

## **Conflicts of Interest Policy**

**for**

**Stenham Management Services (C.I.) Ltd.**

**Stenham Asset Management Limited**

**Stenham Asset Management (UK) Plc.**

**Stenham Advisors Plc.**

**Stenham Support Services Limited**

**S.A.M. (Mauritius) Ltd.**

**Stenham Ltd.**

**Stenham SA (Pty) Limited**

**Stenham Asset Management America Inc.**

## 1. Introduction

Stenham Management Services (C.I) Ltd., Stenham Asset Management Limited, Stenham Asset Management (UK) Plc., Stenham Advisors Plc, S.A.M (Mauritius) Ltd., Stenham Support Services Limited, Stenham Ltd., Stenham SA (Pty) Ltd. and Stenham Asset Management America Inc., collectively (“**Stenham**”) operate in various regulated jurisdictions as stipulated in the Compliance Manual general section and is therefore required to adopt a Conflicts of Interest (“**Col**”) policy, (the “**Policy**”).

The overarching principle is that Stenham is required to take all reasonable steps to identify and manage conflicts of interest between them and their clients, or between one client of Stenham and another.

It is Stenham’s policy that all directors of Stenham (or other persons occupying a similar status or performing similar functions) as well as all its Employees and Associates subject to Stenham’s supervision (collectively “**Employees**”), must be free from Conflicts of Interest that could adversely influence their judgement, objectivity or loyalty to the company in conducting Stenham’s business activities. Where a Col does arise, it must be promptly reported. Stenham recognises that Employees may take part in legitimate financial, business, charitable and other activities outside of their roles at Stenham, but any potential Col raised by these activities must be disclosed promptly to Compliance and management.

## 2. Types of Conflict

For the purpose of identifying the types of conflict that arise in the course of providing a service, and, where there may be a material risk of damage to the interests of a client, Stenham must take into account certain issues. In determining whether there is a conflict of interest in a set of factual circumstances, Compliance will consider the factual circumstances and determine whether Stenham or the employee:

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

## 3. Identifying a Conflict of Interest

To adequately manage conflicts of interest Stenham must identify all relevant conflicts timeously. Stenham employs two different mechanisms to ensure that all conflicts are identified:

- Stenham’s Compliance team maintains a register of potential conflict risks at Stenham, taking into consideration all business areas (see the attached template Appendix);
- All Employees, including the Compliance team and management, are responsible for identifying specific instances of conflict and are required to notify the Compliance Officer of any conflicts they become aware of. Having consulted with the Compliance Team, the Compliance Officer will escalate the conflict to management to assess the implications of the conflict and how the conflict should be managed. These instances are recorded in the conflict of interest log.

#### **4. Relevance of Conflict of Interest Policy to Employees and their Associates**

The term "**Associate**", meaning an Affiliated Company, or another person (individual or body corporate) whose business or domestic relationship with the Employee or his Associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.

Practicably, this means:

- Family member or other similar trusts (school, foundation for the arts etc.) where a member of staff and/or their Associate has an input into how trust assets are allocated;
- Self-Invested Personal Pensions (SIPPs) or other pension funds where a member of staff and/or their Associate exercises discretion on behalf of another; and
- Close companies, partnerships or any other entity which makes investments and which is influenced by a member of staff or their Associate.

#### **5. Relevance of Conflict of Interest Policy to Stenham Shareholders**

Practicably, this means situations where one of Stenham's shareholders is also an investor or an employee. Stenham is confident that its systems and controls are adequately placed to prevent any misuse of information for a Stenham shareholder to invest prior to any other investor.

#### **6. The Conflicts of Interest Register ("Register")**

The Register contains Stenham's assessment of the materiality of each conflict identified. On the basis of this assessment, a determination is made as to the course of action required. Where conflicts cannot be mitigated to an acceptable degree, they may be disclosed to the client. Stenham may decline to act for the client in question.

Conflicts are scored for both their gross or inherent impact and subsequently their net or residual impact once Stenham's mitigating controls have been taken into account. The gross scores are Stenham's generic assessment of the conflict in question as it affects the industry, and these do not take into account Stenham's business model or control framework. As a result, there can be significant differences between the gross and net scores.

The scores awarded are High, Medium High, Medium Low and Low. Some conflicts arise constantly and are inherent in the business activities of Stenham whereas others only arise as a result of discretionary actions of individuals.

The scoring process is to a degree subjective but the consideration of individual conflicts includes the likelihood of the conflict materialising as well as the impact that it would have were it to occur.

The regulatory obligations and requirements in relation to individual conflicts is also considered, in particular at the gross level. Conflicts will likely be scored as High at a gross level for example where they relate to possible market abuse.

We consider the effect of the mitigating controls and determine the materiality of their impact upon the gross score, including the likelihood of the conflict impacting a client.

The scoring of the conflicts will be reviewed periodically by the Board, typically annually or more frequently if there is a material change.

## **7. Managing conflicts**

### **7.1 Governance**

- Stenham has robust governance arrangements. Key business decisions are taken by the Board and are recorded.
- The Compliance Officers report to the Board.
- Stenham has rules in place to govern employee conduct, including Personal Account Dealing rules which control and mitigate conflicts of interest. It also maintains a Conflicts of Interest Register.

### **7.2 Reporting Lines**

Stenham has defined and clear reporting lines. An organisational chart is maintained by the Compliance Team, and is available on the intranet.

### **7.3 Segregation of Functions**

The rules in SYSC 5.1 requiring segregation of functions are met by segregating duties, as appropriate, to avoid conflicts of interest wherever possible. These duties are set out in job descriptions, procedure manuals and organisational charts. Ensuring these duties remain segregated is the responsibility of line managers, as advised by the Compliance Officer.

In Guernsey, the requirements are set out in The Licensees (Conduct of Business) Rules and Guidance, 2021, Part 11 Conflicts of Interest.

### **7.4 Disclosure of Personal Conflicts**

Employees are required to disclose conflicts of interest. Employees will disclose any conflicts of interest to the Compliance Officer. The Compliance Officer will record in the appropriate register and inform the Board of any action taken.

### **7.5 Disclosure to Clients**

Where a conflict of interest arises in circumstances where Stenham's arrangements for managing conflicts of interest are insufficient to ensure the prevention of risks of damage to a Client's interests as per the above conflicts of interest identified by Stenham, Stenham will consider making further disclosures to the Clients of the existence of the conflict and seek the permission of interested parties to act, notwithstanding the existence of the conflict. The disclosure must include sufficient detail to enable a client to take an informed decision with respect to granting permission. In managing conflicts of interest, Stenham will pay due heed to the Client's investment objectives, the content of their portfolios/underlying fund make up (for the Stenham funds) and the Stenham funds investors' objectives.

### **7.6 Inducements**

Staff members are prohibited from giving to and accepting from clients, potential clients or other third parties, gifts and entertainment of above the specified threshold. Stenham maintains a Gift & Entertainment policy, Preventing Criminal Facilitation of Tax Evasion - Risk Assessment as well as an Anti-Bribery policy.

### **7.7 Recruitment**

The fitness and propriety of potential new employees is considered by the Compliance Officer when they are in the process of being recruited by Stenham. Suitable background checks are made and references are taken up using an external specialist provider.

### **7.8 Training**

Compliance training regarding conflicts of interest forms part of the compliance training programme.

### **7.9 Compliance and Procedures Manuals**

Systems and controls are documented in the compliance and procedures manuals which are reviewed at least once a year to ensure they are fit for purpose.

### **7.10 Periodic Audit**

The Compliance Officer oversees and executes a Compliance Monitoring Programme (CMP) on a quarterly basis to verify that the systems and controls are being applied. Management are consulted for feedback on the CMP.

### **7.11 Verifying Compliance**

To verify that these policies have been complied with, an annual compliance review will be undertaken by the Compliance team. The Compliance Officer will have responsibility for assessing compliance with the policy on an annual basis and will report formally to the Board.

### **7.12 Remuneration**

Stenham's Remuneration Committee Charter is designed to avoid rewarding behaviour that could lead to disadvantage for its clients.

### **7.13 Conflicts Monitoring**

Potential conflicts of interest are considered on an ongoing basis. In cases where a conflict is identified, a decision is made as to what measures should be taken to mitigate the conflict. All such decisions are documented and are based on the nature of the conflict and the potential for the conflict to entail a material risk of damage to the interest of one or more clients. The Compliance Officer keeps records of related correspondence.

