

CONFLICTS OF INTEREST POLICY

Scope

This Policy applies to all Liontrust entities (collectively “Liontrust” or “Firm”) set out below, their employees, partners and associated persons including contractors, interns, and consultants, who are with Liontrust for over a 4 week period (collectively “Staff”).

- Liontrust Asset Management Plc
- Liontrust Fund Partners LLP (FRN: 518165)
- Liontrust Investment Partners LLP (FRN: 518552)

Summary

This policy sets out the Liontrust approach to managing potential and existing conflicts of interest within the business. It is designed to help you understand what a conflict is, how the firm deals with conflicts as and when they arise, and to explain your responsibility as a member of Staff in relation to identifying and dealing with conflicts of interest.

Linked Policies

The following policies should be read in conjunction with this Policy:

- Gifts and Hospitality (within the compliance manual)
- Personal Account Dealing (within the compliance manual)
- Treating Customers Fairly

Policy Administration

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1. Overview

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing a service and carrying out regulated activities, as their existence may lead to material risk of damage to a client's interests.

A conflict of interest can be defined as a situation where the outcomes of one party are incompatible with the other and where there is a risk of damage to the interests of one party.

This document sets out Liontrust's policy for the management of such conflicts of interest and is designed to help you understand what a conflict is, how the firm deals with conflicts as and when they arise, and to explain your responsibility as a member of Staff in relation to identifying and dealing with conflicts of interest.

The Financial Conduct Authority ("FCA") sets out obligations in SYSC 10, COBS 12 and Principle 8.

Whilst the FCA rules are important to be adhered to by all of Liontrust's Partners & Employees, they are non-exhaustive, and certain other additional rules may apply to readers who are members of professional associations, or by virtue of their job role. Failure to follow any of the rules whether by express breach, or failure to follow any of the spirit of identifying, mitigating and managing conflicts of interest may also be a breach of an employment contract. Disciplinary action may be taken by Liontrust, or in serious cases by the FCA

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest you should contact a member of the Compliance Team

2. Background

Liontrust Fund Partners LLP and Liontrust Investment Partners are authorised and regulated by the FCA to conduct investment management activities. The firms provide process driven 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. This document aims to set out these potential conflicts and the procedures that are in place to be followed and measures to be adopted in order to manage such conflicts. Conflicts of interest may occur:

- Between Liontrust and its clients
- Between Liontrust Staff (including managers, partners, employees, or any persons directly or indirectly linked to the firm) and clients
- Between clients

It is central to the Liontrust culture and therefore an expected behaviour, that we always seek to do the right thing by our clients. Liontrust seeks to ensure it can appropriately and effectively manage, mitigate or prevent potential and actual conflicts through avoidance, establishing information barriers or acting with an appropriate level of independence. Disclosure to clients will be a measure of last resort, where the effective organisational and administrative arrangements established to prevent or manage conflicts of interest are not sufficient.

It is expected that all partners and employees act with the highest standards of conduct and integrity and that the client is always central to our approach and decision making.

3. Understanding Conflicts of Interest

Definition

An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of:

- (i) Liontrust (including its managers, partners, employees and appointed representatives or any person directly or indirectly linked to them or
- (ii) its associates

and the interest of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests.

Identifying situations where a conflict may arise

The circumstances giving rise to conflicts of interest includes all cases where there is a conflict between the:

- (i) interests of Liontrust, certain persons directly or indirectly connected to Liontrust; and the duty that Liontrust owes to a client;
- (ii) differing interests of two or more clients, as Liontrust owes a separate duty to each of them.

Conflicts of interests could prejudice a client in various ways, whether or not a client suffers any financial loss and independently of whether the actions or the motivations of the partners/employees involved are intentional. For the purposes of identifying the types of conflicts of interest that arise, or may arise, Liontrust must take into account, as a minimum whether the firm, a relevant person (e.g. a director, partner, employee or an appointed representative or a director, partner or employee of an appointed representative or a person who is directly involved in the provision of services to the firm or its appointed representative under an outsourcing agreements) 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 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.

Liontrust has identified the following general types of potential conflicts of interest. Conflicts of interest may arise because:

1. the firm or an associate undertakes designated investment business for other clients including its associates (and the clients of its associates);
2. a director, 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 director, 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;
7. a partner or employee of the firm valuing assets in a fund for personal gain;
8. an interest as described in (1)-(7) above of a close family member.

This list is not exhaustive, nor will all the examples give rise to a conflict of interests or the perception of one. If you are unsure of whether a conflict has arisen or may arise in future, please consult your manager or the Compliance team.

Directors, partners or employees of the firm are required to notify the Chair at the beginning of any Committee or Board meetings of the existence of any conflict of interest and these will be minuted accordingly.

4. Types of Conflicts of Interest and Disclosure

It is the responsibility of all employees at Liontrust to identify and report conflicts and potential conflicts that they become aware of. The process to disclose and then manage each type of conflict, differs slightly. Below are some of the most commonly identified conflicts of interest within a firm like Liontrust including, where relevant, how to disclose in each instance in line with Liontrust systems and controls and where to find more information. This is not an exhaustive list.

Outside Business Activity

Staff may have a role within an organisation outside of their employment at Liontrust. For example sitting on a Board of Trustees for a charity or acting as a Non-Executive Director for another company. Please note that no partner/employee may engage in any additional occupation without the consent of the Firm and in certain circumstances, consent may be withheld.

Compliance need to be made aware of all instances of this type so that they can consider if a conflict exists and then discuss with you how to mitigate it accordingly.

In line with our procedures as set out in the Compliance Manual, partners/employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Compliance Department.

If you have an outside business interest, please record this using Star Compliance, entering as much information as you can and then Compliance will be in touch to discuss this. This is also required of all staff when they first join.

Periodic attestations are also required, facilitated through Star Compliance – this gives you the chance to update the entry if anything has changed to ensure we always have the most up to date details.

Inducements including Gifts and Hospitality

Liontrust employees may from time to time give or receive gifts and/or hospitality to or from a variety of third parties including clients, brokers, intermediaries, vendors, investee companies and service providers. The provision or receipt of gifts and hospitality may lead to conflicts of interest and have the potential to be inducements for employees or third parties to act in a manner inconsistent with client interests.

No partner/employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Policies and procedures have been implemented to ensure that partners/employees and their connected persons do not offer or accept gifts or inducements which may influence decisions or give the perception that decisions or actions are not impartial.

There are more detailed rules around non-monetary benefits. These are set out within the FCA handbook at [COBS 2.3A.19R](#).

Employees and Partners are required to record details of any gifts, entertainment or corporate hospitality given or received over a certain monetary threshold. In some instances these will require sign-off from senior management and in some cases this needs to be prior to an event taking place.

Disclosing gifts and hospitality should be done through the Star Compliance module. A separate [gifts and hospitality policy](#) is in place and can be found in the compliance manual.

The Compliance team conduct trend analysis on the gifts and entertainment that is recorded.

Personal Account (“PA”) Dealing

PA deals by employees and Connected Persons may cause conflicts of interest either with Liontrust or Liontrust clients for example by front running an order. PA deals are also in the scope of the market abuse regulations. Accordingly, regulators expect Liontrust to have robust controls around PA dealing.

To manage the conflict that this poses, Liontrust has a Personal Account Dealing policy. The Policy sets out the controls in place including the requirement that personal transactions are pre-approved within the Star Compliance system for your own trades and those of your connected persons. Please see the policy (found within the Compliance Manual) for more details.

In the case of trading in Liontrust Asset Management Plc shares, these also need to be approved in advance by senior executives of the firm as well as by the Compliance team. There are further controls in place in relation to inside information – more information on this can be found in the Financial Crime Policy.

Management of the personal account dealing conflict is facilitated by the Star Compliance system. Please see the PAD policy within the Compliance manual to find more information on this and how to use the system.

Connected Persons

A connected person has different meanings in different contexts and under different regulators. The key ones to note within this policy are:

- **PA Dealing** a connected person within this context is any person or entity where you either have discretion or significant influence over their personal account dealing. For example, a family member sharing the same household is presumed to be a Connected Person. This covers a number of scenarios and you should consult with Compliance if you are unsure. This also includes trusts or similar vehicle where you are a trustee or similar representative and have discretion over the investments made by the trust or vehicle.
- **Outside relationships** a connected person that would need to be disclosed to Compliance in this context would be a partner or family member that works within Financial Services within a role that could cause a conflict, such as working within investment team of another firm, or being a relationship manager at an investee company. These relationships should be disclosed to compliance so that they can discuss how to mitigate any potential conflict of interest such as managing any material non-public information.

Anti-Bribery and Corruption

Bribery can be defined as “giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so” (Bribery Act 2010). Bribery does not have to involve cash or an actual payment exchanging hands and can take many forms.

Liontrust prohibits the offering, the giving or acceptance of any bribe intended to induce an ‘improper performance’ of a relevant function or activity. This applies to any partner/employee, or associated person, whether they are situated in this jurisdiction or extra territorially.

Liontrust has a separate anti-bribery and corruption policy and a further gifts and hospitality policy which gives guidance on which circumstances allow gifts and hospitality to be given and received and how these should be .

If you have any questions on this or would like to disclose a potential conflict, please contact a member of the Liontrust Compliance team.

Allocation of Trades

A potential conflict within the context of trade allocations would be where one client or fund receives preferential treatment over another. To mitigate this conflict, Liontrust has a number of controls in place such as the allocation of trades being done on a pro-rata basis. Any allocations made outside of the standard approach, such as un-economical allocations are done in line with the order aggregation and allocation policy and are monitored and recorded by our Compliance team. More information can be found in the Liontrust [order aggregation and allocation policy](#).

Dealing in Liontrust Funds

Liontrust 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 fund documentation. Liontrust Asset Management Plc (LAM Plc) may from time to time seed new fund or class launches. LAM Plc only uses seed investments in order to initially launch funds or share classes so does not invest for strategic investment reasons.

In addition LAM Plc receives the same standard terms as all other investors in the fund (redemption notice etc).

Other potential conflicts

There are many different types of conflicts of interest that can exist in a firm like Liontrust. It is important that all staff are alive to potential conflicts that may arise within your role but also to conflicts across the business. Think about who you deal with internally and externally and consider where a conflict may arise.

Ask yourself “does this course of action result in me or the business or a client receiving an unfair advantage over another party? Could this cause damage to the interests of another party?”

If the answer is yes, or maybe, then you must speak with a member of the compliance team who will discuss it with you and decide how best to move forward.

5. Prevention and Management

Liontrust has identified specific potential conflicts of interests which may arise in relation to its activities. The general nature and/or source of any conflicts will be disclosed to clients before undertaking business in sufficient detail to enable the client to make an informed decision about the service in the context in which the conflict has arisen. For each potential situation, Liontrust has analysed whether or not the risk is actual or potential for one or more of its clients.

It is not always possible to prevent actual conflicts of interest from arising. In that case Liontrust will try to manage the conflicts of interests by:

- (i) disclosure to the client;
- (ii) establishing an information barrier (Chinese wall); or
- (iii) declining to provide the service.

(i) Disclosure to the client

Liontrust will 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.

(ii) Chinese walls

When Liontrust establishes and maintains a Chinese wall, it is creating an information barrier. Essentially this requires 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 a Chinese wall will be established and enforced by the Compliance department. It will include the segregation of data and computer systems, as well as physical segregation of partners/employees so that they are unable to access the same part of the office.

(iii) Declining to provide the service

It may not be possible to avoid or manage a conflict of interest. In that case, Liontrust may have no choice but to decline to provide the service requested.

6. Governance

Segregation of Duties

To avoid organisational conflicts, the key teams within Liontrust (Investment Management, Operations and Compliance) operate independently of one another with clear reporting lines. This approach is further enhanced by a series of oversight and approval committees, an employee training programme and Compliance Monitoring programme. A Compliance Manual is in place supplemented by a series of specific policies (such as this one) including a set of policies that deal with our treatment of specific conflicts such as personal account dealing and order execution.

Remuneration and oversight

The management oversight and determination of appropriate remuneration of partners/employees is conducted by Liontrust's senior management and the LAM Plc Remuneration Committee. Remuneration for non-investment management partners/employees is based on the overall results of the firm and is not based on the success of any transaction. Remuneration for investment management partners/employees may be partly based on the performance of the managed portfolios. Remuneration for advisory and sales partners/employees is partly based on business production.

Partners/employees are subject to appropriate management and supervision to ensure that Liontrust is able to demonstrate that it has appropriate and effective arrangements in place to ensure that conflicts of interest are properly managed.

Information Barriers

Liontrust maintains appropriate policies in its Software and Security Policy and Compliance Manual detailing Insider Lists and Information Barriers often known as Chinese Walls so as to limit or withhold the use of information that is price-sensitive, confidential, and could give rise to market abuse, restrictions on dealing, conflicts of interest, or any other improper or unethical activities.

Liontrust also maintains and periodically updates the Restricted Lists of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information.

Stewardship

Liontrust manages assets on behalf of a broad range of clients from pension plans, endowments, foundations, charities, official institutions, insurers, and other financial institutions, as well as individuals around the world. As an important part of our fiduciary duty to our clients, we provide the investment solutions to help protect and enhance the long-term value of our clients' assets. Liontrust is focused on assessing the quality of management, board leadership, and standards of operational excellence – in aggregate, corporate governance – at the public companies in which we invest on behalf of our clients. We see this responsibility as part of our fiduciary duty, through which we contribute to create a better financial future for our clients. For those clients who have given us authority, we vote in accordance with the relevant Liontrust custom voting guidelines, taking into consideration a company's specific circumstances. Votes are cast to achieve an outcome that, in the professional judgment of Liontrust, is most consistent with our clients' long-term economic interests.

Sources of perceived or potential conflicts of interest include:

- Liontrust clients who may be issuers of securities or proponents of shareholder resolutions;
- Liontrust business partners or third parties who may be issuers of securities or proponents of shareholder resolutions;
- Liontrust employees who may sit on the boards of public companies held in funds and other fiduciary account(s) managed by Liontrust;
- Significant Liontrust Asset Management Plc shareholders who may be issuers of securities held in funds and other fiduciary accounts managed by Liontrust;
- Securities of Liontrust Asset Management Plc or Liontrust funds held in funds and other fiduciary accounts managed by Liontrust;
- Liontrust board members who serve as senior executives of public companies held in funds and other fiduciary accounts managed by Liontrust.

Liontrust has taken appropriate steps to mitigate these perceived or potential conflicts on its conflicts of interest register. The fund managers or Responsible Capitalism Team will not be influenced by the above mentioned potential conflict scenarios and will act independently in the best interest of our clients.

7. Role and responsibilities

Chief Compliance Officer

The Chief Compliance Officer, as the Policy owner, is responsible for:

- setting organisational standards and expectations for managing conflict of interests
- providing clear policies and processes and supporting their implementation
- providing tools for the organisation (eg, training and awareness materials) to make compliance transparent and roles clear
- providing support for all aspects of conflicts, including on appointment and change of role, at the time of annual declarations/attestations and on an ongoing basis
- working with Internal Audit, as required, on any potential concerns about bribery under this Policy
- monitoring the application of the Policy, including:
 - receiving reports on declared gifts and hospitality and requesting reports on gifts and hospitality to ensure that employees are complying with the Policy
 - receiving copies of requests to deal in shares
 - reporting on declarations of interest and relevant attestations to senior management

Employees and Partners

Employees and Partners must meet the requirements of this Policy and follow the underlying processes. Employees and Partners are required to:

- know, understand and comply with this Policy and ask questions if clarification or advice is needed
- escalate any issues considered appropriate to their manager or to the Compliance team
- inform their manager immediately if personal relationships, financial relationships or financial matters change, giving rise to conflict of interests
- make full, timely and accurate disclosures throughout the year, as described in this Policy
- seek necessary permission for financial transactions

Managers

Managers must ensure the requirements of this Policy are being met by those reporting to them. Managers are required to:

- a) know and understand this Policy and speak to the compliance team if they need clarification or advice, as well as escalate any issues considered appropriate
- b) hold regular conversations with employees who report to them to discuss their personal relationships, financial relationships or financial matters in order to identify any potential conflict of interest
- c) ensure that those who report to them know, understand and comply with this Policy

8. Monitoring and Review

Liontrust 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. Liontrust 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.

9. Record Keeping

Under SYSC 10.1.6, we must keep a record of the kinds of service or activity carried out by, or on behalf of, Liontrust in which a conflict of interest leading to a material risk of damage to the interest of one or more clients has arisen, or may arise. This record must be regularly updated and kept for a minimum of 6 years.

A conflicts register is in place and is maintained by the Compliance team. The register identifies each existing and potential conflict that the firm has identified across the business and records the controls in place to manage and/ or mitigate them. The register is a live document and is updated as and when a new conflict is identified or there are changes to the nature or mitigants for an existing conflict.

10. Reporting

Conflicts of Interest situations or potential conflicts situations should be reported to the Compliance team immediately.

This document does not intend to create third party rights or duties or form part of any contractual agreement between the firm and any client. This policy may be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

Martin Kearney
Chief Compliance Officer
November 2022