

Ingenious

# Conflicts of Interest Policy

**Date:** May 2018

**Version:** v1.0

---

**Contents**

<b>1</b>	<b>What is a conflict of interest? .....</b>	<b>3</b>
<b>2</b>	<b>How do we identify conflicts of interest? .....</b>	<b>3</b>
2.1	What are appropriate steps? .....	3
2.2	Other situations where there may be conflicts of interest.....	3
2.3	New conflicts of interest .....	4
<b>3</b>	<b>Recording conflicts .....</b>	<b>4</b>
<b>4</b>	<b>Managing conflicts .....</b>	<b>4</b>
<b>5</b>	<b>Disclosure of conflicts.....</b>	<b>5</b>

---

## 1 What is a conflict of interest?

A conflict of interest may arise when providing a service or activity to a client and:

- we gain a benefit and there is also a possible disadvantage to the client; or
- one client, to whom we owe a duty of care, makes a gain or avoids a loss and there is an associated possible loss to another client.

We must take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, manage, monitor and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Alternative Investment Funds (AIFs) and their investors, and to ensure that the AIFs they manage are fairly treated. To do this we will:

- maintain and operate effective organisational and administrative arrangements, with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their investors;
- segregate, within their own operating environment, tasks and responsibilities that may be regarded as incompatible with each other or that may potentially generate systematic conflicts of interest;
- assess whether their operating conditions may involve any other material conflicts of interest; and
- disclose them to the AIF's investors.

## 2 How do we identify conflicts of interest?

We must take all appropriate steps to identify, prevent or manage any conflicts of interest between:

- Ingenious, which includes our employees, directors, and any person directly, or indirectly, linked to our firm as a controller and our clients; and
- Two clients of Ingenious

We must take all appropriate steps to identify, prevent or manage conflicts of interest between:

- Ingenious, including managers, employees or any person directly or indirectly linked to Ingenious by control, and an Alternative Investment Fund (AIF) managed by Ingenious or the investors in that AIF;
- an AIF or the investors in that AIF, and another AIF or the investors in that AIF;
- an AIF or the investors in that AIF, and another client of Ingenious; and
- clients of Ingenious.

### 2.1 What are appropriate steps?

As a minimum, we will consider the following factors to identify, if by providing the service or activity, we might:

- likely make a financial gain, or avoid a financial loss, at the expense of the client;
- have an interest in the outcome of a service or transaction provided to the client which is distinct from the client's interest in that outcome;
- have a financial, or other incentive, to favour the interest of another client, or group of clients, over the interests of the client;
- carry on the same business as the client; or
- receive, or will receive, from a person other than the client, an inducement relating to a service provided to the client, in the form of monies, goods, services, other than the standard commission or fee for that service.

### 2.2 Other situations where there may be conflicts of interest

Conflicts of interest may also result from other activities conducted by us or by other members of our group. We will also identify if there are conflicts in the following circumstances:

- 
- when we are approving a new business line or product;
  - if we consider any activities, or combination of activities, creates a heightened risk of conflicts impacting our client's interests – both at the start and during the client relationship.

### 2.3 New conflicts of interest

The Compliance Officer in conjunction with relevant investment staff and where relevant the Board will assess all new identified conflicts and make a decision whether:

- existing control mechanisms are sufficient to mitigate it;
- new/additional controls are required; and
- we should disclose the conflict to relevant clients so that they are able to take an informed decision as regards the related service.

## 3 Recording conflicts

We will keep and maintain a record of the types of services and activities carried out by us, or on our behalf, where a conflict has been identified that may result in a material risk of damage to the interests of our clients. This includes potential and actual conflicts and any that might arise when providing an ongoing service to our clients.

## 4 Managing conflicts

We will always put in place arrangements that demonstrate we have taken all appropriate steps to prevent a conflict from adversely affecting the interests of our clients. We use the following types of arrangements in place to mitigate our conflicts:

- a remuneration policy that sets out Ingenious' arrangements to ensure that our compensation arrangements will not give rise to conflicts;
- a staff dealing policy that sets the conditions under which its staff may engage in investment activity for their own account;
- an Inducements, gifts and hospitality policy that sets out Ingenious' arrangements. In general, Ingenious must not pay to, or accept from, a third party any fee, commission or other benefit in relation to business undertaken for a client;
- appropriate restrictions on outside interests, such as directorships of other companies;
- independent management structures and reporting lines which only meet at board level;

ICML maintains and operates effective organisational and administrative arrangements with a view to preventing conflicts of interest from constituting or giving rise to a material risk of damage to the interest of its clients.

These arrangements may include the following:

- Systems and controls – to try to prevent or limit any Employee from exercising undue influence over the way in which others carry out services or activities we use clear job descriptions, reporting lines and independent oversight and monitoring by Compliance and the Audit and Risk Committee;
- Insider List – ICML employees may come into sensitive information e.g. through confidentiality agreements with a firm, where ICML is planning or making a potentially sensitive transaction or where individuals are 'wall crossed' by other firms. Compliance maintains this information via an Insider List and advises on the appropriate measures to be put in place e.g. Information Barriers;
- Information Barriers – are the physical, control, administrative and cultural barriers designed to prevent the flow of confidential and insider information. They are commonly referred to as 'Chinese Walls'. ICML respects the confidentiality of information it receives about its clients operating a "Need to Know" approach and complying with all applicable laws with respect to the handling of that information. Chinese Walls are a key part of each Regulated Entity's conflicts management policy, and are used to isolate the business area that has confidential information or inside information. Where it can clearly be demonstrated that the Chinese Walls have been observed, then no other party on the 'other side' will be considered to have acted 'with knowledge' of the confidential information or inside information held by the other party. Chinese Walls operate at Regulated Entity level, both around and within each Regulated Entity.

Where it is determined that ICML is unable to effectively manage an actual or potential conflict of interest which has arisen or may arise, ICML may have to choose to decline to act for the client.

---

---

## 5 Disclosure of conflicts

If we are unable to put in place arrangements that are sufficient to prevent conflicts from adversely affecting our client's interests, we must disclose this to the client before carrying out any business on their behalf. Any disclosure made under this section will be as a last resort, we expect to have effective organisational and administrative arrangements in place to prevent or manage conflicts. We will not make a disclosure before we have properly considered how we can reasonably manage a conflict to reduce the potential damage to the client's interests.

If we need to disclose, then we must disclose the general nature and source of the conflicts of interest and the steps we have taken to mitigate any risks. This disclosure must:

- be made in a durable medium (a letter or email);
- clearly state that we are reasonably confident the organisational and administrative arrangements we have in place will not prevent the risk of damage to the client's interest;
- include a specific description of the conflict explain what risks to the client might arise as a result of the conflict
- made before business is undertaken for the client;
- relate to specific conflicts of interest; and
- include sufficient detail to enable the client to take an informed decision about whether to proceed with the service offered by the firm.

The Compliance Officer and a member of the Board must sign off the disclosure before being issued.

If the organisational arrangements made by the AIFM to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interests will be prevented, the AIFM must both:

- Clearly disclose the general nature or sources of conflicts of interest to the investors before undertaking business on their behalf.
- Develop appropriate policies and procedures.

## 6 Record keeping and review

ICML keeps, and regularly updates a conflicts of interest register. Periodic reviews are undertaken to identify any further potential conflicts. On at least an annual basis, and whenever else required, the Conflicts of Interest Policy is reviewed and updated by Compliance.

Monitoring of adherence to this policy and the procedures in place around conflicts is conducted by Compliance and reported to the Audit and Risk Committee and the ICML board.