

ODEY ASSET MANAGEMENT LLP

Conflicts of Interest Policy

INTRODUCTION

A conflict of interest arises if you are compromised in your duty to act in the best interests of Odey Asset Management LLP (“OAM”) and/or its Clients¹. This policy aims to identify the circumstances which may give rise to a conflict of interest and specifies procedures to be followed. Whenever a new type of conflict is identified by OAM and/or its staff, the Conflicts of Interest Register and/or Staff Register of Interests (as applicable) will be updated by Compliance.

This Policy applies to all OAM staff including “relevant persons”² as defined by the FCA but excluding outsourcers³. This policy is included in the OAM Compliance Manual and Code of Ethics which are provided to all OAM staff and it is available on the intranet at www.odey.com. All OAM staff are required to confirm their adherence to its standards on an annual basis.

THE BASIC OBLIGATION

OAM must act honestly, fairly and professionally and in accordance with the best interests of its Clients at all times. Specifically, it must take “all appropriate steps” to identify and, wherever possible, prevent or mitigate any potential or actual conflicts of interest between:

1. the Firm and its Clients (often referred to as the Agent-Principal conflict); and,
2. between its Clients.

In taking “all appropriate steps” OAM will consider the level of risk associated with a particular conflict, the nature, scale and complexity of OAM’s business, the nature and range of products that it offers, and the nature of its Client base.

Where OAM is unable to manage a conflict of interest but it has reasonable confidence that risks of damage to the interests of a Client will be prevented, then OAM must disclose the general nature and sources of such conflict of interest to the Client **before** undertaking business for the Client so that the Client can make an informed decision⁴. Failure to do so would potentially deprive the Client of the right to determine if the conflict may impact their investment decision. Note that for certain typical conflicts that would apply to an investment manager such as OAM (e.g. aggregation and allocation of trades), disclosure may be achieved through the applicable Investment Management Agreement (IMA) with the Client or other constituting document.

¹ Client is a person or entity to which OAM intends to provide or has provided a service in the course of carrying out a regulated activity. This includes a potential client or an investor.

² Relevant person (in summary) is defined as any of the following (a) a director, partner or equivalent, manager, employee or appointed representative of OAM, and (b) any other natural person, including persons operating under an outsourcing arrangement, whose services are placed at the disposal and under the control of OAM and who is involved in the provision by OAM of regulated activities.

³ As set out in the FCA Thematic review on Outsourcing in the Asset Management Industry (November 2013) an asset manager is engaged in outsourcing if it appoints a service provider to conduct an activity which the asset manager would otherwise complete itself whilst conducting its regulated business.

⁴ Article 34 of the MiFID II Delegated Regulation states that firms must ensure disclosure is used as a measure of last resort where the organisational and administrative arrangements established by the firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented.

IDENTIFICATION OF CONFLICTS

For OAM staff, one of the most important obligations is the identification of a potential conflict of interest and the subsequent immediate reporting of this to Compliance so that this can be assessed, and eliminated or mitigated (e.g. through disclosure).

In recognition of this OAM has a Conflicts of Interest Register which describes the generic types of conflict at OAM, and a Staff Register of Interests which sets out external business roles and activities of staff. Much of the OAM compliance monitoring programme itself has been developed with awareness of the potential conflicts of interest at OAM (e.g. monitoring of personal account dealing, gifts and entertainment, and fair trade allocation between Clients).

However, identification of conflicts is primarily the responsibility of individual members of staff.

It is impractical for OAM to know and consider all personal interests of staff, and it is for individuals to identify potential conflicts and bring them to the attention of Compliance. All OAM staff are required to confirm on joining OAM if they are aware of any matters past or present which conflict, or may at any time conflict with, the performance or suitability of their role at OAM. For example, this could include an "Outside Business Activity", or the individual may have connections with third parties with competing business interests to those of OAM and/or its Clients.

Conflicts of Interest Register:

Where new conflict types are identified, the Conflicts of Interest Register is updated and it is reviewed periodically at the Prudential Committee. Any material conflicts of interest that are not satisfactorily resolved are escalated to the Executive Committee for further action.

Staff Register of Interests:

OAM maintains a Staff Register of Interests as a record of Outside Business Activities of OAM staff (e.g. Directorships). Although staff are required to notify Compliance of these interests, this does not absolve OAM staff from considering any wider applicability of when a potential conflict may arise (e.g. notification on the Register of Interest of an unquoted company directorship cannot practically cover all the commercial activities this may entail, and the individual staff member concerned has the ongoing responsibility to identify and report if this role may conflict with OAM and its Clients).

In identifying potential or actual conflict(s) of interest that arise staff must take into account whether they themselves, OAM, or a Relevant person, or another member of the Odey Group:

- is likely to make a financial gain, or avoid a loss, at the expense of a Client;
- has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of a 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 another;
- carries on the same business as a Client;
- receives 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.

If at any time a staff member thinks they may have identified an existing but unresolved Conflict it is vital that they report it to their direct line manager and Compliance immediately for assessment and action.

If at any time a new potential or actual conflict of interest is identified by a staff member that has not been included in the OAM Conflicts of Interest Register or OAM Staff Register of Interests, or a material risk of damage to a Client has been identified, then it is the responsibility of the staff member to contact OAM's Head of Compliance immediately with details of the potential or actual conflict of interest.

MONITORING OF CONFLICTS OF INTEREST

The OAM Conflicts of Interest Register is reviewed periodically by the Prudential Committee, and the Staff Register of Interests is reviewed at least annually by the Prudential Committee. Any material conflicts of interest that are not satisfactorily resolved are escalated to the Executive Committee for further action.

SEGREGATION OF FUNCTIONS

OAM has a small number of senior staff who are Directors of Fund Boards and Investee companies where OAM is the appointed investment manager. In these instances potential conflicts of interest are mitigated by ensuring that each Board includes independent, external directors. In addition where the staff member acts as a Director or in any other senior capacity for either an Investee company or any other listed company that means they could potentially become privy to confidential and/or inside information then OAM will voluntarily place itself under restriction from trading in the relevant company unless approval has been granted by OAM's Head of Compliance. Otherwise OAM does not have any staff who perform multiple functions that would present a conflict of interest and prevent them from performing their roles soundly, honestly and professionally. The segregation of responsibilities at OAM ensures that the Prudential Committee (which itself has one independent external member), receives objective information and various reports from senior management of each department. This enables a decision to be made on areas which may otherwise result in a conflict of interest for an individual senior manager.

SITUATIONS IN WHICH CONFLICTS OF INTEREST COULD ARISE

Typical situations in which conflicts of interest may arise at OAM in its day to day business are set out in the OAM Conflicts of Interest Register attached but may include, without limitation:

- 1) **Personal Account Dealing ("PAD")** – this conflict would arise where a Staff member undertakes personal account dealing in stocks that either reduce the amount available to OAMs Clients or enable a staff member to “front run” a stock for their personal gain.

Control:

OAM has a PAD policy in place set out in the Compliance Manual and Code of Ethics, which requires prior approval of all trades, subject to blackout periods and post trade analysis to reduce the risk of front running. All OAM staff must verify that they will comply with the policy in the Annual Compliance Declaration. Details of all personal account trades and violations of the policy are reviewed monthly at the Prudential Committee meeting.

- 2) **Gifts and Entertainment** – this conflict could arise if excessive gifts from Clients or Brokers cause OAM staff to favour a client/broker, perhaps to the detriment of other Clients. For example, trades may be placed at excessively low or high commission rates.

Control:

OAM has a policy set out in the Compliance Manual and Code of Ethics. All gifts and entertainment received by staff are required to be supported by a Gifts & Entertainment Form that is available from the Intranet. This is retained by the Head of Compliance and reviewed at the monthly Prudential meeting for any evidence of excessive receipt of gifts and/or entertainment that may be perceived as a link with, for example good/bad executions, high commission rates or turnover.

- 3) **Trade Allocations/Fee structures** - this conflict could arise if preferred trade allocations are made to those Clients with higher management fees or performance fees, enabling OAM to enhance income at the expense of lower yielding Clients.

Control:

OAM has an allocation policy, which provides that similarly mandated Clients shares in purchases/sales equally, subject to any particular investment limits imposed by

Prospectus/IMAs. Allocation “mismatches” are reviewed monthly at the Dealers meeting and Prudential Committee meeting to ensure there is an adequate rationale for the allocation exception.

MANAGEMENT OF CONFLICTS OF INTEREST

The Executive Committee has delegated the responsibility for preparing and reporting management information on conflicts of interest to the Head of Compliance who provides reports to the Prudential Committee. The Prudential Committee reviews possible conflicts as they arise and reviews the OAM Conflicts of Interest Register on a periodic basis. Where any issues of concern are noted then these are escalated to the Executive Committee. In certain cases it may be necessary to report on a potential or actual conflict of interest to the relevant Fund Board or segregated Client for a decision on how it will be managed. For example, this could include the unlikely scenario where a fund manager is acting as a Board member of an investee company.

As conflicts of interest place an obligation on each member of staff, departmental managers will:

1. Ensure that all OAM staff are aware of the critical importance of the Policy in carrying out OAM’s business, and the need to report any perceived conflict of interest immediately to their direct line manager and Compliance;
2. Review any actual or potential conflict of interest as soon as it is identified and identify appropriate steps to manage the conflict as necessary, these steps shall have the aim of preventing the risks of damage to the interests of a Client;
3. Communicate to their staff the procedures to be followed in order to manage the conflict of interest; and,
4. Document the conflict of interest and the measures undertaken to manage or mitigate the conflict.

Although OAM senior management have the above responsibilities, it is extremely important that all staff are aware that they have a personal, binding responsibility to disclose potential or actual conflicts of interest in a timely manner. It is not sufficient to only provide disclosure as part of the Annual Compliance Declaration process. OAM staff must disclose the conflicts of interest directly to the Head of Compliance.

PROCEDURE FOR DISCLOSURE WHERE CONFLICT MANAGEMENT/MITIGATION DOES NOT REMOVE THE RISK OF DAMAGE TO A CLIENT’S INTEREST

In the context of new business if OAM senior management considers that either (i) it cannot make appropriate arrangements, or (ii) that any arrangements to manage a conflict of interest are not sufficient to ensure that material risks of damage to the interests of a potential Client will be prevented, then OAM will disclose the general nature and sources of the relevant conflict of interest to the Client **before** undertaking business for the potential Client. OAM is aware that disclosure to clients of conflicts of interest should be used as a measure of last resort. The disclosure must be sufficient to enable the Client to take an informed decision. While specific disclosure may be appropriate in some circumstances, this disclosure will normally be included in the Client’s IMA or equivalent document.

Where business has already commenced for a Client, in the event that such a conflict is subsequently identified, or a new conflict is identified, then the relevant staff member is required to immediately notify their direct line manager and Compliance so that the necessary action can be taken to either eliminate, manage or mitigate the conflict of interest. Appropriate steps may be prescribed in the Investment Management Agreement or elsewhere and may include a decision to decline to undertake the business, or to notify the Client (e.g. report to the relevant Fund Board of Directors). Such steps are considered by the Executive Committee.

UPDATING AND REVIEW OF THIS POLICY

This Policy is updated at least annually and reviewed and approved by the Prudential Committee. The OAM Conflicts of Interest Register is updated as and when a new service or activity is undertaken by OAM, or new conflicts are identified, or new procedures to manage the conflicts are put in place. This is reviewed periodically at the Prudential Committee.

RECORD RETENTION

The Conflicts of Interest Policy and records relating to the review and management of actual or potential conflicts of interest should be retained for 5 years.

OAM's Conflicts of Interest are identified in the attached Register.

CONFIDENTIALITY

No portion of this Policy or Register may be copied, reproduced or shown to any individual who is not an employee of OAM, a representative of a relevant legal or regulatory authority or a relevant professional advisor.

APPROVAL

This Policy was reviewed and approved by the Prudential Committee on 11 August 2020.