

# Thomas Miller Investment Conflicts of Interest Policy ('the Policy')

## Introduction

This document sets out the Policy of Thomas Miller Investment Ltd and Thomas Miller Investment (Isle of Man) Limited (collectively "TMI") on conflicts of interest.

This Policy applies to all staff and directors of TMI including non-executive directors.

Integrity is one of TMI's core values and confidence in the integrity of TMI and its staff is central to the relationship of trust between the firm and its clients. To maintain this integrity, TMI must consistently act in its **clients' best interests** and **treat them fairly**.

TMI acts as agent for its clients, making investment decisions and arranging investment transactions on their behalf. Acting as an agent for clients may create conflicts:

- between the interests of TMI, its staff, or certain persons directly or indirectly linked to TMI and the interests of one or more clients; and
- between the differing interests of two or more of TMI's clients.

To ensure that conflicts of interest are managed fairly, TMI is required to:

- **identify** conflicts of interest;
- keep and regularly update a **record** of conflicts of interest;
- maintain and operate **organisation arrangements** in order to prevent conflicts of interest;
- clearly **disclose** to its clients the general nature and/or source of conflicts of interest before undertaking business for a client; and
- implement and maintain an effective Conflicts of Interest **Policy**.

The Policy is usually reviewed annually and may be amended at any time to reflect material changes.

## Identifying Conflicts

All TMI staff must consider any conflicts of interest that arise, or that may arise in the course of providing services to clients, including by the receipt of monetary or non-monetary inducements from third parties or by the firm's own remuneration and other incentive structures. When considering whether a conflict of interest arises, or may arise, TMI staff must take into account whether the firm, its staff, or any company directly or indirectly associated with TMI:

- carries on the **same business** as a client;
- are likely to make a **financial gain**, or avoid a financial loss, at the expense of a client;
- **have an interest** in the outcome of the service provided to a client or of a transaction carried out on behalf of a client which is distinct from the client's interest in that outcome;
- **have a financial or other incentive** to favour the interests of one client over the interests of another client or group of clients;
- have a relationship with a client that has **interests in a transaction** that may conflict with the interests of another client;
- receives or will receive from a person other than a 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.

Staff should take care to consider conflicts of interest when:

- taking on new clients;
- developing new products and services; or
- enhancing existing products and services.

## Reporting Conflicts

### IMPORTANT

**All TMI staff must report any conflicts of interest that they identify by e-mail to the TMI Compliance and Risk Team.**

The TMI Compliance and Risk Team maintains a register of all reported conflicts and where appropriate will amend this Policy to ensure that conflicts that constitute or give rise to any risk of damage to the interests of clients are disclosed (see the 'Risks' section below).

## Managing Conflicts

TMI will maintain and operate effective organisational and administrative arrangements with a view to taking all appropriate steps to identify and to prevent or manage conflicts of interest from adversely affecting the interests of its clients. Managing conflicts of interest effectively also helps: protect TMI's revenue; prevents reputational damage; and avoid legal or regulatory sanction.

Systems and controls which may be used to mitigate potential conflicts of interest include:

### ***Corporate policies and procedures***

TMI maintains corporate policies which prohibit staff from putting their own interests or those of TMI above the interests of TMI's clients. For example: a Personal Account Dealing Policy to ensure TMI staff's personal investment interests do not take precedence over the interests of TMI's clients; a Gifts, Hospitality and Benefits Policy which prohibits staff from accepting gifts, hospitality or other non-monetary benefits which may impair their ability to act in the best interests of TMI's clients.

In addition TMI has a Conduct Risk Policy which defines how TMI conducts itself in order to prevent poor client outcomes or undermine trust and confidence in the market.

### ***Information barriers***

Information barriers, often referred to as 'Chinese Walls', are used to prevent or restrict the flow of information between different parts of TMI or between TMI and its Associates where such an exchange of information may harm the interests of one or more clients. Chinese Walls may be established by segregating data and computer systems as well as the physical separation of staff performing potentially conflicting functions.

### ***Segregation of duties***

Where it is possible and appropriate, TMI segregates the duties of individuals or parts of the business whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict.

Where a member of staff's role may give rise to a conflict between their personal interests and the interests of TMI's clients, that member of staff's activities will usually be checked or authorised by another member of staff.

### ***Independent oversight***

The TMI Boards are responsible for ensuring that this Policy remains appropriate given the size and organisation of TMI and the nature, scale and complexity of TMI's activities. Line management are responsible for overseeing adherence to this Policy and the effective identification, reporting and management of conflicts of interest within the teams that they oversee. TMI's Compliance and Risk Team provides support and monitors the business's adherence to this Policy.

### ***Disclosure***

If TMI's arrangements **are not sufficient** to ensure, with reasonable confidence, that the risk of damage to a client's interests will be prevented, the conflict must be disclosed to the client in writing before undertaking business. The disclosure will include:

- the general nature and / or sources of the conflict; and
- the steps taken to mitigate any risk,

and other relevant information to enable the client to take an informed decision about the service to the standards required in the FCA Handbook (SYSC 10.1.8R) and FSA Rule Book (Part 8).

This is a measure of last resort only to be used when TMI's organisational and administrative arrangements are not sufficient to ensure that risks of damage to the interests of the client will be prevented.

### ***Declining to provide the service***

Depending on the circumstances, if it is not possible for TMI to avoid or manage a conflict of interest to ensure with reasonable confidence that the risk of damage to the client's interests will not be prevented, it may not be appropriate for TMI to undertake business for the client and for TMI to decline to provide the service.

## **Risks**

Despite the steps TMI takes to manage conflicts of interest, it is not always possible to mitigate the risk of damage to the interests of one or more clients. To enable clients to make an informed decision about whether to use TMI's services, the general nature of such conflicts of interest and the steps TMI takes to mitigate the risks to clients are described below.

1. TMI may hold or deal on behalf of clients, or otherwise advise clients in respect of a transaction in units or shares of funds, or of any company of which **TMI is the manager, operator, investment adviser or distributor**.

TMI staff must act in a client's best interests and with integrity by only recommending an investment to a client if it is suitable.

2. **Remuneration for employees** may be partly based on their performance against revenue or sales targets. Incentives to meet such sales or revenue targets may create a conflict between the obligation to act in the best interests of clients and the interests of those members of staff.

TMI's performance related pay schemes are discretionary and consider qualitative factors. TMI's staff remuneration is regularly reviewed to ensure it complies with the applicable regulatory requirements in the FCA's Remuneration Code or FSA Rulebook R8.7. All TMI staff are subject to the TMI Remuneration Policy.

3. In the course of its business, TMI and its staff may **obtain non-public price sensitive information** that might have a significant effect on the value of a security or other investment were it made public.

Those staff with access to non-public price sensitive information regarding any security are required to keep this information confidential. **Chinese Walls** can be put in place to limit the

availability of potentially price sensitive information. Anyone inside the Chinese Wall is not permitted to advise or take discretionary investment decisions on behalf of clients in relation to the security about which they have confidential information.

The existence of Chinese Walls will mean that information held by one part of TMI may not be known and therefore cannot be acted upon by other parts of the business. Potentially this could result in staff outside the Chinese Wall taking action (believed at the time to be in the client's best interests), which would not have been taken had they been privy to the restricted information. Equally, in the event that non-public price sensitive information concerning a financial instrument or its issuer becomes known throughout TMI, or where there is a significant risk that it may have become known throughout the firm, TMI may be unable to make recommendations regarding that financial instrument or its issuer, even where it might otherwise have done so. It is rare for such events to occur and so the risk of detriment to clients is considered small, but cannot be discounted.

4. The outside business interests of a director or staff member of TMI may conflict with those of TMI or its clients.

Outside business interests of any kind are not permitted unless:

- notified to and reviewed by Compliance and Risk;
- approved by the Head of Compliance and Risk and the Chief Executive Officer, or Chair; and if applicable
- approved in accordance with the Thomas Miller Group Extra Mural Activity Policy.

Please refer to the TMI Outside Business Interests Policy for further information. This can be found on EQMS.

5. TMI may **aggregate transactions** for one client with similar transactions for other clients. In some cases, it may not then be possible to fulfil all the aggregated order at once, giving rise to a conflict between clients. If the entire aggregated transaction cannot be fulfilled, or it is necessary to fulfil the aggregated transaction by undertaking a series of smaller transactions at different prices. TMI will ensure that such transactions are allocated on a fair and reasonable basis and in accordance with the firm's written Order Allocation Policy. Nevertheless, each individual aggregated transaction may act to the advantage or disadvantage of a client.
6. TMI's staff may from time to time be offered **gifts, hospitality or benefits**. In such circumstances, a conflict may arise between the interests of TMI or its staff to favour those product and service providers offering gifts, hospitality or benefits and the obligation to act in the best interests of TMI's clients.

Staff must not accept non-monetary benefits from any third party unless they are acceptable minor non-monetary benefits. Staff must not accept gifts hospitality or other monetary benefits which could be viewed as excessive and any with a value of £50 or more must be approved by the TMI Compliance and Risk Team.

The frequency and nature of any gifts, hospitality or other benefits given or received (together with the names of those individuals entertained) is monitored periodically by the TMI Compliance and Risk Team to ensure adherence with the TMI Gifts, Hospitality and Benefits Policy.

Staff are also subject to the Thomas Miller Group Bribery Policy which confirms that there is zero-tolerance in relation to any form of Bribery and Corruption.

7. Staff may negotiate special terms for their own personal securities or other investment transactions (**'personal transactions'**) with a product or service provider on the understanding that they will direct clients' business to that product or service provider in the future. Such arrangements may conflict with the requirement to act in the client's best interest.

Staff are prohibited from dealing through an intermediary who offers them preferential terms, charges or price, by virtue of their employment by TMI, unless those preferential terms are available to TMI in the provision of services to clients (where appropriate).

### **Regulatory Reference**

This Policy is designed to fulfil TMI's obligations under the Financial Conduct Authority's (FCA) Senior Management Arrangements Systems and Controls Sourcebook and the Financial Services Authority's (FSA) Rule Book, as amended.

### **Further Information**

A copy of the Policy can be found on TMI's website, [www.tminvestment.com](http://www.tminvestment.com).

Questions or requests for further information relating to the Policy should be addressed to the TMI Compliance and Risk Team.

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