



Whitley Asset Management – Conflicts of Interest Policy

What is a Conflict of Interest?

A conflict of interest is a situation where a person or firm owing a duty to a client may have personal or professional interests which compete with this duty. A situation may be a conflict of interest even if no improper act or disadvantage to the client arises from it.

Whitley Asset Management (“the firm”) is committed to taking all appropriate steps to identify and to prevent or manage all actual and potential conflicts of interest that can arise between our clients and us and between clients in all areas of our business. The firm seeks to prevent conflicts from arising whenever possible.

The purpose of this document is to provide our clients with appropriate information relating to the policies we have in place to identify and prevent or manage conflicts of interest.

Ownership

Whitley Asset Management is owned by one of its Directors (Edward Whitley) and is authorised and regulated by the Financial Conduct Authority (“FCA”).

Regulation

In accordance with the Senior Management Systems and Controls (SYSC) rules within the FCA handbook, the firm is required to establish, implement and maintain an effective conflicts of interest policy. This policy should ensure that procedures are in place to identify and prevent or manage all potential and actual conflicts so that these are not to the detriment of the client.

Conflicts of interest are defined in the context of FCA rules as any conflicts which arise between

- the firm and a client; or
- a client and another client

when the firm is carrying out activities which are regulated by the FCA or ancillary services.

The types of conflicts envisaged by the FCA may include situations where the firm

- stands to make a financial gain, or avoid a loss, at the expense of a client;
- has an interest in the outcome of a service provided to the client or a transaction carried out on their behalf, which is materially different from the interest of that client;
- has financial or other incentive to favour the interests of another client or group of clients over a client;
- carries out the same business as the client;
- receives or will receive from a person other than the client an inducement, whatever the form, relating to a service provided to the client, other than standard remuneration for that service.

Identification, recording and management of conflicts of interest

The firm has in place procedures for the following:

- identification of conflicts of interest (in accordance with SYSC)
- recording of conflicts of interest (in accordance with SYSC)
- management of conflicts of interest (in accordance with SYSC)

The firm conducts a regular review of conflicts of interest as a part of its compliance monitoring programme. As a part of this, and in accordance with SYSC, the firm regularly carries out a review and maintains a record of the types of activity carried out from which a conflict of interest may arise.

The generic material conflicts which may arise in the course of investment business are:

Material conflict	Nature of conflict and measures
Personal account dealing	The risk arising is that staff who are party to information which the client is not may deal on their own account prior to executing trades on behalf of the client. The firm has procedures in place ready to implement in the case that it ever has access to non-public information. It holds a restricted securities list to ensure that informational imbalances are not taken advantage of. All staff are aware of the client's best interests rule and the duty to put this before any personal gain. All personal dealing is reported to the Directors of the firm in accordance with the FCA Handbook section COBS 11.7.
Gifts	This covers the risk that any gifts or hospitality provided by a third party may materially influence a recommendation provided to the client. The firm has a gifts and benefits procedure in place to manage this. Guidance must be sought from the Compliance Officer prior to acceptance of any benefit which may pose a risk. All gifts valued at more than £250 are logged by the Compliance Officer in a register. The firm is also aware that frequent low level gifts or entertainment could form an inducement, and thus all forms of entertainment offered by third parties are monitored.
Inducements	This covers the risk of material inducements being given or offered which may conflict with a duty of care owing to a client. This firm has a documented policy in place to cover this. The firm has no soft commission arrangements in place.
Remuneration	This deals with the risk that remuneration policy may encourage staff to take account of their own earnings from a potential transaction rather than the best interests of the client. All staff are aware of their obligations to act in the client's best regardless of personal benefit. No member of staff's remuneration is linked to particular client or

	transaction activity. The firm's remuneration system is kept under regular review to ensure that it is appropriate.
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Shared commissions

Whitley Asset Management has access to arrangements with certain broker/custodians whereby the broker/custodian can share dealing commissions earned on that client's portfolio with Whitley Asset Management. These arrangements are disclosed to the client and form part of the agreed remuneration agreement between the client and Whitley Asset Management. The level of portfolio is kept under regular review so that "churning" would be quickly apparent. Following the introduction of the Retail Distribution Review on 31st December, 2012, dealing commissions can only be shared on portfolios held by non-retail advisory clients and discretionary clients. This arrangement is now rarely used other than on rare occasions and at the client's request.

The risk is that there is a conflict of interest for the firm in recommending a broker/custodian where dealing commissions are shared with the firm rather than those where there is no such arrangement. This risk is abated by the disclosure to the client of the commission sharing arrangement, and by the commission sharing arrangement forming part of the overall remuneration package for Whitley Asset Management. Finally, the overriding objective for Whitley Asset Management is to provide the best possible outcome for the client, in terms of portfolio performance and/or investment advice and so it is the firm's best interest to recommend the broker/custodian most likely to provide the best service for the client regardless of the fee structure.

Retrocessions from funds

Following the introduction of the Retail Distribution Review, Whitley Asset Management has phased out all retrocessions from funds held by its clients.

Private equity opportunities

From time to time the firm is offered access to private equity investment opportunities which it may in turn offer to its clients. Whitley Asset Management does not itself invest in such opportunities (albeit it retains the option to take private equity transaction fees in the form of equity in the investment: if fees were taken in the form of equity then the firm would sit alongside its clients as investors in the target company and this would form a material conflict of interest which would be disclosed immediately). The risk is that Whitley Asset Management could favour one client over another when considering such opportunities. Whitley Asset Management takes account of Suitability rules when considering which clients it will invite to consider such opportunities.

Other conflicts of interest

Whitley Asset Management operates with a small team from a single office. It is not practical to consider the use of a "Chinese Wall" and thus any other conflicts of interest which may be identified will be addressed (if they cannot be prevented by any other practical means) by means of appropriate disclosure. However it should be noted that in general, disclosure is seen as the measure of last resort, after all other means of preventing or managing a conflict have been exhausted. If the firm were to believe it could not act for two clients on a particular transaction or pair of transactions because of an insuperable conflict of interest, this would be disclosed to

both clients and WAM would offer to step down from one of the parties' transactions if a resolution of the conflict could not be achieved.

Amendments to the policy

If any amendments are made to the policy which may materially affect the way in which the firm would handle a conflict of interest on behalf of a client, the client shall be notified in writing of the nature of the changes. The client will also be provided, on request, with an up-to-date copy of the conflicts of interest policy statement.

Reviewed August, 2020