

HENDERSON ROWE

Conflicts of Interest Policy

Date: January 2017

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Henderson Rowe Limited is authorised and regulated by the Financial Conduct Authority
Henderson Rowe Limited is registered in England and Wales, company number 4379340

1 BACKGROUND

- 1.1. Henderson Rowe (“the Firm”) has comprehensive procedures in place to identify, monitor, manage and disclose conflicts of interest that may exist and/or result in a material risk to its clients.
- 1.2. As a company regulated by the Financial Conduct Authority (“FCA”), the Firm is required under SYSC 10.1.3 and Principle 8 to identify conflicts of interest between the Firm, its employees and its clients, including conflicts of interest between one client and another, and to deal with them in a fair, just and reasonable manner.

2 COVERAGE

- 2.1. This policy covers all individuals working at all levels and grades throughout the Firm, including Directors, Officers, investment managers, analysts, traders, assistants, employees, consultants, contractors, trainees, homeworkers, part-time and fixed-term employees, casual employees and any agency staff (collectively referred to as ‘staff’ throughout this policy).

3 SCOPE

- 3.1. All staff are required to comply with the spirit of this policy at all times, in order to protect the Firm, its clients and its service providers (including but not limited to the Firm’s custodian, introducers and other third party providers) from the possibility of adverse effects to the Firm, its clients and/or its service providers.

4 TYPES OF CONFLICT

- 4.1. The Firm has a duty under SYSC 10.1.4 to consider whether the Firm or its employees:
 - Are likely to make a gain (or avoid a loss) at the expense of a client;
 - Has an interest in the outcome of a transaction which is distinct from the client’s interest in that transaction;
 - Are favouring the interests of another client instead of the client involved in a given transaction;
 - Are engaging in the same business as a client;
 - Receive or will receive from a person other than the client an inducement to provide services to that client.
- 4.2. The Firm is committed to ensuring that adverse conflicts do not arise through effective segregation of duties. Effective segregation does not equate to total segregation, which given the Firm’s business model is not possible. The Firm recognises that a conflict can potentially arise out of the fact that clients are brought in by the person who later manages their investment portfolio.

- 4.3. However, the Firm has a system to ensure that no one single person is responsible for multiple elements of the Firm's dealings, as far as possible. For example:
- Giles Rowe and Artur Baluszynski are responsible for product research;
 - Investment Managers (all of whom report to Toby Thomson) are responsible for customer relations and advocating which products are suitable for particular clients;
 - Sarah-Jane Lorient is responsible for ensuring that the Firm's dealings are compliant with the regulatory and statutory framework.
- 4.4. When considering the method of managing conflicts of interest, the Firm will take into account:
- The risk that any particular conflict may adversely affect the interests of a client, a group of clients, or all of our clients;
 - The nature, scale and complexity of the Firm's domestic and international business transactions; and
 - The nature and range of products and services offered in the ordinary course of business.

5 MONITORING AND INVESTIGATING CONFLICTS

- 5.1. Staff who have become aware of or involved in any conflict of interest explained in section 6 of this Policy are asked to inform the Head of Compliance immediately; in her absence, conflicts should be disclosed to the CEO. Any conflict involving the Head of Compliance or the CEO should be disclosed to the Board. All disclosures should be made in line with the Firm's Public Interest Disclosure Policy.
- 5.2. Disclosures made to the Head of Compliance should include:
- The name or names of clients involved or potentially involved;
 - The nature of the conflict;
 - Whether that perceived conflict is actual or potential;
 - The names of staff who are able to effectively deal with the conflict.
- 5.3. Upon being informed of any actual or potential conflicts, the Head of Compliance will make a note of the conflict on the Conflicts Register, stored in the restricted section of the Compliance network drive.
- 5.4. The Head of Compliance, or any other person she shall designate at her discretion, will be responsible for investigating and assessing the nature, complexity and sensitivity of risk that any such conflict shall pose to a client, group of clients, or all of the Firm's clients.
- 5.5. Further, the Head of Compliance or her designated representative shall be responsible for determining the commercial implications of any actual or potential conflict, the appropriate person to effectively deal with the conflict, and the method by which the conflict shall be resolved.

- 5.6. Upon completing any monitoring or investigation relating to any particular conflict of interest, the Head of Compliance will be responsible for determining the way in which the conflict shall be resolved. This will usually be by way of one of the below methods but is ultimately at her discretion:
- Acknowledging that the Firm's current system of controls are sufficient to mitigate the risk posed by any such conflict of interest;
 - Implementing additional *ad hoc* controls for that particular conflict of interest, in addition to the already established system of controls.
 - Declining to act or to continue acting for the client concerned; or
 - Disclosure of the conflict to the client concerned and seeking their consent to continue acting in light of the actual or potential conflict between their interests and that of the Firm.

6 MANAGING CONFLICTS

6.1 CONFLICTS BETWEEN THE FIRM AND CLIENTS

- 6.1.1. Staff are entitled to deal on their own behalf within the constraints of the Firm's Personal Account Dealing Policy. The Head of Compliance must assess these deals on a case by case basis in order to prevent the misuse of confidential information meant for clients and to stop conflicts of interest arising between the Firm and those clients. The Firm's Personal Account Dealing Policy should be referred to for further details.
- 6.1.2. The Firm is dedicated to ensuring that the interests of clients are paramount to the success of the Firm's business but recognises that there may be circumstances where conflicts between the Firm and its clients are inevitable, for example commission payments, and does not castigate staff for becoming involved in such conflicts of interest. The Firm insists that such conflicts be managed effectively and in a way that does not disadvantage any of the Firm's clients.
- 6.1.3. It is recognised that commission payments are an important issue that needs to be dealt with sensitively. The Firm includes a clause for commission in its contracts with clients and staff are rewarded accordingly for the clients and business that they draw in. Commission payments are managed through the use of commission spreadsheets investigated thoroughly on a daily basis by Maria Camacho and overseen by the Head of Compliance. Any commission payments are investigated on a case-by-case basis to prevent against any possibility of misdealing or churning.
- 6.1.4. The Firm recognises the conflict created by sharing commission with the Research team, who make recommendations and, consequently, benefit from the decisions to trade. This conflict has been alleviated through the commission monitoring programme, the systems

put in place for stock picking, and through the regular checks imposed by the Compliance team.

6.2 CONFLICTS BETWEEN ONE CLIENT AND ANOTHER CLIENT

6.2.1. In order to protect the Firm from conflicts of interest between one client and another, the Firm has put in place a policy to aggregate transactions using bulk orders as far as is possible, so that all clients involved in trading a particular product are able to take advantage of the same buy or sell price on that day. The Firm's Allocation and Aggregation Policy should be referred to for further details.

6.2.2. The Firm encourages staff to take advantage of bulk orders where it advantages the clients but recognises that it is ultimately at the discretion of the relevant Investment Manager. If the Investment Manager concerned takes the decision to act outside of any bulk order already in place, a note of the reason why he has acted outside of the bulk order should be noted on ACT.

6.2.3. Conflicts can also arise between discretionary and managed advisory clients with regards to varying prices. The Firm seeks to deal with this by ensuring that managed advisory clients are contacted (or are attempted to be contacted) so that they have the opportunity to make transactions at the same or similar time as discretionary clients.

6.3 CONFLICTS BETWEEN DIRECTORS OF THE FIRM AND EMPLOYEES OF THE FIRM

Intra-company conflicts tend to arise in three situations:

6.3.1. Difference in client relationships: the interests of the Firm need to be aligned with the interests of clients, and advisors are better placed to assess the needs of the client whereas directors control the way in which the Firm progresses. Communication between client-facing employees and the directors needs to be managed and maintained for the Firm to continue its business effectively.

6.3.2. Remuneration: whereas senior operations managers, generally speaking, are paid a higher base salary, investment advisors have no cap in their earnings due to commission on their accounts. This disparity can in theory cause tension between those involved and so needs to be carefully managed by the Firm.

6.3.3. Duties and responsibilities: there will be inevitable friction between those involved with transactions and those ensuring compliance with industrial, regulatory and statutory standards. This is best managed through training (run in parallel with CPD) and reinforcing ongoing assessments of best practice by the Head of Compliance and senior management.

7 METHODS OF CONTROLLING CONFLICTS

7.1 MARKET INDEPENDENCE

- 7.1.1. The Firm is aware that there is a risk of a conflict of interest arising between clients with large holdings in companies and the Firm where the Firm takes a particular view as to those companies.
- 7.1.2. The Firm takes the view that its process of valuing stock as part of ongoing research is in the interests of the broader client base and as such is a justification for any such conflict of interest.
- 7.1.3. Further, the Firm's independence from the market acts as a protection against any actual, potential or perceived undue influence.

7.2 CHINESE WALLS

- 7.2.1. SYSC 10.2 regulates the establishment and maintenance of Chinese walls.
- 7.2.2. The purpose of a Chinese wall is to protect information used in one element of the Firm's business (i.e. Research) from being used in another element of the Firm's business (e.g. Sales) until decisions have been fully formulated, analysed and considered by the Firm's senior management.
- 7.2.3. In the above example, the Firm has implemented a Chinese wall to protect fledgling research from investment advisors until such a time when the Head of Research (with input from the CEO and Head of Compliance) has approved that research for dissemination to clients.
- 7.2.4. The purpose of a Chinese wall is to prevent a conflict of interest arising: if advisors remain unaware of ongoing research protected by a Chinese wall, the FCA will not consider them in possession of knowledge of protected information should a conflict of interest causing material risk to clients be alleged.

8 DISCLOSURE TO CLIENTS

- 8.1. The Firm takes the strong view that conflicts of interest should only be disclosed to clients in situations where it is not possible for the actual or potential conflict to be dealt with in-house.
- 8.2. In such situations, the Head of Compliance and the Investment Advisor responsible for the client concerned will disclose the general nature of the conflict and the sources of that conflict with the client, before discussing permission to continue or the possibility of discontinuing the Firm's relationship with that client.

9 POLICY REVIEW

- 9.1. The Head of Compliance will be responsible for reviewing this policy annually (or at the request of the CEO or another member of the Board) to ensure that it continues to meet legal requirements and that it reflects best business practice.