

365 INVESTMENT MANAGEMENT

Conflicts of interest policy

Under the FCA's Principle for Business, Principle 8 (Conflicts of interest), Continuum and 365IM are required to pay due regard to the interests of each client and to prevent or manage any conflicts of interest fairly, both between Continuum, 365IM and our clients and between a client and another client. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) rules which can be found at SYSC 10. 365IM will take all appropriate steps to identify and prevent conflicts of interest, by:

- a) Identifying and preventing any potential circumstances which may give rise to conflicts of interest, and which pose detriment risk to clients' interests
- b) Establishing and maintaining appropriate mechanisms and systems to prevent those conflicts and detriment to clients' interests

In addition to complying with the FCA requirements, 365IM recognise that preventing conflicts is a fundamental element of good business practice.

Identifying a conflict of interest

When identifying the types of conflict that arise, or may arise, 365IM will assess whether any connected parties or another client have an interest in the outcome of a service provided to the client, which is distinct from the client's interest in such outcome, or has the potential to influence the outcome in question to the detriment of the client. 365IM will consider whether any connected parties or another client:

- a) Is likely to make a financial gain, or avoid a financial loss, at the expense of a client
- b) Has a financial or other incentive to favour the interest of another client or group of clients over the interests of a particular client
- c) Carries on the same business as a client
- d) Receives or will receive from a person other than a client any remuneration or inducement in relation to a service provided to the client, or
- e) Is involved in the management or development of policies in particular where they have influence pricing or distribution costs

Potential conflicts of interest arising may include but are not restricted to:

- Interests between 365IM and our clients
- Interests between 365IM staff and our clients
- Two or more different clients
- Third parties and our clients
- New services / products and our clients
- Strategic changes and our clients
- Carrying out a client's order by matching it with that of another client
- Carrying out comparable orders given simultaneously by different clients
- Allocating investments or aggregating the client's orders with those of other clients, when full allocations may not be possible

Client Orders

To ensure fair treatment for clients, the 365IM Order Execution Policy requires us to take all sufficient steps to achieve the best overall trading result for clients. Internal systems ensure that otherwise comparable client orders are carried out sequentially and promptly, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise. On some occasions client orders may have a material effect on the relevant securities price. To ensure our staff cannot take advantage of the situation by dealing on their own account, or encourage a third party to deal, we operate a "no front running" policy, which amongst other things, does not permit staff to maintain accounts with 365IM.

Personal account dealing

Our staff may buy, sell or hold the same investments as our clients but 365IM control personal account deals by ensuring that all such deals can only be transacted by unconnected third party providers. All staff, irrespective of their position, sign an annual declaration to confirm their understanding of these procedures.

Business model

365IM and their staff operate a policy of strict independence and **at all times place their clients' interests above their own**. 365IM considers a conflict of interest to exist where 365IM have an interest in, or stand to gain from, a particular situation where the client may not be aware of, or does not understand the implications of, that interest. In such a situation, 365IM will only act for the client upon sight of written independent advice recommending such transaction.

Inducements to staff

Staff are not permitted to accept gifts, entertainment or any other similar benefit, financial or non-financial, which have a detrimental impact on the quality of service provided by 365IM. All staff must consult Continuum compliance or the head of 365IM before accepting it, or politely decline to accept it. Records of all allowable gifts and benefits are made and retained on the inducements register. Staff are not permitted to place any pressure on clients to persuade them to trade through 365IM as this may give rise to a conflict of interest.

Segregation of duties

365IM ensure that the performance of multiple functions by relevant persons does not, and is not likely to, prevent those persons from compliantly and professionally discharging such particular functions. 365IM operate an effective segregation of duties policy within the internal controls of Continuum, in a prudential context. Segregation ensures that Continuum's senior management receives objective and accurate management information on financial performance, the risks faced by 365IM and the adequacy of its systems. 365IM ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

Remuneration policy

All staff are paid on a basis that is not dependent upon new clients and business procurement. 365IM have implemented a monthly monitoring system which includes the reviewing of advice given to clients, the frequency of transactions and the portfolio performance against the clients' stated objectives.

Disclosure

365IM operates on a basis of placing the clients' interests above its own, at all times. There may be occasions where 365IM may not be entirely confident that the detriment risks to the interests of the client will be prevented. In such a case, 365IM will make full and frank disclosure to the client of all the details to enable the client to make an informed decision with respect to the transaction in the context of which the conflict of interest may arise.

Declining to act

Where 365IM consider itself unable to prevent the conflict of interest in any other way, it will decline to act for the client.

Managing conflicts

Continuum compliance has delegated responsibility for the effective management of conflicts of interest to the head of department of 365IM and this obligation is recorded in his statement of responsibility. 365IM prevent conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information between staff, where such information could harm the interests of one or more clients. Such an arrangement is referred to as a *Chinese Wall* and includes the physical hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.

Review of conflicts of interest policy

This policy will be formally assessed and reviewed on at least a quarterly basis. Any necessary changes will be made within seven working days of any review. All issues identified will immediately be notified to Continuum compliance. 365IM will ensure that all staff are aware of their personal account dealing procedures and of any restrictions and any third party outsourcer that carries on activities that might give rise to a conflict of interest, has appropriate policies in place in relation to personal account dealing.

End.