

# Veritas Investment Management LLP

## Conflicts of Interest Policy

### Regulatory Requirement

“A firm must manage conflicts of interest fairly, both between itself and its clients and between its respective clients”

FCA Principle 8 and SYSC 10 place an obligation on all regulated firms to manage conflicts of interest fairly. The FCA Rules further require that firms seek to identify any conflicts and potential conflicts faced from time to time and to have in place a policy and procedures to mitigate and manage these conflicts. The FCA Rules do not envisage disclosure of actual and potential conflicts as adequate means of conflict management or of meeting the obligations under Principle 8.

### General Requirements

SYSC 10 requires Veritas Investment Management (VIM) take all appropriate steps to identify and prevent or manage conflicts of interest between:

1. The firm - including its managers, employees (relevant persons) or any person directly or indirectly linked to them by control - and a client of the firm; or
2. One client of the firm and another client

that arises or may arise in the course of VIM providing its services, including those conflicts caused by the receipt of inducements from third parties or by the firm’s own remuneration structure.

### Conflicts of Interest Policy

#### What is a conflict?

A conflict of interest is a situation in which a firm (or employee) finds itself in a position where its own interests conflict with the duty owed to its clients or a situation in which duty to one client conflicts with duty to another.

The mismanagement of conflicts can present serious risk to a firm, its employees, clients, counterparts and other market participants, and for this reason the avoidance or proper management of conflicts is central to the fair and effective operation of financial markets.

The content of this Conflicts of Interest Policy has been designed to assist VIM in the effective identification, prevention and management of conflicts of interest and aims:

- to identify the specific services and activities carried out by (or on behalf of) VIM, and circumstances which can adversely affect the interest of one or more clients.
- to specify procedures to be followed and measures to be adopted in order to prevent and manage such conflicts; and
- to communicate this information to all those who are part of VIM.

It is our policy to meet the highest standards of ethical and market practice in respect of the management of conflicts of interest and to act at all times in the best interests of our clients. In that regard, we have the following practices and procedures in place.

## Identification of Conflicts

SYSC provisions require firms to take all reasonable steps to identify conflicts of interest between:

- VIM (extending to all relevant persons, which include employees, their family and business associates), and a client of VIM; or
- One client of VIM and another client.

For the purposes of identifying and preventing the types of conflict and potential conflicts that can adversely affect the interest of a client, we must take into account 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 transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome
- has an 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, 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 monetary or non- monetary benefits or services.

## VIM Identification and management of conflicts

All VIM employees have a responsibility to consider any potential or actual conflicts of interest during the course of day-to-day business activities or ad-hoc project work and disclose such conflicts to the Compliance Team. The Compliance Team will consider whether it can manage the conflict with appropriate mitigating controls. If the conflict is assessed to be unmanageable, the employee may be asked to remove himself from the conflict position.

The conflicts disclosed to Compliance are recorded in the Conflict of Interest Register. The Register is reviewed periodically by the Compliance Team and at least quarterly by The Executive Management Committee ("EMC")

## Types of conflicts

Circumstances in which conflicts of interest could arise, and are applicable to VIM's day-to-day business, include:

- Misuse of information; e.g. Research sharing outside of the Investment Team, and Market sounding which includes price-sensitive information about a security/company.
- Order execution; e.g. Lack of oversight/monitoring over the dealing efficiency of client orders (making sure that client orders are promptly and accurately recorded, allocated and executed.)
- Illiquid pricing and valuation;
- Personal account dealing; e.g. Employee front-running a client, or a Connected Person being an insider.
- Gifts and hospitality; e.g. Employees receiving or offering gifts and hospitality of an extravagant/excessive nature which does not enhance the quality of service to VIM's clients
- Trade allocations; e.g. Unfair allocation of trades/transactions between clients.
- Employees' external directorships and personal interests, e.g. Employees becoming "insiders" due to their position with other firms.

## Conflict Management

The FCA approach to conflicts of interest has moved from a line of management to prevention.

Therefore, VIM seeks to organise its business activities, including external arrangements, such as to avoid conflicts. However, where conflicts are unavoidable, we ensure that appropriate policies, procedures and controls are developed ahead of the arrangement giving rise to the conflict. Such procedures will be designed to ensure that the management of the conflict takes place in such a way that the firm or its employees are not advantaged and that no client is disadvantaged.

**Conflict Monitoring**

We have a number of controls to detect conflict situations as they arise. In addition, our compliance monitoring programme incorporates a number of specific tests aimed at reviewing our performance in the management of conflicts.

**Education and Awareness**

All employees receive periodic training in respect of conflicts of interest and the specific and potential conflicts to which we are subject.

An annual declaration is submitted by all employees regarding the disclosure of conflicts of interest.