed as part of a Compliance risk based programme.
- Where necessary, Compliance will provide recommendations on the appropriateness of the arrangements in place to manage or prevent the conflict.

## 3. Provision of Information to Clients

Prior to undertaking business for a client, the Firm provides the client with a summary of this Conflicts of Interest Policy, a copy of which is provided at Appendix A. The Firm provides the summary in pdf format by email.

## 4. Managing Conflicts

### 4.1 Governance

The Firm has robust governance arrangements and senior management oversight of the business. Key business decisions are taken by the Governing Body which understands the Firm's obligations to manage and mitigate conflicts of interest. The Firm's senior management are responsible for ensuring that the Firm's systems and controls and procedures are robust and adequate to identify and manage any conflicts of interest that may arise.

Discussion of conflicts within the business is a standing agenda item at Firm board meetings and senior management regularly discuss and review the processes in place for prevention and management of identified conflicts.

It is the on-going responsibility of all Staff to identify potential and actual conflicts of interest as they arise in the Firm's business and to notify the Compliance Officer immediately. The Compliance Officer is responsible for implementing appropriate procedures to manage and monitor those conflicts and reports directly to the Governing Body on a regular basis. Management information relevant to identifying conflicts is reviewed by the Compliance Officer (including risk reports, monitoring of account and position statements produced by the Firm's third-party administrators for client assets and other risk scenarios).

### 4.2 Management Reporting

The Governing Body of the Firm receives, at least annually, written reports on all identified conflicts. The Compliance Officer is responsible for ensuring that the Governing Body receives such reports.

### 4.3 Segregation of Functions and Independence

The Firm has a clear organisational structure with well-defined, transparent and consistent lines of responsibility.

The Firm has structured its senior management to appropriately segregate duties to avoid conflicts of interest wherever possible.

The Firm also engages external compliance consultants to advice on the Firm's compliance programme, to undertake independent reviews of the Firm's regulatory obligations, including its management of conflicts of interest and its on-going monitoring requirements.



#### **4.4 Information Barriers**

The Firm has effective procedures to prevent or control the exchange of information between Staff engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.

#### **4.5 Remuneration**

The Firm has a documented Remuneration Policy detailing the Firm's approach to remuneration and compensation arrangements.

The Firm's interests and the Staff's interests are aligned with those of the Firm's clients. Pay and bonuses are linked to numerous factors and the Remuneration Policy ensures that incentives are consistent with the provision of fairness and do not create conflicts.

#### **4.6 Personal Conflicts of Staff**

All Staff are required to disclose in writing any conflicts of interest upon commencement of employment with the Firm and on a periodic basis. Staff shall disclose any potential or actual conflicts of interest directly to the Compliance Officer.

#### **4.7 Disclosure to Clients**

If the Firm's arrangements to manage a potential conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of a client will be prevented, the Firm will clearly disclose the following to the client before undertaking business for the client:

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

The Firm treats disclosure of conflicts as a measure of last resort to be used only where the effective organisational and administrative arrangements established by the Firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of clients will be prevented.

Disclosures are made as follows:

- in a durable medium;
- clearly stating 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 interest of the client will be prevented;
- including a specific description of the conflicts of interest that arise in the provision of investment services or ancillary services;
- explaining the risks to the client that arise because of the conflicts of interest; and
- with inclusion of sufficient detail, considering 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 has arisen.

#### **4.8 Declining to Act**

The Firm may decline to act for a client in cases where the Governing Body believes the conflict of interest cannot be managed in any other way.

#### **4.9 Policies & Procedures**

In addition to this Policy, the Firm has comprehensive policies and procedures which are designed to establish consistent controls to manage and mitigate conflicts. These policies cover areas such as Insider Dealing and Market Abuse, Outside Business Activities, Gifts, Inducements and Business Entertainment, Research, Product Governance, Fraudulent Practices and Money Laundering and Whistleblowing.



## 5. Role of Compliance

Compliance will implement and maintain a framework in place to identify, escalate and record COIs.

COIs raised to Compliance will be assessed for the material risk they pose to clients. All potential firm-wide COIs along with controls in place to manage these, will be recorded on the COI register by Compliance.

Compliance will consider conflicts on the COI register as part of its risk based monitoring and advisory work.

When carrying out monitoring, the effectiveness of the controls in place to manage a COI should be reviewed and assessed against regulatory requirements. Any areas for enhancement will be reported to the Risk Owner.

### 5.1 Breaches

All employees are required to read, understand and comply with all aspects of the Policy and follow any related procedures.

There may be circumstances when compliance may not be possible and as a result, a request for an exemption or deviation may be appropriate. If the requirements of this policy cannot be met, Compliance must be notified immediately who will investigate before determining the appropriate next steps.

A breach of the internal policy may result in disciplinary actions and notifications to the regulator, as well as impacting your remuneration in line with the normal process or Remuneration Policy.

## 6. Staff Training

Upon joining the Firm, Staff receive guidance and training in respect of this Policy to ensure they are aware of the importance of the Policy and the need to report any potential or actual conflict of interest immediately to the Compliance Officer. Thereafter, training will be provided to all employees in accordance with the agreed training schedule.

## 7. Updating and Review of this Policy and Conflicts Register

This Policy and the Firm's Conflicts Register will be updated at least annually and whenever new services or products are provided by the Firm, new conflicts are identified either by Staff or as part of the Firm's compliance monitoring programme, or new procedures to manage conflicts are put in place.



**Appendix A – Conflicts of Interest Register**

<b>Potential &amp; Actual Conflicts</b>	<b>Mitigating Controls / Applicability</b>	<b>Managed, Prevented or Disclosed?</b>
<p><b><u>Valuation</u></b> – Where the Firm may exercise a significant amount of influence over valuations of hard to value securities in its favour, which may increase fees and/or assets under management.</p> <p>The ability of the Firm to influence the reported valuation of a fund that it manages could be to the detriment of investors entering or exiting the fund.</p>	<ul style="list-style-type: none"> <li>• The Firm has Principles to ensure the fair valuation of assets and the avoidance of any conflicts throughout the valuation process</li> <li>• An independent administrator is engaged on behalf of the Fund(s)</li> <li>• The Firm currently trades in liquid securities with readily available market pricing; therefore the risk of incorrect valuation is minimal</li> </ul>	Managed
<p><b><u>Fair Aggregation and Allocation of Orders</u></b> – A potential conflict exists if the Firm gives priority in trade aggregation and/or allocation to one client over other clients.</p>	<ul style="list-style-type: none"> <li>• The Firm has procedures and controls documented in its Aggregation and Allocation Policy to ensure each client receives fair aggregation and allocation. A copy of this policy is made available to clients. Such controls and procedures are designed to avoid any conflict of interest arising throughout the aggregation and allocation process.</li> </ul>	Managed
<p><b><u>Proprietary Trading</u></b> – Where the Firm trades on its own account potentially to the detriment of a client.</p>	<ul style="list-style-type: none"> <li>• The Firm does not undertake proprietary trading</li> </ul>	Prevented
<p><b><u>Different Strategies and Mandates</u></b> – Where different objectives and mandates might lead to a conflict between the Firm and its clients.</p> <p>For example, a potential conflict arises when portfolio managers are simultaneously long and short in the same security in different portfolios due to different strategies, objectives or time horizons.</p>	<ul style="list-style-type: none"> <li>• The Firm’s portfolio management team does not manage conflicting strategies</li> </ul>	Prevented
<p><b><u>Trade Execution</u></b> – Conflicts may arise with the Firm’s duty of best execution when the Firm executes with brokers who do not provide the best result or execution quality.</p>	<ul style="list-style-type: none"> <li>• The Firm has procedures and controls documented in its Order Execution Policy which sets out how the Firm ensures best execution is achieved for each trade. Such procedures are designed to ensure that no conflict arises in any part of the decision-making process</li> </ul>	Managed

Potential & Actual Conflicts	Mitigating Controls / Applicability	Managed, Prevented or Disclosed?
	<p>relating to order execution e.g. which venue or broker to execute through.</p> <ul style="list-style-type: none"> <li>The Firm does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue which would cause a conflict with the best interests of its clients.</li> <li>The Firm undertakes ongoing monitoring of execution</li> </ul>	
<p><b>Use of Research</b> – conflicts may arise where the Firm also receives research from brokers. Conflicts may also arise in the allocating of research spend between clients or where a mixed funding approach is used.</p>	<ul style="list-style-type: none"> <li>The Firm pays for all research received from brokers directly out of its own funds</li> </ul>	Managed
<p><b>Delegation</b> – Where the Firm delegates key functions to third parties that have other clients and/or competing obligations.</p>	<ul style="list-style-type: none"> <li>The Firm enters into written agreements with third parties which document the responsibilities of both parties to avoid any conflicts arising</li> <li>Where applicable, third parties are required to disclose conflicts to the Firm</li> </ul>	Managed
<p><b>Side Letters</b> – Where one client receives information that could place other clients who do not receive the information at a material disadvantage or where one client is given preferential terms over another client.</p>	<ul style="list-style-type: none"> <li>Disclosure of the existence of side letters and the ability of the Firm to grant other investors preferential terms is documented in the Fund(s) offering memorandum</li> </ul>	Managed
<p><b>Remuneration</b> – Where portfolio manager remuneration is performance based, there may be an incentive to manage funds in a more speculative and risky manner. Care needs to be exercised to ensure that managers do not seek to improve performance by taking on overly risky positions in the hope of reaching any performance target.</p>	<ul style="list-style-type: none"> <li>The investment strategy focuses on the long term and complies with the investment mandate set out in the offering memorandum and/or investment management agreement.</li> <li>Compliance with the investment restrictions is monitored on a regular basis.</li> <li>The Firm has a documented Remuneration Policy which applies to “Code Staff” and promotes effective risk management and does not</li> </ul>	Managed



Potential & Actual Conflicts	Mitigating Controls / Applicability	Managed, Prevented or Disclosed?
	<p>encourage risk taking which is inconsistent with the risk profile of the Firm's investment mandates.</p> <ul style="list-style-type: none"> <li>The Firm does not remunerate or assess the performance of staff in a way that conflicts with the Firm's duty to act in the best interests of clients.</li> </ul>	
<p><b>Dealing Errors</b> – Where the Firm benefits from a trade error to the detriment of the client.</p>	<ul style="list-style-type: none"> <li>All dealing errors are resolved fairly and in the best interest of the client.</li> <li>The Firm has a Dealing Errors Policy in place which documents the procedures to be followed should a dealing error occur and ensures any conflicts are avoided, particularly in relation to the fair treatment of clients.</li> <li>All dealing errors are documented on the dealing errors log, subsequently investigated and procedures adapted to ensure the same error cannot recur.</li> </ul>	Managed
<p><b>Complaints</b> – Staff may suppress and not report all complaints</p>	<ul style="list-style-type: none"> <li>GuardCap has a complaint handling Policy and procedures in place to ensure complaints are escalated accordingly. Training is provided to all relevant staff in relation to our procedures.</li> </ul>	Managed
<p><b>Cross Trading</b> – Where crossing is not in the best interests of both clients.</p>	<ul style="list-style-type: none"> <li>Any cross trading is only permitted if it is in the best interests of all clients to the trade</li> <li>Trades are executed at market price via brokers</li> <li>The Firm has procedures and controls documented in its Order Execution Policy</li> </ul>	Managed
<p><b>Market Abuse</b> – Employees may have access to price sensitive information so may be able to deal at an advantage to the market</p>	<ul style="list-style-type: none"> <li>GuardCap has policies and procedures in place to manage the risk of market abuse. Employees are provided training and are required to follow procedures to reinforce their obligations in this area. In addition, specific controls and monitoring are in place to manage the risk.</li> </ul>	Prevented

Potential & Actual Conflicts	Mitigating Controls / Applicability	Managed, Prevented or Disclosed?
	<ul style="list-style-type: none"> <li>GuardCap has a specific Market Abuse policy and framework which detail the measure take to prevent market abuse because of employees obtaining inside information.</li> </ul>	
<p><b>Proxy Voting</b> – Where the Firm is not voting proxies in the best interests of its clients.</p>	<ul style="list-style-type: none"> <li>The Firm has procedures and controls in place to ensure that all voting is completed in the best interests of clients. Such controls are documented in the Firm’s Proxy Voting Policy.</li> </ul>	Managed
<p><b>Personal Account Dealing</b> – Where staff undertake personal securities transactions while potentially in receipt of material non-public information or front run client accounts.</p>	<ul style="list-style-type: none"> <li>The Firm has procedures and controls documented in its Personal Account Dealing Policy which are designed to prevent any conflicts of interest arising from staff’s personal account dealing.</li> <li>Pre-approval of trade requests is required for personal account dealing</li> <li>The Firm requires that all personal account dealing is notified to the Compliance Officer</li> <li>The Firm maintains a Restricted List</li> <li>Strict prohibition and documented procedures and controls on use of inside information</li> <li>The Firm undertakes on-going trade monitoring including a comparison of personal account trades with firm trades (to detect and prevent front running)</li> </ul>	Managed
<p><b>Gifts, Inducements and Entertainment</b> – Where any gift, inducement or other entertainment is given to or received from brokers/service providers to influence the business relationship between the Firm and its service providers.</p>	<ul style="list-style-type: none"> <li>The Firm has documented procedures and controls in its Gift, Inducement &amp; Entertainment Policy and Register which are designed to avoid all conflicts of interests arising from the giving and receiving of any inducements, including gifts and entertainment.</li> <li>The Firm has documented procedures and controls in its Bribery Policy which are designed to ensure that the Firm is not conflicted in its dealings with external parties</li> <li>Staff expenses are monitored and reviewed against the Gift, Inducement and Entertainment Register</li> </ul>	Disclosed

Potential & Actual Conflicts	Mitigating Controls / Applicability	Managed, Prevented or Disclosed?
<p><b>Outside Business Activities &amp; Directorships</b> – Where staff undertake outside business activities which may conflict with the interests of the accounts and funds managed by the Firm.</p>	<ul style="list-style-type: none"> <li>• Staff are required to disclose and obtain pre-approval of all business activities. This includes positions related to investment or of a financial nature, especially if such activities are appointments as a director, officer, outside employment and/or offer compensation.</li> </ul>	Managed
<p><b>Different Fee Structures</b> – Conflicts may arise from differing funds and clients with differing fee structures. Due to the different fees, there is a potential conflict as portfolio managers might favour those clients that generate higher fees.</p>	<ul style="list-style-type: none"> <li>• The Firm has processes and controls in place for dealing with clients with different funds and fee structures. Such controls are documented in the Firm’s Aggregation and Allocation Policy.</li> </ul>	Managed
<p><b>Cross Fund Investing</b> – Where the Firm invests assets in one fund or segregated account that it manages into another fund that it manages (for example to give limited exposure to a different strategy) there may be a conflict of interest if management fees are charged on the cross-fund investment holding.</p>	<ul style="list-style-type: none"> <li>• The Firm does not undertake cross fund investing</li> </ul>	Prevented
<p><b>Product Governance</b> – the way in which the Firm manufactures financial instruments may conflict with exposures held by clients.</p>	<ul style="list-style-type: none"> <li>• The Firm has documented its product governance arrangements in its Product Governance Policy. This Policy includes arrangements to ensure that conflicts of interest are properly managed, governance processes to ensure effective control over the manufacturing process, the assessment of products’ potential target market, the assessment of the risks of poor investor outcomes posed, due consideration of products’ charging structure, the provision of adequate information to distributors and the regular review of products.</li> <li>• The Firm does not manufacture financial instruments</li> </ul>	Managed
<p><b>Nepotism</b> – There is a risk of recruitment of relatives / individuals due to their close links to GuardCap (rather than candidates with no links) who may not be the best candidate for the role, to the detriments of clients.</p>	<ul style="list-style-type: none"> <li>• GuardCap has a recruitment process in place which requires us to be fair and measured.</li> <li>• GuardCap’s T&amp;C scheme requires all individuals to be signed off as competent prior to carrying out regulated activities.</li> </ul>	Prevented