

Conflicts of Interest Policy

Sand Aire Limited (known as “Sandaire”)

1. POLICY STATEMENT

- 1.1 It is Sandaire’s 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.
- 1.2 It is Sandaire’s policy to take all appropriate steps to identify, manage and monitor all actual and potential conflicts of interest that can arise in the provision of its services to clients.

2. ABOUT THIS POLICY

- 2.1 A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
- 2.2 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 customers or, a situation in which its duty to one client conflicts with its duty to another. Such situations can make it difficult to fulfil duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.
- 2.3 Sandaire is required to establish, implement and maintain an effective conflicts of interest policy and procedures to mitigate and manage these conflicts. Disclosure of actual and potential conflicts is not an adequate means of conflict management or of meeting Sandaire’s obligations.
- 2.4 The purpose of this policy is to identify potential conflicts of interest and specify the procedures to be followed and measures to be adopted in order to prevent, manage and monitor such conflicts in order to ensure fair treatment and avoid adverse effects on the interests of our clients. It is the responsibility of all those at Sandaire to familiarise themselves with this policy.
- 2.5 If you are in any doubt about the contents of this policy you must seek guidance from the Compliance Team.
- 2.6 The Board has overall responsibility for the policy. Unless there is a change to the applicable Rules or the business and services provided to clients, this policy will be reviewed and updated where necessary by the Head of Risk and Compliance at least annually. This policy will be circulated to all employees by the Head of Risk and Compliance at least annually, irrespective of whether there have been any amendments. Training will be provided as required.
- 2.8 The Head of Risk and Compliance will review the Conflicts Inventory at least quarterly. The Executive Committee will approve the Inventory at least quarterly.
- 2.9 There are a number of controls to detect conflict situations as they arise. In addition, the compliance monitoring programme incorporates a number of specific tests aimed at reviewing Sandaire’s performance in the management of conflicts. Results are reported to the Executive Committee

3 WHO MUST COMPLY WITH THIS POLICY

- 3.1 This policy applies to all relevant persons employed by Sandaire in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

4. IDENTIFYING CONFLICTS

- 4.1 The Executive Committee identifies the principal conflicts and potential conflicts Sandaire faces in our day to day business on a quarterly basis and describes these in an inventory of conflicts and potential conflicts (the Conflicts Inventory) which is made available to all employees in Staff Documents. The Conflicts Inventory is detailed below and additionally summarises the means by which Sandaire manages these conflicts.
- 4.2 For the purposes of identifying the types of conflict or potential conflict that arise and which may entail a material risk of damage to the interests of a client, Sandaire must take into account whether the firm, including its managers and employees, or a person directly or indirectly linked by control to Sandaire:
- 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 a financial or other 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 remuneration, goods or services, that is not the standard commission or fee for that service.

5. CONFLICT AVOIDANCE

- 5.1 Where possible, employees must seek to organise our business activities, including external arrangements, so as to avoid conflicts. Where conflicts are unavoidable, employees, in conjunction with the relevant member of the Executive Committee, must ensure that appropriate policies, procedures and controls are developed ahead of the arrangement giving rise to the conflict.
- 5.2 In limited circumstances, where employees are not reasonably confident that the interests of a client will be adequately protected, Sandaire must clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking any business.

6. MANAGING CONFLICTS

- 6.1 Where conflicts are unavoidable, Sandaire must develop both formal and informal procedures for their management. Such procedures are designed to ensure that the management of the conflict takes place in such a way that the Sandaire or its employees are not advantaged and no client is disadvantaged. These are explained in more detail below.

7. DISCLOSURE OF CONFLICTS

- 7.1 If arrangements made by Sandaire to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Sandaire is obliged to disclose the general nature and/or sources of conflicts of interest to the client, and the steps taken to mitigate those risks before undertaking business for that client. Sandaire's disclosures are included in the Terms of Business. Sufficient detail is provided to enable potential clients to take an informed decision in relation to Sandaire's service.
- 7.2 Where other specific conflicts may arise, these must be dealt with on an individual basis. They must be considered by the Executive Committee and recorded in the Conflicts Inventory.

8. ESCALATION PROCEDURE

- 8.1 Where an employee encounters a situation where they suspect a potential conflict of interest may exist which is not specified in the Conflicts Inventory or where they believe the measures and procedures to manage that conflict of interest are inadequate, they should consult the Risk and Compliance Team.
- 8.2 The Risk and Compliance Team will advise on the course of action to be followed by the employee. Where it is agreed that a conflict of interest does exist, the Risk and Compliance Team will add the conflict on to the Conflicts Inventory, including the measures to manage that conflict fairly and appropriately. Where the conflict of interest is material in nature, either by impact on the client, potential value or potential reputational risk, the Head of Risk and Compliance will escalate it to the Executive Committee which will then decide on the appropriate course of action.

9. THE CONFLICTS INVENTORY

The Executive Committee has identified the following principal conflicts and potential conflicts.

9.1 Trading and Investment Conflicts

Sandaire faces a variety of conflicts similar to those faced by most firms in a similar businesses to ours. The small size of our business and our investment process with its focus on asset allocation and manager selection rather than individual stock selection, reduces the likelihood and effect of many potential conflicts. These include conflicts associated with, inter alia:

- a) Personal account trading by employees in securities traded for clients
 - i) This conflict is managed by having in place a policy in relation to personal account dealing which requires pre-authorisation of defined types of transaction.
 - ii) Our focus on manager selection rather than individual securities acts as a further mitigation.
 - iii) The level of personal trading is not significant and, with a small number of staff, can be effectively monitored and controlled.
- b) The risk of personal account dealing in Sandaire managed funds as a result of investment information held ahead of other clients.

Personal account dealing requires that any investments made into Sandaire managed funds are subject to pre-approval by the Compliance Department.
- c) Order aggregation and allocation of transactions and investment opportunities amongst different clients or between its staff and clients
 - i) This conflict is managed by having rules applying to the aggregation and allocation of trades across clients. Employees do not have staff accounts with Sandaire. When an employee wishes to invest in a security with limited availability, the employee's transaction must be cancelled to allow clients to have the maximum capacity. Deals executed are also checked as part of the compliance monitoring programme.
 - ii) Sandaire does not trade on our own account and the level of personal account dealing is not significant as noted above, both of which are mitigating factors.
- d) Inducements – Gifts, inducements and hospitality

This conflict is managed by having rules governing the acceptance of gifts, inducements and hospitality. This is monitored by our compliance monitoring programme.

e) Inducements – Research

This conflict is managed by paying for external research directly. Our arrangements are covered in the Investment Research policy and these are monitored by Compliance as part of our compliance monitoring programme.

f) Having a conflicting position in securities or adopting conflicting trading strategies for different clients such that dealing for one client may potentially be detrimental to the other

i) Sandaire typically invests in funds which trade at NAV.

ii) The relatively small number of clients allows us to manage this potential conflict effectively.

iii) Sandaire engages the services of an external dealing venue who will send trades to the market when using one trading venue, or when using two (if directed as such by an underlying client) will utilise VWAP. The dealing system allows for trades to be sent simultaneously.

9.2 Pricing and Valuation Conflicts

Sandaire is remunerated by reference to our total funds under management which is linked to the performance of client's portfolios. Potential conflicts therefore arise with respect to, inter alia:

a) Seeking to overstate or otherwise have influence over the fair valuation of securities and other financial instruments and in particular those which may not have a quoted market price or which may otherwise be difficult to value accurately.

This potential conflict is managed as follows:

i) The investment process focuses on asset allocation and manager selection mitigating the potential conflict.

ii) The majority of prices are downloaded automatically from third party sources into the internal accounting and reporting system, which is used to prepare the client reports.

iii) A valuation policy is in place outlining the principles and procedures of fair valuation.

iv) Unquoted securities typically represent a relatively small part of a client's Portfolio, which reduces the risk of a material misstatement of the total value of the portfolio. Where there is no third party source for the price of an investment, the valuation of the holding is reviewed by the Valuation Committee which is independent of Sandaire's Investment Team.

b) Not taking sufficient action to rectify pricing and other valuation errors or anomalies where to do so would have a negative impact on the price and value of those securities:

i) This conflict is managed through the segregation of duties and independence of departments.

ii) Separate administrators are appointed who calculate the prices of the OEICs, which are then "shadowed" internally to ensure that any errors are quickly identified and resolved.

b) Structuring a Strategic Asset Allocation resulting in investments being made in asset classes which enable Sandaire to charge a higher fee:

- i) All Strategic Asset Allocations are reviewed by Compliance.
- ii) The Business Acceptance Committee approve all fee structures.

9.3 Relationship Conflicts

- a) Sandaire has business relationships with suppliers, sister companies and some external counterparties that could give rise to potential conflicts.

This conflict is managed by establishing and maintaining close relationships with a relatively small number of parties where these can be effectively monitored and controlled.

All agreements with sister companies are at arms-length on commercial terms. In any instance when an introduction is made to a sister company, Sandaire does not receive remuneration for the introduction, the introduction is not made in the form of advice and the nature of the relationship it will be fully disclosed before any such introduction is made.

Where a client's portfolio is invested in any collective investment schemes managed by Sandaire, Sandaire will not charge for the management of both the scheme and the portfolio.

- b) A conflict arising because one Sandaire business contemplates providing services to an actual or potential client that another Sandaire business may wish to invest or provide services.

All prospective clients must be approved by the Business Acceptance Committee where this conflict will be identified. Each conflict will be managed accordingly, ultimately one Sandaire business may have to decline to act.

- c) A conflict arising whereby a director of Sandaire is also a director of a parent or another subsidiary

Each company maintains a conflict register which is considered as part of each Board meeting so all directors are aware of the conflicts. Directors have a fiduciary duty to the company they are representing and must always act in the best interests of the relevant company. In certain instances the director may have to abstain from certain decisions to avoid the conflict.

10.4 Staff Remuneration

Employees are remunerated on the basis of salary, bonus and LTIP. In accordance with the Remuneration Policy, compensation arrangements are consistent with, and promote, sound and effective risk management.

10.5 Directors and staff who are also clients

- a) A conflict arising as a result of favouring oneself as a client over other clients in relation to investment opportunities.

Investment opportunities are agreed by the Investment Team mitigating the conflict. The Allocation Policy reduces the potential for this to occur. Employees who are clients do not manage their own portfolios

- b) A conflict arising when an employee is a client involved with the Valuation Committee.

The employee's role will be limited to providing advice to the committee rather than member.

- c) Detailed knowledge of business matters that might impact the clients but were not yet communicated.

External advice is to be sought in relation to this conflict, when applicable.