

Church House Investments Limited

Policy on Managing Conflicts of Interest

CONFLICTS OF INTEREST

The Company will take all reasonable steps to identify and manage conflicts and potential conflicts of interest between it and anyone associated with the Company and the Client and between one Client of the Company and another Client. The Company maintains a policy of managing conflicts of interest which is reviewed at least annually and will take all reasonable steps to manage its affairs to minimise the likelihood of conflict.

In identifying conflicts the Company will take into account whether it or anyone associated with the Company either directly or indirectly is:

- a) likely to make a financial gain or avoid a financial loss, at the expense of the Client;*
- b) 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;*
- c) has a financial or other incentive to favour the interest of another Client or group of Clients over the interest of the Client;*
- d) 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 fee for that service.*

The Company will keep and regularly update a record of the kinds of service or activity carried out by it, in which a conflict of interest entailing a material risk of damage to the interests of one or more Clients, has or may arise.

The Company will maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting, or giving rise to, a material risk of damage to the interests of clients.

Conflicts may arise where:

- a) a recommendation of an investment is made to the Client and a transaction is matched with that of another Client by acting on their behalf as well as yours;*
- b) buying or selling units/ shares in a collective investment scheme where the Company is the Trustee or an adviser to the Manager of the Scheme;*
- c) buying investments where the Company is, or has been, involved in a new issue, rights issue, takeover, or similar transaction concerning the investment or related investment.*

1. Identification and Management of conflicts of interest

We are required to try as far as possible to identify, manage and resolve potential conflicts of interest. Reporting or disclosing them is not sufficient by itself.

Any potential conflicts may be identified from the daily circulation of information and the approval processes. Matters of doubt should always be escalated. A committee of non-executive directors will be the final arbiter of controversial matters that cannot otherwise be resolved.

The Compliance Officer will have an auditing function overseeing the efficient operation of this process. Comment may be made in the Compliance Report as required.

2. Record keeping

The Board minutes will record any matters of conflict that have been escalated to it.

Failures in the process or unsatisfactory outcomes may be highlighted in the Compliance Report.

3. Applicable Principles

The interests of clients come first. They take priority over the interests of shareholders or staff. In cases of conflict between the interests of different clients then in so far as possible the principles of treating customers fairly (“TCF”) should be applied. However TCF does not mean treating all clients in exactly the same way. An awareness of other applicable rules is essential. The personal dealing policy is designed to prevent staff members acting in a way which might, or might seem to, prejudice the interests of clients.

However there may be other personal activities or dealings not in securities, involving transactions between members of staff and clients. These must always be formally approved in advance by a director having been considered at an appropriate risk meeting. The scope of the personal dealings policy to include connected parties applies in these cases also.

4. Buying and selling stock for different clients on the same day.

It is easy to envisage circumstances where on behalf of one client requiring to raise cash and keep a balanced portfolio we might sell a security which we otherwise considered a “good” investment and which we might be buying for other clients on the same day. Given the size of our business it is most unlikely that one transaction would affect the market ahead of the other. Most of our holdings in small companies where this risk is greater are through our funds.

5. Allocation Procedures

Any scarce new issue will generally be allocated to one or more CHI funds, rather than to individual clients. The CIO will make a record of the rationale used.

6. Chinese Walls

We have a policy of openness in all business. We neither produce investment research nor undertake any corporate finance activities. As a result, there is no requirement for Chinese walls.

7. Gifts from Clients and to Clients

It is Company Policy that all gifts, either to or from a client, will be reported to the Compliance Officer and entered on to the register.

We have a long-established gift policy and in practice gifts are usually very modest. Corporate entertainment is probably the most valuable thing given or received and this is explicitly included in the gift policy. Care should be exercised in the giving and receiving of entertainments and gifts that may leave the firm open to a challenge of bribery.

8. Remuneration

Remuneration is structured to include qualitative elements to reflect good client care and effective record keeping which both reduce the firm's risk. Equally the number of breaches and/or complaints is taken into account.

9. Inducements

We will:

- Disclose any inducement, including gifts, entertainment.
- Make sure clients receive benefits from it
- Make sure no conflicts arise

Disclosure should include existence, nature and amount of fee, commission or benefit and the method of calculation. Disclosure must be: - Clear, comprehensive, accurate and understandable and given prior to the provision of any service. There is no materiality threshold.

Any inducement must be designed to enhance quality of service and not impair our duty to act in the best interests of the client.

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