

DOWGATE WEALTH LTD

(“DGW”)

CONFLICTS OF INTEREST POLICY



Date	Created / Reviewed by	Updates
May 2020	Compliance	Policy created
March 2022	Compliance	New Funds

CONFLICTS OF INTEREST WITHIN MiFID II/UCITS

Markets in Financial Instruments Directive II (“MiFID II”) and UCITS Directive has stipulated the need to identify and manage all conflicts of interest (not just material conflicts) arising as a result of the firms’ business activities. The use of disclosure of a conflict as a means of management is to be treated as a measure of last resort to be used only when the policies and procedures listed below are not sufficient to ensure that the clients’ interests will not be affected.

The below policy must be reviewed and a report provided to senior management on the situations recorded within the conflicts register at least annually.

REGULATORY AND LEGAL BACKGROUND

- Markets in Financial Instruments Directive (MiFID II)
- Financial Conduct Authority Sourcebook – SYSC 10
- Financial Conduct Authority Sourcebook – Principles for Business (PRIN 2.1.1. (8))
- Financial Conduct Authority Sourcebook – COBS 11a
- Financial Conduct Authority Sourcebook – COBS 12

RESPONSIBILITIES OF STAFF

It is the responsibility of all employees/ contractors to familiarise themselves with this Policy and to report conflicts of interest to the Head of Compliance. Failure to adhere to this policy can be taken to be a breach of an employee’s contract.

Overall responsibility for Conflicts of Interest lies with the Employees/ Contractors. The Head of Compliance is responsible for the day-to-day administration of the Policy.

The Head of Compliance will work with Employees/ Contractors to identify and manage Conflicts of Interest, and record on the Conflicts register.

TYPES OF CONFLICTS

A conflict of interest can arise in any area of DW’s business in the course of providing a service and whose existence may damage the interests of a client. As a minimum, it must take into account whether it or a relevant person:

- Is likely to make a financial gain (or avoid a loss) at the expense of a client or a Fund.
- 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 interests of another client or group of clients over the interests of another client.
- The firm or that person carries on the same business as the client.
- Receives or will receive from a person other than a client an inducement in relation to a service provided to a client, in the form of monies, goods or services other than the standard commission or fee for that service.

- Has a conflict between DGW and the interests of the Funds managed by DGW or the investors of the Funds or a conflict between two or more Funds DGW manages or the investors of the Funds.

EXAMPLES OF CONFLICTS OF INTEREST

Below are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to investment services provided by DGW:

- Employees may deal in securities issued by corporate clients whilst in possession of confidential information
- DGW could advise clients to buy or sell securities issued by corporate clients in order to benefit the corporate client and/or DGW's corporate broking business.
- In a new issue, DGW may allocate securities to investing clients on the basis of the business those clients have executed with DGW or as an inducement for future such business.
- Has an interest in the outcome of a transaction conducted on behalf of the Fund, which is different from the Funds interest in this result
- The Fund Manager has a financial interest or other incentive to favour the interests of a client or group of clients above the interests of a fund they manage
- Received cash, goods or services from third parties in relation to services performed for a Fund, other than standard fees or commissions
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IDENTIFICATION AND MANAGEMENT OF CONFLICTS

DGW procedures are designed to ensure that persons engaged in different business areas involving a conflict of interest must carry out their activities with a sufficient degree of independence.

As such in line with COBS 10, DGW must have in place the following to ensure the appropriate degree of independence:

- Effective procedures to prevent/ control exchange of information between persons engaged in activities involving a conflict where that exchange of information may harm the interests of client/s.
- The separate supervision of persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict or who otherwise represent different interests that may conflict including those of DGW.
- The removal of any direct link between the remuneration of persons mainly engaged in one activity and the remuneration of, or revenues generated by, different persons mainly engaged in another activity, where a conflict of interest may arise in relation to those activities.
- Measures to prevent or limit any persons from exercising inappropriate influence over the way in which a person carries out services or activities.
- Measures to prevent or control the involvement of a person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

CONTROLS

To manage the above conflicts and ensure effective arrangements are in place DGW implements the following controls, all of which are subject to compliance monitoring to ensure adherence.

1. Conflicts of Interest Register
2. Chinese Walls
3. Personal Account Dealing
4. Restricted Trading Lists
5. Training and Competency
6. Gifts and Entertainment
7. Best Execution
8. Outside Interests
9. Compliance Monitoring Programme
10. Remuneration
11. Declining to act
12. Telephone and Email monitoring
13. Employee attestation

1. Conflicts of interest register

DGW retains a record of circumstances in which a conflict may, has or will arise as a result of firm activities, known as the conflicts of interest register. The register records the type of conflicts, as well as how the conflicts are managed. The register is updated as and when new conflicts are identified. It is the responsibility of DGW employees to inform Compliance of any conflicts as soon as they are identified and the actions taken to manage the conflict.

The information within the register facilitates the effective identification and management of any potential conflicts of interest.

2. Chinese Walls

Chinese Walls are used to act as an information barrier to prevent sensitive information being passed between different areas of DGW. DGW also utilises insider lists and wall crossing procedures in order to control information. DGW consistently monitors these procedures to ensure they are functioning properly. In addition, each department's electronic files have restricted access to ensure only relevant persons can access those files.

3. Personal Account Dealing ("PAD")

Employees' and agents' personal interests in holdings of securities, or in dealing in securities, may conflict with their obligations to either corporate or investing clients. DGW PAD policy requires all members of staff to inform compliance of all existing trading accounts and seek approval of all trades prior to the trade taking place, either via self-certification or directly informing compliance. Particular restrictions apply to any employees dealing in securities issued by corporate clients. Full details are contained in the firm's PA Dealing Procedures and Requirements, in the Compliance Manual. All employees are required on joining the firm to sign an Undertaking to comply with the firm's P.A dealing policies, and are also required to reconfirm this, when completing the annual Fit and Proper Questionnaire

4. Restricted Trading Lists

To comply with regulations and to avoid the appearance of impropriety, DGW maintains restricted trading lists. This is a list of securities, which are subject to restrictions in Directors, Contractors and employee personal account trading (as set out in the PAD policy). Directors, Contractors and employees are prohibited from trading in securities in the market whilst they remain on the list.

5. Training and Competency

DGW requires that in its dealings with customers, its employees / contractors must maintain the highest standard of integrity at all times.

The induction process, Training and Competency procedures, ongoing training programme and monitoring programme are designed to ensure that all relevant staff are familiar with and observe the FCA Principles for Business and the Statements of Principle and Code of Practice for Approved Persons.

6. Gifts and Entertainment

It is the policy of the firm that Directors, Contractors or employees may not accept or give a gift or entertainment valued at over £100, without the prior consent of the Compliance Officer. Such permission must be withheld if a conflict is considered likely between the firm's clients and the employee / contractor. All gifts and hospitality received, of whatever value, must be notified to Compliance. Full details are set out in the Compliance Manual.

7. Best Execution

In order to ensure as fair treatment as possible for customers, the DGW Order Execution Policy requires DGW to take all sufficient steps to achieve the best overall trading result for the customer and to exercise a consistent approach across all markets, clients and financial instruments in which we operate.

8. Outside Interests

Employees and agents may not accept any employment or business interest outside DGW without the prior written approval of the Board, who consider the potential for conflicts of interest before granting permission for any such interest. The Compliance Department maintains a register of all employees' outside business interests, which is monitored for conflicts.

9. Compliance Monitoring Programme

The Compliance Department is responsible for monitoring the firm's policies and procedures for identifying and managing conflicts of interest, and for ensuring that any issues identified as a result of this monitoring are recorded on the Conflicts Register, as well as testing the arrangements in place for existing conflicts to ensure they are appropriate and being adhered to. A formal risk-based monitoring programme is in place.

10. Remuneration

DGW has adopted a remuneration policy which aims to ensure that DW:

- can attract and retain key personnel;
- can reward all staff fairly;

- avoids conflicts of interest between its staff, customers and shareholders;
- does not remunerate directly, persons principally engaged in one activity from revenues generated by other persons principally engaged in another activity within the firm (where a conflict may arise)
- is not exposed to excessive risks; and
- complies with the FCA's Remuneration Code to the extent applicable to very small firms and in particular to Limited Licence Firms, including the general requirement for remuneration policies and practices to be consistent with and promote sound and effective risk management.

UCITS Funds Remuneration Policy

A separate UCITS Remuneration Policy is in place which ensures that relevant persons are remunerated both on quantitative commercial criteria as well as taking into account compliance with regulations, the fair treatment of clients and quality of service provided to clients. (This also applies to generic DGW remuneration) In addition the UCITS policy also ensures that where relevant persons are engaged in different activities where a conflict may arise in relation to those activities, there is no direct link to their remuneration.

11. Declining to Act

If a potential conflict of interest is considered too great to be reasonably managed DW will decline to act for that client.

12. Telephone and Email Monitoring

Compliance carries out regular telephone and email monitoring which incorporates conflict of interest monitoring.

13. Employees/ Contractors attestation

On an annual basis all employees/ Contractors are required to complete an attestation which includes a declaration confirming they are aware of their responsibilities towards conflicts of interest and that where identified they have been notified to the Compliance Officer.

Disclosure of Conflicts

If the above arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, DGW must clearly disclose the following to the client before undertaking business for the client and thus disclosure should only be used as a last resort for the management of a conflict and all other options should be carefully explored, before making a 'Disclosure Statement':

- The general nature or sources of conflicts of interest, or both and
- The steps taken to mitigate those risks.

The disclosure must:

- Be in a durable medium.
- Acceptable: paper or email – if email address is provided
- Not acceptable: telephone or face to face
- Clearly state 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 investment service or ancillary services.
- Explain the risks to the client that arise as a result of the conflicts of interest.
- 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.

The policy is reviewed annually, and any proposed changes put to the Board of DGW for approval.