

## EdenTree Investment Management - Conflicts of Interest Policy

### 1. Introduction

In accordance with the FCA rules EdenTree Investment Management Limited (EdenTree) is required to establish, implement and maintain an effective conflicts of interest policy that is appropriate to the nature and scale of the firm's business.

This policy sets out key areas where EdenTree may be subject to a conflict of interest in the provision of services to clients whilst carrying out regulated or ancillary activities. The policy covers those circumstances which either constitute or could give rise to a conflict of interest entailing a material risk of damage to the interest of one or more clients.

The policy describes the structures that have been put in place to limit the consequences of these actual or potential conflicts of interest. The structures make use of separation of function, restrictions on activities, and are designed to ensure that relevant persons maintain an appropriate degree of independence.

### 2. Activities of EdenTree

3.1 EdenTree is part of the Ecclesiastical Insurance Group (EIO Group). The main activity of EdenTree and its principal source of income is the provision of investment management services to professional clients which includes group companies.

### 3. Circumstances which constitute or could give rise to a conflict of interest

We have listed below actual or potential conflicts of interest that could arise entailing a material risk of damage to the interest of one or more clients:

- Conflicts relating to the interests of the EIO Group and the investors in the funds managed by EdenTree;
- Failing to allocate securities between fund clients on an equitable basis;
- Inappropriate use of the services of the EIO Group;
- Substantial gifts or entertainment;
- Entering into mandates where clients have conflicting interests;
- Entering into mandates where the interests of the client may conflict with those of the EIO Group.
- Misuse of information for personal gain / inside dealing;
- Inappropriate use of dealing commissions;
- Personal Account Dealing by employees;
- Remuneration and Oversight;

### 4. Procedures and Measures taken to manage conflicts

The procedures and measures we have taken to manage the conflicts of interest identified above are summarised below. These procedures and measures are designed to ensure that relevant persons involved in activities identified above maintain an appropriate degree of independence and other appropriate behaviours.

*Group wide procedures and measures*

#### 4.1.1 Reporting lines

Reporting lines are designed to avoid conflicts arising so that where necessary there is separation of duties and relevant staff are supervised adequately. In addition procedures are in place to minimise the exchange of information between persons where such an exchange of information could give rise to a conflict of interest. However it is not possible entirely to remove conflicts. In particular, all relevant staff are required to report actual or potential conflicts of interest to management as they are identified.

#### 4.1.2 Remuneration Structures

Remuneration policies are designed to avoid rewarding behaviour that could lead to unnecessary risk taking that disadvantages clients. Fund managers and senior managers who are material risk takers (Code Staff) are remunerated in accordance with the relevant Remuneration Code. The Code governs the remuneration of employees of regulated firms and aims to ensure that firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management. All Salaries and bonuses are agreed by the group Remuneration Committee. Staff remuneration consists of fixed salary, an annual cash incentive, pension contributions and benefits in kind and, for some roles, a long-term performance related cash incentive that rolls over three year periods. .

#### 4.1.3 Training

All relevant staff receive training on and have access to the procedures the EIO Group has put in place to manage conflicts of interest.

#### 4.1.4 Substantial Gifts and Entertainment

The EIO Group operates a strict policy in relation to gifts and entertainment, which EdenTree is required to adhere to. Relevant persons are not permitted to accept any gifts over the value of £100 without prior approval from Group Compliance. All entertainment and gifts given are recorded and subject to periodic review by the Compliance Officer and Senior Management.

#### 4.1.5 Restrictions on personal account dealing

All personal account deals require pre-clearance to ensure an employee does not benefit to the detriment of clients and are reviewed independently by Group Compliance Department. The Clearance Officer will check the EdenTree trading blotter to see if there are any client orders pending and liaise with the Investment Team to ensure that Fund Managers are not planning to trade. All relevant employees are required to complete an annual declaration as to the completeness of their personal account dealing disclosures during the year. Strict procedures are in place for any dealings in the shares of the EIO Group.

#### 4.1.6 Disclosure of Conflicts of Interest

A conflicts register should be maintained by each business area detailing the nature of the conflict and the action taken to mitigate any potential risk. Where the policies and arrangements above are not sufficient to prevent risk of damage to clients' interests then the nature and source of the conflict of interest will be disclosed to clients.

## 4.2 *Specific procedures and measure for EdenTree*

### 4.2.1 Conflicts Monitoring Systems

To identify and manage conflicts of interest all new clients are referred to the Compliance Officer who will identify any potential conflicts and discuss these prior to approval of the client. Where conflicts are identified a decision will be made and documented as to whether to proceed with the new business and if so what additional measures will be required. Such decisions will be based upon the nature of the conflict and the potential for the conflict of interest entailing a material risk of damage to the interest of one or more clients.

### 4.2.2 Fair Allocation of Orders

EdenTree has in place an order allocation policy. There is a fair and pre-determined allocation of orders between EIO Group firms and their funds prior to dealing. EIM does not trade on its own behalf and client orders are not aggregated with transactions for own account. Client orders will not be aggregated with another client order unless it is unlikely to work to the disadvantage of any client. Where orders are aggregated they must be allocated on a pro-rata basis.

### 4.2.3 Timely Dealing of Orders

Dealing is undertaken in a timely way and without undue delay after the decision to deal has been made.

### 4.2.4 Non Satisfied Orders

Non satisfied orders or scaled back orders will be allocated between the participant EIO Group firms on a pro rata basis except for uneconomic holdings where such allocation will be forfeited.

### 4.2.5 Own Account Dealing

Dealing for EIO group / in-house funds will never be preferred over the firm's other clients.

### 4.2.6 Underwriting and Placing

All underwriting and placing of issues and new issues will be pre-allocated amongst participating EIO Group firms to ensure there is no preference or conflict of interest.

### 4.2.7 Misuse of information for personal gain / Inside Information

In accordance with the Market Abuse Regulations (MAR) EdenTree maintains an Insider Register. Stocks on which EdenTree has become an 'Insider' are placed on the Stop List and cannot be traded until the inside information has been released to the market. MAR also requires firms to have systems & controls in place to identify any suspicious trading activity to the FCA. EdenTree monitors unusual price movements in stocks it has traded to ensure fund managers are not trading on the back of inside information.



All relevant staff must adhere to the personal account dealing rules to prevent front running or personal gain through the use of privileged information.

#### 4.2.8 Inappropriate use of dealing commission

With effect from 1 January 2018 MiFID firms are no longer able to pay for research out of broker commission, unless paid for via a Research Payment Account. EdenTree has taken the decision to meet the costs of all external research out of its own profit and loss account and has re-negotiated execution only commission rates with its approved counterparties. Free research may only be accepted where it can be demonstrated it is of minor non-monetary benefit. .

### **6. Recording Conflicts**

The firm will keep a record of the kinds of services or activities in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen, or may arise. This record must be kept up to date. All conflicts of interest or potential conflicts situations should be reported immediately to the EdenTree Compliance Manager.