

THE ECU GROUP PLC

CONFLICTS OF INTEREST POLICY AND PROCEDURES

CONTENTS

The Guiding Principles	2
Overview.....	2
Obligations in respect of management of Conflicts of Interest.....	3
Senior Management Responsibilities	3
Management Information	4
Criteria for the identification of actual or potential areas of Conflict	4
Disclosure	5
Record-keeping	5
Management of Conflicts of Interest.....	5
Areas of potential Conflicts of Interest.....	6
Monitoring Potential Conflict of Interest Situations	6
APPENDIX A : Policy of Independence.....	7
APPENDIX B : Outsourcing	9
APPENDIX C : Inducements (fees and commissions)	10
APPENDIX D : Service on Boards of Directors and other Outside Activities.....	11
APPENDIX E : Public Interest Disclosure Policy (“Whistleblowing”).....	12
APPENDIX F : Remuneration Arrangements	13
APPENDIX G : Gifts & Entertainment Policy.....	14
APPENDIX H : Personal Account Dealing Policy	15
APPENDIX I : Aggregation and Allocation Policy	16
APPENDIX J : Trade Error Policy	17

The Guiding Principles

This document consolidates The ECU Group PLC (“ECU”) procedures and controls for identifying, managing, recording and, where relevant, disclosing actual or potential conflicts of interest. The objective is to provide all personnel with clear guidelines for compliance with ECU’s internal regulations and those of the Financial Conduct Authority (“FCA”).

The definition of a Conflict of Interest is any action that is likely to disadvantage a client’s interest against that of the Firm or to disadvantage one client’s interest against that of another client.

The FCA rules require that firms, in the first instance, have in place arrangements to manage conflicts. Where such arrangements are not sufficient to ensure with reasonable confidence that the risk of damage to clients’ interests will be prevented, a firm is required to disclose a potential conflict to its client before undertaking business with that client.

The FCA Principles that are particularly relevant to Conflicts of Interest are:

- Principle 1 – A firm must conduct its business with integrity.
- Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly;
- Principle 8 – A firm must manage conflicts of interest, both between itself and its customers and between a customer and another client.

Overview

The relevant rules are located in the Senior Management Arrangements, Systems and Controls (SYSC) found in the High Level Standards module of the FCA Handbook. All capitalised terms refer to the FCA definitions. The term Senior Management refers to Directors of ECU and Senior Managers collectively.

Firms are required to take all reasonable steps to identify, manage, record and, where necessary, disclose actual or potential conflicts of interests between the Firm, including its managers, employees, appointed representatives or any person directly or indirectly linked to them by control, and its clients as well as between one client and another, and have in place a written policy in respect of conflicts of interest.

The Rules apply to all client types (i.e. Retail Client, Professional Client and Eligible Counterparty) where the Firm provides a service and where such conflicts could have a detrimental effect on clients.

Where a firm is a member of a group, it must also consider where conflicts of interest may arise as a consequence of the group structure or business activities of other group companies.

A firm’s obligations in respect of conflicts of interest apply on a Home State basis MiFID.

Obligations in respect of management of Conflicts of Interest

As described in SYSC 10.1.3R, ECU is required to take all reasonable steps to identify conflicts of interest between:

- itself, including its managers, employees and appointed representatives or tied agents or any person directly or indirectly linked to them by control, and a client of the firm, or
- one client of the firm and another client that arise in the course of the Firm providing any service referred to in SYSC 10.1.1R.

In order to fulfil its obligation to 'take all reasonable steps' the Firm will consider:

- the level of risk that such a conflict may constitute or give rise to a material risk of damage to a client/clients' interests;
- the nature, scale and complexity of its business; and
- nature and range of products and services offered in the course of its business.

As required by SYSC 10.1.7R the Firm will maintain and operate effective organisational and administrative arrangements so as to ensure it takes all reasonable steps to prevent conflicts of interest as defined in SYSC 10.1.3R from constituting or giving rise to a material risk of damage to the interests of its clients.

Senior Management Responsibilities

The responsibility for the management of Conflicts of Interest rests with the Firm's Senior Management who shall ensure that they are kept fully aware of the FCA requirements in respect of Conflicts of Interest and receive adequate management information to enable them to identify and manage any Conflicts of Interest or potential Conflicts of Interest. They must be able to assess objectively any conflicts or potential conflicts and be aware of the steps that need to be taken to mitigate any such conflicts in respect of both their business and personal responsibilities.

The Senior Management are also responsible for ensuring that the Firm's systems and controls are robust and sufficient to determine that the Firm is taking all reasonable steps to identify and manage any conflicts of interest that may arise. The Senior Management must receive sufficient Management Information to enable them to carry out an informed assessment of the Firm's arrangements in order to assess that they are operating effectively. In practice, this requires the Firm's Senior Management:

- to be involved in the identification and management of areas where conflicts of interest may arise;
- to regularly review the Firm's risks of conflicts of interest arising and the mitigating arrangements in place. This will involve an inclusive review of the entire business activities of the Firm and, where appropriate, will include the relevant activities of any group companies;

- to put in place a Conflicts of Interest Policy and Conflicts Register as required under the rules of the FCA;
- to review the Conflicts of Interest Policy and Conflicts Register on a regular basis and, at a minimum, on an annual basis;
- on an annual basis to require all staff (including Senior Management) to formally confirm his or her record of potential conflicts of interest by signing an Annual Interest Declaration;
- To assess and review on an ongoing basis situations that could potentially give rise to Conflicts of Interest;
- To put in place processes so that the Senior Management is able to identify any new conflicts of interest that may arise, for example as a result of new business or new product initiatives.

Management Information

Management information is derived from a number of sources including the Firm's compliance department's monitoring processes. The Firm has in place a compliance monitoring programme which consists of a series of tests which are conducted on a regular basis, weighted as to frequency based on the perceived compliance risk. The results of the compliance monitoring programme are documented as part of the Firm's Risk Assessment process, which is regularly reviewed by the Senior Management.

Remedial action must be undertaken, by the Senior Management, where systemic or repeated failures in established procedures are identified.

When reviewing new business or new product initiatives or proposals, evaluations shall include consideration and identification of any areas of conflicts with the Firm's existing business activity. Where conflicts of interest are identified, before proceeding with the new business or product mitigating arrangements must be put in place to manage such conflicts. If the Firm is not able to put in place adequate mitigating arrangements the Senior Management will either decide not to proceed with the new business or product or alternatively make the necessary disclosures to its clients in accordance with the procedures set out below.

Criteria for the identification of actual or potential areas of Conflict

As required by SYSC 10.1.4R, in its process for the identification of conflicts, the Firm considers whether the Firm or a Relevant Person or a person directly or indirectly linked by control to the firm:

- 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 one Client or group of Clients over the interests of another 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.

Disclosure

In the event that the Senior Management are not able to put in place procedures to ensure with reasonable confidence there is no material risk to the interests of its clients, the Senior Management will disclose any such conflict to clients or potential clients prior to commencing any designated investment business. ECU will ensure that such disclosures are fair, clear and not misleading and that the disclosures contain sufficient detail to enable the client to make an informed decision.

In some circumstances, such disclosures may relate to transaction specific conflicts or to the general business of the firm or to a particular service or activity. The Senior Management will ensure that disclosures are provided in a Durable Medium and are made prior to undertaking business with or on the client's behalf.

In accordance with the rules of the FCA, the Firm will not place over-reliance on disclosure as a means of managing conflicts of interest. In this regard it will consider whether other reasonable measures would be effective in reducing the potential damage to clients' interests before relying on disclosure.

Record-keeping

The Firm maintains a record of any circumstances in which a conflict of interest may arise or has arisen as a result of its activities of which this Policy forms the basis. Any conflicts that may arise during the course of business are logged on the Conflicts Register. These records are maintained and updated on a regular basis and will be retained for a minimum period of 5 years.

Management of Conflicts of Interest

The Senior Management of the Firm has undertaken a review to identify the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients in respect of the specific services and activities carried out by or on behalf of ECU.

In order to protect the interests of its clients, the Firm has put in place the procedures and policies that are to be followed and the measures to be taken by the Firm, its employees, agents, etc. to manage such conflicts.

The policies and procedures have been designed so that Relevant Persons conduct their activities at a level of independence appropriate to the size and activities of the Firm and to ensure that the Firm has taken all reasonable steps to protect the interests of its Clients.

If any of the Firm's procedures do not provide the necessary level of independence, the Firm will put in place alternative or additional measures and procedures as are necessary and appropriate

The Firm may, in certain limited circumstances decide it is not able to act for a client because it is not able to prevent a material risk of damage to the interests of one or more clients.

The Firm will ensure that all employees receive training in respect of the Firm's procedures for identifying, managing and escalating conflicts. All Staff are made fully aware of the Firm's Conflicts of Interest Policy and of their responsibilities to ensure that customers are treated fairly.

Areas of potential Conflicts of Interest

The appendices set out some of the circumstances identified by the Firm where conflicts may arise and includes a summary of the arrangements in place to manage such conflicts or where details may be found.

Monitoring Potential Conflict of Interest Situations

The Firm follows the following procedures for monitoring compliance with the FCA's rules and guidance on conflicts of interest.

The Firm documents its policies in this regard, both in general terms in the Compliance Manual, this Policy and supplementary policies. These documents are circulated to all the Firm's employees.

The Firm through its Compliance Monitoring Programme conducts various tests which contain tests in respect of conflicts monitoring:

- Review of Personal Account Dealing records and trading
- Review of fees, commission and non-monetary benefits received or paid by the Firm including review of Gifts & Entertainment records
- Review of outsourcing arrangements and, where applicable, the systems and controls in place to manage any areas of potential conflict.
- Review of allocation and aggregation records
- Review of any trading errors

The Firm maintains a Conflicts Register, which documents information from the Firm's personnel and Senior Management, and provides an independent assessment as to whether a Conflict is present or likely to occur. This Register also records any instances of where a Conflict of Interest has occurred and the remedial action taken.

Details of the findings from the Compliance Monitoring Programme are provided on a regular basis to the Firm's Senior Management.

APPENDIX A

Policy of Independence

This Policy on Conflicts of Interest is important and must be read, understood and followed by the Firm's directors and employees at all times. The Policy is intended to set out the minimum standards of propriety that the Firm expects from its directors and employees.

Every director and employee of the Firm is required, as a condition of their continued employment by the Firm to read, understand and comply with this Policy of Independence. Violations will lead to disciplinary sanctions including possible termination of employment.

Each of the Firm's directors and employees is an agent of the Firm and, as such, is obligated to act for and in the best interests of the Firm and its clients. Certain personal activities or interests of a director or employee may have some connection with the Firm's activities or interests but involve little or no conflicts of interest (for example charitable or civic activities).

Certain interests or activities of directors and employees may involve a significant actual or potential conflict with the interests or activities of the Firm and/or its clients or may give the appearance of conflict though no actual or potential conflict exists. Each director and employee must be alert to such conflicts of interest. He/she should scrupulously examine and avoid any activity or situation in which personal behaviour directly or indirectly conflict with the interests of the Firm or its clients. Such behaviour typically, but not exclusively, arises when it involves the use of knowledge acquired in conducting the Firm's business or from relationships with the Firm's clients or others.

One of the principal areas of potential conflict of interest is in the use of confidential information. Clients conduct business with the Firm with the expectation that all information and data provided by them or related to their business they conduct with the Firm will be maintained in absolute confidence.

For this reason all information concerning the business of the Firm's clients and their transactions must be treated as absolutely confidential and must be confined, even within the Firm, only to those who must have such information in order for the Firm to carry out its business properly and effectively.

The fact that rumours may be circulating, even if they are accurate, does not mean that the Firm's confidential information has become public information and does not relieve the Firm or its directors and employees of the ongoing obligation to treat the information as confidential.

No director or employee is permitted to benefit or allow another person to benefit (directly or indirectly, financially or otherwise) from knowledge of confidential information whether related to financial decisions, investment evaluation systems, strategies or methods, investment decisions, investment positions, in-house research or otherwise. This prohibition extends to the directors' and employees' relatives, friends and business contacts as well as Relevant Persons as defined in the rules of the FCA and any Appointed Representatives or Tied Agents of the Firm.

The Firm's directors and employees must ensure that they take particular care not to discuss confidential information with, or in the presence of, unauthorised persons, whether from within or outside The Firm.

Each of the Firm's directors and employees shall hold in a fiduciary capacity for the benefit of the Firm all information, knowledge and data relating to or concerned with its operations, business and affairs. He or she shall not, at any time, use, disclose or divulge any such information, knowledge or data to any person or corporate body other than the Firm and authorised persons within the Firm, except as may be legitimately required in connection with the business and affairs of the Firm.

APPENDIX B

Outsourcing

As required under SYSC 10.1.4R the Firm will consider any Outsourcing Arrangements in respect of conflicts management to assess the interests of service providers and their employees that may be relevant to a firm's obligations under Conflicts of Interest and what systems and controls need to be put in place to protect the interests of our clients in respect of such conflicts. Where a service provider or its personnel may have access to sensitive client or market information they are included in the Firm's controls as appropriate, for example personal account dealing arrangements and any information barriers in place.

As part of this process, we will further ensure that the outsource provider has appropriate policies and procedures in place to deal with any conflicts of interest that may arise

APPENDIX C

Inducements (fees and commissions)

Under MiFID, a Firm is not permitted to pay or accept any fee or commission, or provide or receive any non-monetary benefit (“Inducement”) in respect of designated investment business or another ancillary service carried on for a client except as follows:

- (1) Where the Inducement is paid or provided to or by the client, or an agent of the client;
- (2) Other Inducements may only be paid, received, provided to or by a third party provided that:
 - (i) The Inducement does not impair the Firm’s obligation to act in the best interests of the client; and
 - (ii) The existence, nature and amount of the Inducement is clearly disclosed to the client before the provision of the service;
 - (iii) The Inducement is designed to enhance the quality of the service to the client.
- (3) Fees such as custody, settlement, exchange, regulatory or legal fees which enable or are necessary for the provision of the services to the client.

ECU does not currently pay or accept any fee, commission or other benefit other than those received directly from its clients, except that it pays, and receives, certain “trail” commissions in respect of certain multi-currency loan arrangements that were entered into prior to the implementation of the FCA’s Retail Distribution Review on 1st January, 2013.

ECU does not participate in any Use of Dealing Commission arrangements.

Employees should clear with the Compliance Officer any arrangement that could infringe the letter or the spirit of this Appendix C, even in cases where it is proposed to inform the client of the nature and amount of the inducement as per 2 (ii) above.

See also ECU’s Gifts & Entertainment Policy.

APPENDIX D

Service on Boards of Directors and other Outside Activities

Service on boards of directors of outside companies, as well as other outside activities generally, could lead to potential conflicts of interest and insider trading issues, and may otherwise interfere with your duties to the Firm. Accordingly, you may not serve as a director of an outside company (or in a similar role for an unincorporated entity) without prior approval from the Board of Directors and the Compliance Officer.

If you desire to serve as a director of an outside company, you must notify the Compliance Officer before accepting the position. In addition, if service as an outside director is approved and unless otherwise agreed by the Board of Directors and the Compliance Officer, you must pay, assign or transfer to the Firm all compensation and other financial benefits related to or arising out of such service in recognition of the reduction of your business and professional time that would otherwise be devoted to the Firm. Any employee serving as a director of a public company (or a private company that is about to go public) may be required to resign or comply with other controls.

All new hires must (a) promptly disclose any pre-existing board memberships to the Compliance Officer, (b) obtain approval as described above if they wish to continue such membership, and (c) comply with any conditions placed on them to control or eliminate potential conflicts of interest.

With respect to other outside activities:

- You may not be employed by, or accept any form of compensation from, any other person as a result of any business activity (including consulting engagements, paid positions with governmental or charitable organizations and part-time, at-home ventures such as multi-level marketing programs or freelance software development) outside the scope of your relationship with the Firm, without the prior written approval as described above.
- You may not raise money or participate in the raising of money for any company, individual or other business venture, except with respect to charitable or educational organizations, without the prior written approval of the Compliance Officer
- You may not form or participate in any shareholders' or creditors' committee, except as part of your responsibilities to the Firm, without prior written approval as described above.

APPENDIX E

Public Interest Disclosure Policy (“Whistleblowing”)

ECU has in place a policy to provide its managers and employees with information regarding their rights to make disclosures under the Public Interest Disclosure Act, including directly to the FCA. This is set out in the Compliance Manual.

APPENDIX F

Remuneration Arrangements

ECU is a Proportionality Level 3 firm under the FCA rules in respect of the Remuneration Code and has in place a remuneration policy which sets out the Firm's arrangements to ensure that its compensation arrangements will not give rise to conflicts of interest between the Firm, its employees and its clients and that ECU is meeting its obligations under the Remuneration Code.

The remuneration policy is set by the Remuneration Committee which is comprised of a majority of independent Non-Executive Directors (NEDs) and which meets quarterly.

An overriding policy of the Remuneration Committee is to ensure that each employee's terms of employment do not contain performance targets or bonus arrangements that are tiered in a fashion that might incentivise an employee to take inappropriate risk on a client's behalf, or to sign client agreements with individuals who do not meet the Firm's most stringent suitability requirements.

APPENDIX G

Gifts & Entertainment Policy

ECU has in place a Gifts & Entertainment Policy, which is set out in the Compliance Manual.

All gifts and entertainment are recorded on the Gifts & Entertainment Register and this record is reviewed on a regular basis by the CEO and the Compliance Officer and is also checked independently under the Compliance Monitoring Programme.

APPENDIX H

Personal Account Dealing Policy

ECU has in place a Personal Account Dealing Policy, which requires staff to obtain pre-approval for all transactions covered by the policy. The Personal Account Dealing Policy is set out in the Compliance Manual.

APPENDIX I

Aggregation and Allocation Policy

ECU's has in place an Aggregation and Allocation Policy as part of its Best Execution Policy. All aggregated trades are allocated on a pro-rate basis to the extent practicable and the allocations are checked as part of the compliance monitoring programme.

APPENDIX J

Trade Error Policy

ECU has in place procedures which require all trade errors to be reported to Senior Management immediately upon being identified. It also has in place a number of controls to identify trade errors.

Upon identifying any such trade error, steps are taken in consultation with the Compliance Officer to rectify the error and clients are notified of the details and the steps taken by ECU. Where the error has resulted in a loss to the client, the policy requires ECU to reimburse the client's account so as to bring it to the position it would have been in had the error not occurred. Where the error has resulted in a profit this will be for the client's account except where these profits can be reasonably netted against loss making errors of the same type or where the client makes an informed decision to reject the trade.