

Conflicts of interest Policy

Website Summary

June 2021

SCOPE AND PURPOSE

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

This Policy Summary purpose is to inform our Clients of the Policy & Procedure that establishes the standards designed to prevent violations of applicable conflicts of interest regulations and aligns to Chapter 10 of the Financial Conduct Authority's SYSC Handbook.

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 in line with SYSC 10.1.3R. Investment firms such as Vermeer are required to prevent conflicts from materialising and adversely affecting the interests of their clients. All investment firms are required to comply with the FCA's Principle for Business 8 that states 'the firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client'.

Vermeer is an FCA-regulated entity and must therefore adhere to the FCA's rules and Principles for Business.

Vermeer undertakes to identify, manage and monitor any conflicts or potential conflicts that may arise. Identified conflicts are documented within the Conflicts of Interest Register maintained by Compliance. This Register includes details on relevant controls, control owners and dates for when the control and conflict was last reviewed. The Register is subject to annual review by the Management Committees. When making investment decisions for clients, Vermeer staff members must act in clients' best interests and put client interests ahead of their own.

ARISING CONFLICTS

Conflicts may arise between the firm and its clients, an employee and a client, and between one client and another.

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, Vermeer will employ methods outlined in this Policy to manage such conflicts and mitigate the risk of them materialising.

A potential conflict of interest may arise where Vermeer or a staff member:

- Could make a financial gain, or avoid a financial loss, at the expense of the client; or
- 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; or
- Has a financial or other incentive to favour the interest of another client, or group of clients, over the interests of the client; or
- 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 monies, goods or services, other than the standard commission or fee for that service.

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

CONTROLS

Vermeer has an obligation per SYSC 10.1.7R to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from materialising. For all conflicts of interests identified, Vermeer endeavours to maintain sufficient and appropriate mitigating controls to reduce the level of risk. Below is a non-exhaustive list of measures implemented against certain identified conflicts.

- **Disclosure of outside business interests** – All employees must disclose to Compliance any outside position an employee might hold, with or without compensation, to ensure these circumstances do not create a conflict of interest in relation to the role performed at Vermeer. Involvement in trade associations, professional societies, and charitable and similar organizations will not normally be viewed as improper, unless those activities are likely to take substantial time from or otherwise conflict with an employee responsibilities to Vermeer.
- **Information Barriers** – Information or physical barriers are in place to ensure that relevant members of staff providing dealing, advice and management services to clients are restricted from accessing confidential or non-public information available within the wider business. This includes appropriate governance arrangements on those individuals that sit above any physical barriers, restricting the flow of information between different parts of the business.
- **Supervisory Arrangements** – Two departments or businesses which, if run together, could encounter conflicts of interest have a clear division of responsibilities and are monitored closely by the Compliance Department. Reporting lines are designed in a way to avoid any conflicts arising.
- **Governance Arrangements and reporting lines** – Where appropriate, Vermeer has in place separate supervision or functional or physical segregation arrangements designed to prevent the simultaneous involvement of an employee in separate services or activities where such involvement may impair the proper management of conflicts.
- **Personal Account Dealing** – A policy that sets out Vermeer rules and conditions under which its staff may engage in investment activity for their own account.
- **Insider and Restricted Lists** – The Compliance department maintains and promptly updates when necessary an 'Insiders List' which records those members of staff who are aware of inside information relating to investments. The Restricted List is maintained at the same time and it is made available to all members of staff, without details of the reason why a stock is restricted.

- **Order Execution Policy** – A policy that sets out Vermeer’s arrangements for ensuring that the best possible results are achieved when executing orders for clients, for identifying the venues (i.e. exchanges and trading facilities operated by investment firms) used, and the factors taken into consideration when deciding which venue to use.
- **Inducements and Entertainment Gifts Policy** – An Inducements, and Entertainment and Gifts Policy is maintained that sets out Vermeer’s arrangements in relation to these three points. In general, Vermeer must not pay to, or accept from, a third party any fee, commission or other benefit in relation to business undertaken for a client that would impair the Firm’s duty to act in the client’s best interest and that does not meet certain strict criteria.
- **Advice and Provision of Portfolio Management Services** – Suitability of advice, portfolio construction and any changes made are monitored independently by the Compliance Department to ensure all clients are treated fairly and receive the appropriate level of service.
- **Remuneration and other Incentive Structures** – All employee remuneration is part of an HR process that is overseen by the Board. The bonus scheme is linked to company performance and individual performance relating to varying criteria. The general rule is that remuneration, commission, and bonus structures are designed so as not to create an incentive for an employee to act contrary to a client’s best interests.
- **Employee Training** – Employees are provided with regular training.
- **Data Protection** – Vermeer do not use any client information for any other purpose than to provide clients with Investment Management.
- **Complaints** - All complaints are handled diligently, impartially, fairly, consistently, and promptly, by the member of staff who receives the complaint or by the Compliance Department, if a resolution of the issue at an early stage is not possible.
- **Research** – Although Vermeer does not produce ‘Investment Research’, there is a practice in place where relevant investment managers will not deal on any information before clients have had access to the same research.

GROUP CONFLICTS

Vermeer's parent company is Vermeer Holdings LLP. This entity is a non-trading entity and is the vehicle for Vermeer’s partnership. As such Vermeer has no Group Conflicts.

DISCLOSURE OF CONFLICTS

VIML uses reasonable efforts to manage any conflict of interest, but if those efforts are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of a client can be prevented, VIML would, where necessary, clearly disclose the general nature and/or source of the conflict of interest in writing to the client before undertaking business for the client. When considering whether it is appropriate to disclose a conflict of interest to a client, VIML would take into account the status of a particular client and whether it is likely to understand the risks involved if it continues to deal with VIML. Any disclosure shall contain sufficient information about the general nature or sources of conflict of interest, or both; and the steps taken to mitigate those risks, to allow the client to make an informed decision.

SYSC 10.1.8R in relation to rules on disclosures states that the disclosure must:

- Be in a durable medium;
- Clearly state that the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- Include specific description of the conflicts of interest that arise in the provision of services;
- Explain the risks to the client that arise as a result of the conflicts of interest; and
- Include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Vermeer acknowledges the requirements in SYSC 10.1.9A and the FCA's expectations, for which disclosures should be considered as a **measure of last resort** to be used only where the effective organisational and administrative arrangements established by the firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented. Before being issued, any disclosure is signed-off by the Compliance Officer, who will consult with the Board.

In the event that Vermeer determines that it is unable to manage a conflict of interest using one or more of the methods described in this Policy, it may decline to act on behalf of a client.

IMPACT OF FAILURE TO COMPLY

Failure to comply with the 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

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

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