

CONFLICTS OF INTEREST POLICY

For External Use

1. Policy Statement

SIM conducts its business in accordance with FCA Principle 8, namely that it must manage its conflict of interest fairly, both between itself and its clients, and between one client and another. This helps clients to avoid unnecessary costs and have fair access to all suitable investment opportunities.

SIM strives to manage its conflict in a manner consistent with the highest standards of integrity and fair dealing. In order to ensure that these standards are met, the firm continually and proactively seeks to:

- Identify potential conflicts before they happen
- Control conflicts when they happen
- Review the controls that are in place to manage conflicts

2. Identifying Conflicts

SIM undertakes a number of activities and provides a number of investment related services where there is a risk that interests of one or more clients could be compromised. These include:

- Managing portfolios of investments
- Advising on investments
- Trading on behalf of clients

SIM has identified several categories of conflicts:

a) Conflicts between the firm and a client

Potential conflicts may exist between clients' interests and interests of SIM. These types of conflicts include situations where SIM may be unfairly advantaged at the expense of a client.

b) Conflicts between a member of staff and a client

Potential conflicts may exist between the interests of a member of staff and the interests of a client. In these situations, employees' interest may not be aligned with the best interests of the client.

c) Conflicts between one client and another

Potential conflicts may also exist between different clients or different types of client. In these situations, one client may receive preferential treatment, which could negatively impact another client.

3. Types of Conflicts

Conflicts may entail a risk of damage to the interests of a client and SIM must, therefore, take into account whether it or a member of staff:

- 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 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.

The circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between SIM, or a member of staff, and a client; or between one client and another. It is not enough that the firm may gain a benefit, if there is also a possible disadvantage to a client; or that one client to whom the firm owes a duty may make a gain or avoid a loss, without there being an associated possible loss to another such client.

4. Managing Conflicts

SIM must maintain and operate effective organisational and administrative arrangements with a view to taking all appropriate steps to prevent or manage conflicts of interest from constituting or giving rise to risk of damage to the interest of its clients.

SIM employs the following techniques to prevent, manage and mitigate conflicts including:

- Using physical information barriers to stop and control the flow of information between certain parts of the business: this is known as a Chinese wall. Chinese walls have been erected between the funds' adviser (SIM) and the funds' manager. On SIM's level analyst have no access to clients. Fund managers, though, for marketing purposes communicate with clients. In certain circumstances, SIM may need to establish Chinese walls within its business when specific areas or individuals have received Confidential Information. We will only share inside information on an absolutely need to know basis in accordance with our regulatory obligations.
- Provisions of internal guidance and training to relevant employees to raise their awareness of conflicts and how to deal with conflicts when they arise;
- Establishing a gifts and entertainment policy, which prohibits staff from giving or receiving gifts and entertainment from third parties / clients without prior authorisation by management;
- Establishing a personal account dealing policy, which prohibits staff from dealing on their personal account without prior authorisation;
- Establishing a separate supervision in relation to those relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict or representing interests that may conflict with each other, including those of the firm, and ensuring that relevant persons engaged in different business

activities involving a conflict of interests shall carry on those activities at a level of independence appropriate to the size and activities of SIM;

- Removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of (or revenues generated by) different relevant persons principally engaged in another activity, where a conflict of interest may arise;
- Establishing measures to prevent or limit any person exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary service; and
- Establishing measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services where such involvement may impair the proper management of conflict of interests.

Each member of staff has a duty to report promptly any possible conflict of interest situation by notifying Compliance.

Best practice always dictates that it is better to seek guidance early on any situation that may give rise to a possible conflict of interest. Guidance will be provided by Compliance, who may refer to the conflict committee.

All conflicts of interest are raised directly with the CEO. Management information is distributed to SIM's board in the quarterly board report.