

<b>Policy</b>	<b>Conflicts of Interest Policy</b>
<b>Author</b>	Sujan Nadarajah
<b>Version</b>	V9
<b>Last Reviewed</b>	December 2024
<b>Last Updated</b>	December 2023
<b>Regulatory Reference</b>	FCA SYSC Chapter 10; Article 34 of the MiFID II Delegated Regulation
<b>Associated Process</b>	Complaints Handling Procedure

## 1. Introduction

As a firm registered in the UK, TwentyFour Asset Management LLP (“TwentyFour AM”) must abide by domestic legislation and any EU Directives or Regulations, as ‘onshored’ into UK law by virtue of the European Union Withdrawal Act 2018 (“EUWA”). Accordingly, this document makes due reference to the revised Markets in Financial Instruments Directive (“MiFID II”)<sup>1</sup> and Financial Services and Markets Act (“FSMA”) 2000 as they apply to corporate governance and conflicts of interest.

Furthermore, as TwentyFour AM is authorised and regulated by the Financial Conduct Authority (the “FCA”) TwentyFour AM must observe and comply with Chapter 10 of SYSC, COBS 12 and Principle 8 as they apply in respect of corporate governance and conflicts of interest.

TwentyFour AM provides investment management services which are targeted primarily at professional investors and advisors. These services could potentially give rise to conflicts of interest entailing a material risk of damage to the interests of one or more clients.

## 2. Objective & Scope

TwentyFour AM is required to take all appropriate steps to identify and adequately prevent or manage conflicts of interest between TwentyFour AM, including its Relevant Persons (as defined below), or any person directly or indirectly linked to them by control, and a Client; or one Client of TwentyFour AM and another Client that may arise in the course of TwentyFour AM’s provision of regulated activities to its Clients. This policy aims to set out these potential conflicts and TwentyFour AM’s arrangements in connection with the identification, documentation, escalation and management of conflicts of interest.

Senior management within TwentyFour AM are responsible for ensuring that systems, controls and procedures are adequate to identify, manage and prevent conflicts of interest in TwentyFour’s business. TwentyFour AM’s Compliance Department assists in the identification and monitoring of actual and potential conflicts of interest and the prevention of potential conflicts of interest.

For the purposes of this document, and in accordance with SYSC 10.1.7R, this policy also applies to those conflicts of interest that may adversely affect the interests of a Client.

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<sup>1</sup> Onshored into UK law by virtue of the EUWA and as set out in the Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018.

This policy applies globally to TwentyFour AM, its subsidiaries, and all Staff Members of TwentyFour AM and/or its subsidiaries (together referred to as “TwentyFour” or the “Firm”).

### **3. Principle**

#### **3.1 Definition of Conflicts of Interest**

An actual or potential conflict of interest may arise between:

- the Firm and a Client;
- a Relevant Person and a Client;
- two or more Clients of the Firm;
- the Relevant Person(s) and third parties appointed by the Firm.

#### **3.2 Identifying situations where a conflict may arise**

For the purposes of identifying the types of conflicts of interest that arise, or may arise, TwentyFour must take into account, as a minimum, whether the Firm, 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 the service to, or a transaction carried out for, a Client which differs from the Client’s interest;
- has a financial or other incentive to favour one Client (or group of Clients) over the interests of another;
- carries on the same or similar business as the Client; and/or
- receives or will receive an inducement from a third party in the execution of the service provided to the Client, other than the standard commission/fee for that service.

TwentyFour has identified a variety of situations in which conflicts of interest may arise. Below is a non-exhaustive summary of potential conflicts of interest that may arise in relation to services provided by the Firm:

1. the Firm or an associate undertakes designated investment business for other Clients including its associates (and the clients of its associates);
2. a partner or employee of the Firm, or of an associate, is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of a Client;
3. a transaction is effected in units or shares of a fund or company of which the Firm or an associate is the manager, operator or adviser;
4. a transaction is effected in securities in respect of which the Firm or an associate, or a director, partner or employee of the Firm or an associate, is contemporaneously trading or has traded on its/their own account or has either a long or short position;
5. the Firm may, when acting as agent for a Client, match an order of the Client with an order of another Client for whom it is acting as agent;

6. a partner or employee of the Firm taking personal advantage of information gained, using company assets for personal benefit or profiting from business opportunities identified through a position held at the Firm; and/or
7. a partner or employee of the Firm valuing assets in a fund for personal gain.

### **3.3 Control and prevention of conflicts of interest**

Where conflicts, or potential conflicts, are identified TwentyFour is committed to ensuring that they are effectively and fairly managed so as to prevent these conflicts from adversely affecting the interests of its Clients.

#### **3.3.1 As a minimum standard the Firm has in place arrangements designed to ensure that:**

- specific policies and procedures with regard to among others; execution of orders, personal transactions, remuneration and inducements have been implemented;
- there are effective procedures in place to control the flow of information where, otherwise, the risk of a conflict of interest may harm the interests of a Client; For example, Personal Account Dealing, insider lists, Non-Disclosure Agreements (“NDAs”), and this Conflicts of Interest Policy;
- supervisory arrangements provide for separate supervision of staff where necessary for the fair management of conflicts of interest;
- relevant information is recorded promptly in a secure environment to enable identification and management of conflicts of Interest; For example, insider lists, Conflicts of Interest Record (as defined below);
- where necessary, appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- appropriate escalation processes are in place and complied with where a conflict of interest has been identified or may be identified;
- adequate records are maintained of the services and activities of the Firm where a potential conflict of interest has been identified: the Conflicts of Interest Record;
- where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential conflict of interest; and

there is a periodic review of the adequacy of the Firm’s systems and controls.

#### **3.3.2 Where it is not possible to prevent actual conflicts of interest from arising, TwentyFour will try to manage the conflicts of interest through application of the following measures:**

- i. Disclosure to the Client so the Client can confirm they are happy to proceed with the service offered;
- ii. Establishing an information barrier; or
- iii. Declining to provide the service

**Disclosure to the Client** - clearly disclose the general nature and source of the conflict of interest to the Client before undertaking business for the client. The disclosure will be made in writing and include sufficient detail to enable the Client to take an informed decision about the service in the context of which the conflict of interest has arisen.

In particular, the disclosure will include:

- A specific description of the conflict of interest;
- An explanation of the risks to the Client that arise;
- A warning that the organisational and administrative arrangements established by the Firm to prevent or manage that conflict of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented; and
- Sufficient detail to enable that Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

A disclosure will only be made as a matter of last resort and is not considered to be a mitigant. All the controls detailed in this policy will continue to be applied in respect of that conflict, even where a disclosure is made.

**Information Barrier** - information held by one part of the business to be withheld from, or not used by, persons in another part of the business. The use of an information barrier will be established and enforced by the Compliance Department.

**Declining to provide a service** – where it is not possible to avoid a conflict of interest, TwentyFour may have no choice but to decline to provide the service requested.

### **3.3.3 Specific Controls to Safeguard against Conflicts of Interest**

#### **3.3.3.1 Inducements including Gifts & Hospitality**

##### **Minor Non-Monetary Benefits (“MNMB”)**

TwentyFour maintains business relationships with third parties who may remunerate the Firm in the form of management and performance fees; these may constitute monetary or non-monetary benefits and could potentially impair TwentyFour’s fiduciary duties to the Client.

A Non-Monetary Benefit that involves a third party allocating valuable resources to TwentyFour is not a MNMB and accordingly should be considered as a potential conflict of interest.

Acceptable MNMBs *must be*:

- clearly disclosed prior to the provision of the relevant service to the Client;
- capable of enhancing the quality of service provided to the Client;
- of a scale and nature that could not be judged to impair compliance with the duty to act honestly, fairly and professionally in the best interests of the Client; and
- reasonable, proportionate and of a scale that is unlikely to influence the Firm’s behaviour in any way that is detrimental to the interests of the relevant Client.

Acceptable MNMBs include:

- information or documentation relating to a financial instrument or investment service, that is generic in nature or personalised to reflect the circumstances of an individual Client;
- written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it, or to the general public;

- participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events; and
- non-substantive material or services, as set out in COBS 2.3A.22.

### **Gifts & Hospitality**

Gifts and hospitality could lead to potential conflicts of interest. No Relevant Person may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances.

The Firm has in place policies and procedures to ensure that all members of staff and their connected persons do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial. All members of staff are required to record details of any entertainment or corporate hospitality received and seek sign-off from the Compliance Department, which would include prior approval above certain monetary values. The Compliance Department also undertakes regular reviews of such matters, including an assessment of all entertainment or corporate hospitality received by all dealing and fund management personnel.

**For the avoidance of doubt TwentyFour considers reasonable business lunches and dinners where the purpose is to discuss topics that are capable of enhancing the quality of service provided to the Client to fall within the category of MNMBs.**

#### **3.3.3.2 Personal Account Dealing**

A conflict of interest could occur if a member of staff were to invest or undertake transactions in a security which is held within the portfolios that the Firm manages on behalf of Clients or a potential conflict may arise where a member of staff deals in a security ahead of Clients. The Firm's Personal Account Dealing Policy has been implemented in relation to personal account dealing and outside business interests to ensure that any conflicts of interest which may arise between a staff member's personal interests and the need to make impartial decisions are appropriately managed.

A log of personal account dealing in affected securities, engaged in across the Firm is maintained by the Firm's Compliance Department. The log also captures evidence of all necessary approvals and contract notes.

In addition, securities on the Firm's Restricted List are hard-coded into the Firm's order management system.

#### **3.3.3.3 Outside Business Interests**

Staff members are required to obtain prior approval from the Compliance Officer before engaging in employment outside their employment with TwentyFour. Staff members are also required to obtain the prior approval of the Compliance Officer before taking an interest in any outside business organisation and before becoming a director, an officer or adviser to a company or to any other entity, whether or not the position is paid. Personal interests must not affect the ability of a member of Staff to make judgements or decisions in the best interests of TwentyFour and its Clients.

Approval for outside business interests will not be unreasonably withheld, it being understood that any outside employment or business interests should not conflict or interfere with TwentyFour's business in any way.

#### **3.3.3.4 Client Orders and Allocation of Trades**

The Firm's Order Execution Policy is enforced to ensure fairness among the portfolios the Firm manages and to provide market prices from the most appropriate, approved counterparty available. Certain investments may be appropriate for multiple clients. Investment decisions for these clients are made by fund managers in their best judgement, taking account of those factors that they believe to be relevant. Such factors may include investment objectives, regulatory restrictions, current holdings, availability of cash for investment, the size of investments generally, and limitations or restrictions on a Client's account that are imposed by the Client or under law.

Unless Client specific circumstances dictate otherwise, for example when clients instruct us to use a particular brokerage, the investment teams normally implement transactions in individual stocks for all Clients with similar mandates at the same time.

The allocation of executed trades is also done in accordance with procedures designed to ensure fair treatment. When orders are completed, trades are pro-rated among participating Clients unless there is a significant reason not to do so, such as unforeseen cash commitments for a Client or group of Clients or where so little stock is bought or sold during the day that the costs of settlement outweigh the benefit to Clients if the trades are allocated to all participating Clients.

#### **3.3.3.5 Dealing in Own Funds**

TwentyFour may, through its provision of investment management activities, provide discretionary management services to its Clients and may invest directly into other funds managed by itself or an affiliate. Any such investments would be in accordance with the relevant Client and fund documentation.

#### **3.3.3.6 Insider Dealing**

The Firm has implemented an Insider Dealing Policy to explain insider dealing and articulate how the Firm identifies and manages inside information and mitigates the risk of insider dealing.

#### **3.3.3.7 Remuneration**

The Firm's Remuneration Policy has been implemented to ensure that members of staff are remunerated appropriately and in a manner that promotes effective risk management, fair treatment of clients and mitigates conflicts of interests. The Firm's remuneration arrangements are reviewed annually to ensure that they do not give rise to conflicts of interest in relation to the activities or services provided by the relevant members of staff.

#### **3.3.3.8 Information Barriers**

Information barriers and other measures may be put in place to enable the Firm and Relevant Persons to carry out business on behalf of Clients without being influenced by other information held within the Firm that may give rise to a potential conflict of interest.

TwentyFour also maintains, and periodically updates, its Restricted List of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information.

Staff members should adhere to the following procedures to help prevent the passing of confidential information to unauthorised persons.

Limiting access to information:

- i. confidential material within individual offices or administrative areas should be kept in cabinets or drawers or otherwise covered;
- ii. digital barriers should be in place concerning access rights to information on a need-to-know basis as appropriate to an individual's role;
- iii. restricted access to office areas, such as server rooms to be restricted to certain approved personnel;
- iv. telephone conversations and meetings that might contain confidential/sensitive information should be held in private;
- v. confidential information should only be made available to individuals who need the information to perform their duties; and/or visitors to the firm should be escorted at all times and not left to wander unrestricted.

### **3.4 Conflicts of Interest Record**

The Firm keeps and regularly updates a record of the types of regulated business activities carried out by or on behalf of the Firm in which conflicts of interest entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing regulated business service or activity, may arise (the Firm's 'Conflicts of Interest Record'). These records will be maintained for a minimum period of six years from the date of creation and are maintained on an on-going basis by the Compliance Department.

### **3.5 Monitoring & Review**

TwentyFour will monitor the effectiveness of its systems and controls surrounding the management of any conflicts of interests to identify, and where appropriate, correct any deficiencies. The Firm will regularly review its Conflicts of Interest Policy and should we amend or replace any version of the policy, the newest version will automatically apply and will supersede all previous versions. The latest version of the Conflicts of Interest Policy is available on the Firm's website <https://www.twentyfouram.com/regulatory>.

### **3.6 Training on Conflicts of Interest**

All Staff members receive a copy of the Firm's Conflicts of Interest Policy and receive training in respect of conflicts of interest. In addition, all Staff members are required to provide a periodic undertaking confirming compliance with the Firm's compliance procedures, including with regard to personal account dealing and policies relating to the receipt of gifts, benefits and entertainment.

### **3.7 Reporting Conflicts of Interest**

Conflicts of interest situations or potential conflicts situations should be reported to the Chief Compliance Officer immediately.

## **4. Explanation of Terms**

### **4.1. Client**

For the purposes of this policy, “Clients” include:

- existing Clients of the Firm;
- potential Clients (where the Firm is seeking individually to enter into a contractual relationship in respect of Regulated Business services); and/or
- past Clients where fiduciary or other duties remain in place.

### **4.2. Relevant Person**

For the purposes of this policy, “Relevant Person” means any of the following:

- a partner, manager or appointed representative of the Firm;
- a partner or manager of any appointed representative of the Firm;
- a member of staff of the Firm or of an appointed representative of the Firm; and/or
- a natural person who is involved in the provision of services to the Firm or its appointed representative under an outsourcing arrangement.

### **4.3 Staff Member**

For the purposes of this policy, “Staff Member” includes all individuals working for TwentyFour at all levels and grades, including partners, employees, contractors, interns, secondees, home-workers, part-time and fixed-term employees, and agency staff.