



Waverton Investment Management Conflicts of Interest Policy

Scope and Purpose

This Policy applies to all of Waverton Investment Management Limited's ("**Waverton**") activities and to all staff whether permanent, temporary agency staff, contractors, agents, volunteers or consultants.

This Policy establishes the standards designed to prevent violations of applicable conflicts of interest regulations.

Policy Statement

The Financial Conduct Authority ("**FCA**") rules require firms to take all appropriate steps to identify conflicts of interest between themselves and their clients and between one client and another and to prevent conflicts of interest from adversely affecting the interests of their clients. FCA Principle for Business 8 states that 'The firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client'.

Waverton is an FCA-regulated entity, and must therefore adhere to the FCA's Rules and Principles for Business.

A conflict of interest may occur where Waverton or one of its staff members has an interest (personal or professional) that conflicts with the interests of any of Waverton's clients, as explained in further detail below.

Waverton has established, implemented and maintains a Conflicts of Interest Policy (this Policy) and keeps a record of any circumstances in which a conflict of interest may arise or has arisen as a result of the firm's activities. Identified conflicts are documented within the Conflicts of Interest Register maintained by Compliance.

Waverton undertakes to identify, manage and monitor any conflicts or potential conflicts that may arise. When making investment decisions for clients, Waverton staff members must act in clients' best interests and put clients' interests ahead of their own.

Whilst Waverton does disclose the primary conflicts of interest the firm is exposed to within this Policy, the focus is on mitigation and oversight rather than reliance on disclosure.

Arising Conflicts

Conflicts may arise between the firm and its clients, between the firm and other members of the Waverton group, between an employee and the firm, and between clients of the firm.

Examples of Conflicts:

Examples of conflicts are shown below. This list is not exhaustive. In the event that new or ad-hoc conflicts of interest arise which have not been anticipated by this Policy, Waverton will employ methods outlined in this Policy to manage such conflicts.

1. A potential conflict of interest may arise where Waverton, a staff member or a person who is directly or indirectly linked by control to Waverton:
 - is likely to make a financial gain or avoid a financial loss at the expense of a client or fund that Waverton manages;
 - has an interest in the outcome of a service provided to the firm, fund or another client or of a transaction carried out;
 - is able to exert influence over the pricing of a fund or the Alternative Investment Manager associated with any fund where the investment management has been delegated to Waverton;
 - has a financial or other incentive to favour the interest of one client over another or of the firm over a client or fund that Waverton manages;
 - receives or will receive an inducement in relation to services provided in the form of money, goods or services other than the standard commission or fees for that service;
 - where a supervisor also has individual responsibility for revenue-producing activity in addition to supervisory control;
 - receives inside information on a security that could be used for personal benefit and/or to the detriment of clients;
 - provides services on an outsourced basis to other entities; or
 - carries on the same business as a client.

2. Subject to compliance with Waverton's Personal Account Dealing Policy, Waverton's employees may from time to time hold shares or securities including holdings that may be in the portfolio managed by Waverton. In addition, Waverton's employees may from time to time be directors of companies whose shares are held in the portfolio.

Waverton's internal Conflicts of Interest Register maintained by Compliance records all identified conflicts to Waverton and clients of Waverton.

Controls

Waverton has identified areas of potential conflicts of interest and the below listed measures are used to ensure an appropriate level of independence for those persons engaged in business activities in those areas.

Third Party Research

Where Waverton deems it necessary to procure third party research, the cost will met from our own resources and not client dealing commissions.

Waverton follows the FCA approach regarding paying for corporate access across all brokers, irrespective of whether regulators covering other markets adopt a more liberal approach.

Management of client accounts

Where a portfolio manager manages accounts on different fee levels, they are expected to follow the same standards of diligence, oversight and adherence to client best interests rather than favour accounts that provide a higher income.

Any cross trades between different clients are required to be accompanied by an explanation and must not be used to disguise errors.

In the event of an expression of dissatisfaction from a client, an individual independent of the issue complained about is required to assess the grievance and take an active part in determining an appropriate response. The firm's Complaint Handling Policy provides detailed guidance on the investigation process, as well as how any losses incurred should be calculated and refunded.

Gifts and hospitality, both given and received

All gifts and hospitality given and received must be reported to Compliance who will log the information.

Genuine business hospitality which is reasonable and proportionate and not excessive in terms of cost or frequency will not be a breach of this Policy. What is reasonable and proportionate will vary and there must be a valid business purpose demonstrated.

Cash and cash equivalent gifts are prohibited.

Staff should seek to prevent the giving or receipt of gifts or paying of expenses if it might influence or be perceived to influence a business decision.

Staff should refer to the Bribery Act Policy, Gifts and Hospitality Policy and Compliance Manual for further details.

Equal access to investment opportunities

Research ideas are shared in weekly stock meetings.

It is Waverton's policy that all trades, including IPOs are pre-allocated to individual portfolios to prevent a potential conflict of interest. On the rare occasion that an order cannot be filled, reallocation will be made in accordance with our internal procedures designed to ensure the fair treatment of all of our clients. Portfolio and fund managers are individually accountable for every trade and must provide a written explanation of any reallocation of stock.

This process is monitored by our Compliance team in line with our Best Execution Policy who review all IPO trades, and the reasons behind any re-allocations.

Performance Fees

Performance fees are paid on some Waverton funds when the performance of the fund exceeds stated parameters as documented and explained in the prospectus of the relevant fund. Conflicts are controlled through obtaining verification on performance fee calculations by the Depositary and auditors of the relevant fund, both independent parties to Waverton.

Personal Account Dealing

Please refer to the Personal Account Dealing Policy. The policy applies to all staff and includes both Waverton held accounts as well as external accounts.

The Personal Account Dealing Policy prohibits staff undertaking transactions on their own account in advance of client trades, sets a minimum holding period, and requires pre-approval of transactions.

Allocating the cost of errors between Waverton and clients

In most cases, in the event of an error the client retains any profit made in accordance with our internal procedures

Where the profit from an error cannot be allocated to the client, Senior Management will make a decision as to where the funds are directed. This may include payment to a registered charity.

Waverton staff remuneration

Bonuses and all remuneration to staff are scrutinized by the Remuneration Committee. The remuneration framework is intended to align remuneration with the long term performance of the company and investment portfolios managed as documented within the Waverton Remuneration Policy available on the Waverton website.

External Interests

Waverton retains a register of all external directorships and other associations held by staff. This information is requested on joining the firm, and annually thereafter. However, staff are required to make such disclosure when an external interest arises, or seek prior approval before accepting an external interest appointment.

Where this may represent a conflict of interest, there is additional oversight of that individual's investment activity through Compliance monitoring. If staff hold a directorship in companies held by Waverton accounts, they must comply with the firm's Chinese Walls requirements.

External interests which need to be disclosed include:

- being employed or compensated by another entity
- engaging in any other business, include part time, evening or weekend employment

- serving as an officer, director or partner in any other entity
- ownership interest in any non-publicly traded company
- public speaking or writing activities.

Disclosure of external interests must include:

- the name of the outside organization
- description of the business of the outside organization
- compensation, if any, to be received
- a description of the activities to be performed
- amount of time per month that will be spent on the outside activity.

Services provided by Waverton

Waverton may provide services to other entities on an outsourced basis including back office and dealing functions. There could be a conflict between direct clients of Waverton and clients where we provide outsourced services, for example where there is an interest in the same stock.

A Chinese Wall is in place between orders from outsource clients of Waverton and the orders generated on behalf of clients of Waverton. A Chinese Wall is an information barrier implemented within the firm to separate and isolate persons who make investment decisions from persons who are privy to undisclosed material information which may influence those decisions. This is controlled through restrictions with regards to system access and the segregation of duties implemented thereafter.

Where there is any other conflict of interest, staff are required to distance themselves from the transaction in question and remain on the non-influential side of the decision making process.

Further, Waverton's order execution procedure ensures a consistent approach to orders raised in terms of best execution and timely execution.

Market Sounding and Insider Information

There may be occasions where it is necessary to be in receipt of inside information on certain securities or Portfolio/Fund Managers could be unwillingly provided with inside information or market sounding.

In addition to the implementation of the Chinese Wall control identified above Waverton utilizes system based restrictions and maintains a "Restricted List" for securities where we are in receipt of inside information or market sounding. There is a hard stop in our portfolio management system to ensure orders cannot be raised in restricted securities without prior approval from the Compliance team who are the main contact point for any insider information or market sounding. Compliance monitoring is also undertaken on market abuse which includes reviewing the receipt of inside information and market sounding against transactions undertaken.

Financial Transactions

Any financial transaction or investment made between Waverton and clients, vendors or other third parties has the potential to represent a conflict of interest. Procedures are therefore in place, such as via Best Execution and Outsourcing policies that outline how such conflicts are identified and mitigated. However, as an overarching requirement, all such transactions should be considered to assess whether a conflict exists or could be seen to exist. Investments made by the firm in such companies will be supported by an objective investment rationale and overseen by the Stock Selection Committee.

Waverton Funds

Waverton act as investment manager for a range of funds. Fund managers are required to disclose details of their personal investment accounts to ensure that information about the fund composition is not used for their own benefit. In addition, there is regular oversight of the extent to which any fund manager invests into the fund they manage.

Where Waverton Funds are held within Waverton discretionary portfolios, the annual management fee is not levied on the value of the Waverton Funds, thereby preventing double charging.

Waverton is not involved in the valuation of these funds.

An independent Waverton committee has oversight of the asset allocation and exposure of the funds to mitigate against the risk of a fund manager taking inappropriate risks in order to boost returns and any associated value based fees.

Management Information on the level of in-house funds within private client portfolios is provided to the Portfolio Review Committee to ensure there is appropriate oversight of the level of in-house investment. An internal guidance document is in place detailing the approach towards the use of in-house funds. The level of in-house fund usage is also taken into account during Compliance Conflicts of Interest monitoring reviews.

As the Waverton funds and portfolios invest into institutional share classes in the majority of cases, no rebates or trail commission is received. Where Waverton invests in other share classes which could give rise to rebates and trail commission, it is Waverton's policy to not accept the receipt of any rebate or commission in respect of those investments.

Group conflicts

Waverton's parent company is the Somers Group who are owned by Utilico and also own a significant part of Stockdale Securities. Waverton must take account of the group structure when identifying, assessing and managing conflicts of interest. Possible conflicts of interest may arise where:

- A group company has a material interest in a certain stock;
- One entity is an associate of a company listed on the Takeover Panel Disclosure Table;
- Different entities within the group are in competition for the same stock;
- Waverton uses Stockdale as broker as there would be a commercial benefit for Stockdale of Waverton's trading volume;
- Waverton undertakes outsourced services on behalf of another entity within the group; and

- Waverton invests on behalf of Waverton Funds or clients into any other entity within the group.

However, Waverton operates independently of any other company or entity in the group: there are systems in place to ensure that

- there is no flow of information between Waverton and any other Utilico/Somers firm;
- Waverton operates under independent management and there are appropriate controls on cross-board membership; and
- Waverton deals at arm's length with all other Group entities.

Note that where Waverton undertakes outsourced services on behalf of another entity within the group, this is generally limited to operational and dealing functions. As noted earlier, Waverton implements a Chinese Wall to prevent conflicts of interest arising between Portfolio / Fund Managers at Waverton and the orders received from clients of firms outsourcing to Waverton.

Therefore, the entities within the group shall not be deemed to have knowledge of each other for conflicts of interest purposes. Any trades will be conducted in accordance with Waverton's Best Execution Policy and Stockdale is treated like any other Waverton broker.

Disclosure of Conflicts

Subject to terms agreed between Waverton and the Client, Waverton shall not undertake any transactions on the Client's behalf in which Waverton has directly or indirectly a material interest nor have any relationship with another party which may involve a conflict with Waverton's duty to the Client.

If arrangements made by Waverton under this Conflicts Policy are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Waverton will make such further disclosures as may be necessary.

Such disclosure, if necessary, will be made in a durable medium (e.g. in writing) and shall contain the following information:

- that the organizational and administrative arrangements established by Waverton to prevent or manage the conflict in question are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the client will be prevented;
- a specific description of the conflicts of interest that arise in the provision of investment or ancillary services;
- the risks to the client that arise as a result of the conflicts of interest; and
- sufficient detail to enable the client to make an informed decision with respect to the service in the context of which the conflicts of interest arises.

Disclosure to Clients should only be used as a measure of last resort and, for the avoidance of doubt, over reliance on disclosure of conflicts shall not be used as a way to mitigate against the risks posed by conflicts.

Following disclosure in accordance with this Conflicts Policy, neither Waverton nor any associate shall be liable to account to the Client for any profit, commission, remuneration made or received from or by reason of such transactions or connected transactions.

Waverton shall take reasonable steps to ensure fair treatment for the client in relation to such transactions.

Related Policies

This Policy should be read in conjunction with Waverton's Bribery Policy, Personal Account Dealing Policy and Best Execution Policy.

Impact of Failure to Comply

Failure to comply with this Policy will be considered a breach of an employee's contract of employment. The consequences of non-compliance are set out in an employee's contract of employment and may lead to disciplinary action and/or dismissal.

Reporting and Whistleblowing

Compliance retains a Whistleblowing Policy which applies to all staff at Waverton.

All staff must raise concerns with the contacts disclosed within the Whistleblowing Policy as soon as possible to avoid a potential conflict of interest.

Periodic Review

This policy and its internal procedures will be reviewed periodically for identifying, preventing and managing conflicts of interests and take all appropriate measures to address any deficiencies.