MARATHON

Marathon Asset Management Limited ("Marathon")

Conflicts of Interest Policy

1.1 Background

Marathon and our personnel must always act in our customers' best interests; putting the interests of clients ahead of our own and treating all customers fairly. Just as trust is key to a successful relationship, effectively dealing with conflicts is crucial to run a successful asset management business. Conflicts can occur between a firm's interests and its clients, or between the interests of different clients. Policies to properly manage such conflicts of interest lead to the right outcomes where clients avoid unnecessary costs and have fair access to all suitable investment opportunities. Managing conflicts appropriately improves the returns earned by clients and enhances general confidence in the fair and effective operation of the asset management industry. FCA Rules recognise this importance for investment firms. The *Investment Advisers Act 1940* in the US also places great importance in this area.

1.2 Impact on Marathon

Conflicts may create problems as they can:

- Inhibit free discussion;
- Result in decisions or actions that are not in the interest of Marathon and/or Marathon's clients; and
- Risk the impression that Marathon has acted improperly by appearing to compromise objectivity.

Consequently, the identification and management of conflicts of interest are commitments that Marathon has made to each of its clients, and are fundamental considerations in all of Marathon's investment advisory activities. Likewise, ***all Marathon personnel have an obligation to act in the best interests of our clients and in accordance with Marathon's processes, procedures and control framework, both from a professional and regulatory perspective***.

Broadly speaking:

A conflict of interest may be present whenever the interests of Marathon or its personnel are, or appear to be inconsistent with, those of a client; or when the interests of one client appear to be inconsistent with those of another client.

Conflicts of interest, if not properly addressed, present serious risk to a firm, its personnel, customers, counterparts and other market participants. Even the mere appearance of a conflict (i.e. where no conflict may actually exist) can call into question Marathon's objectivity, resulting in potentially irreversible damage to reputation. As such, it is the responsibility of all personnel to assist in identifying actual or potential conflicts of interest and promptly bring any such issues to the attention of Compliance.

There are several factors to consider in assessing such a situation, including without limitation:

- The relationship between Marathon and the competitor or entity;
- the nature of the individual's responsibilities in respect of Marathon and those of the other person; and
- The access each of these respective parties has to confidential information.

1.3 Business conflicts of interest

There are a variety of situations in which Marathon may be viewed as having a conflict of interest, including (N.B. not an exhaustive list):

- Marathon acts as a regulated investment advisor/manager for clients potentially on different terms. To this end Marathon may make decisions for one client that appear inconsistent with decisions made for another (e.g. buying an asset for one client while selling the same asset for another, or selling an asset of one client while continuing to hold the same asset for another) or Marathon may cause a client to enter into a transaction with another client;
- Any of Marathon's members or employees (or those of an associate) could be a director or member of, hold or deals in securities of, or is otherwise interested in a company whose securities could be held or dealt in on behalf of a client;
- Marathon may, in accordance with FCA requirements, make decisions about whether to aggregate and/or allocate limited investment opportunities among clients. The effect of aggregation may work on some occasions to a client's disadvantage. With regard to the aggregation of client orders, Marathon has adopted policies and procedures reasonably designed to ensure that: (i) each participating client in an aggregated order pays the average share price and the same execution cost (measured by rate); and (ii) subsequent allocations of such orders will conform to Marathon's allocation procedures; and
- Marathon may effect transactions between clients or in which it, its members or employees or its associates has directly or indirectly, a material interest or a relationship of any description with another party which may give rise to a potential conflict with Marathon's duty to a client and may make or receive a profit, commission, remuneration or other benefit from or by reason of such transactions or any connected transactions. Neither Marathon nor its associates will be liable to account for any such profit, commission, remuneration or other benefit, nor will Marathon's fees (unless otherwise provided) be abated.
- Different clients have competing interests, e.g. different strategies, or same investment objective but one or more of those clients pay performance fees rather than fixed fees. With regards to this conflict, Marathon has adopted policies and procedures reasonably designed to ensure that: (i) each participating client in an aggregated order pays the average share price and the same execution cost (measured by rate); and (ii) subsequent allocations of such orders will conform to Marathon's allocation procedures, (iii) the allocation policy is reviewed by fairness by Compliance as part of the Compliance Monitoring Programme;
- The firm's investment approach incorporates a multi-counsellor model for each product, this could see different portfolio managers express different views on securities including those held within their individual model portfolios. This could potentially lead to buying or selling at different times, different amounts or in opposite directions for the same overall fund or separately managed client account.
- Proxy voting matters (see the *Proxy Voting Policy* for further details); and
- Having incentive arrangements in place which are in conflict with our client's interests; to this end, Marathon's Remuneration Committee oversees compensation matters with aims & objectives to ensure remuneration arrangements minimise conflicts of interest.

Marathon will seek to take all appropriate steps to identify and to prevent or manage conflicts of interest from adversely affecting clients' interests. Where Marathon is not able to do this, Marathon will inform the relevant client of the general nature and/or sources of such conflicts of interest, so that they are able to make an informed decision about whether to continue to do business with Marathon. In some circumstances Marathon may not be able to provide the client with the service they require and shall not be obliged to disclose the reason why or give any further information.

Marathon has no obligation to identify or manage any conflicts of interest in respect of a client's underlying investors.

This is not an exhaustive list of situations that may give rise to a Marathon-related potential conflict of interest, and should not viewed as such. It is merely intended to be illustrative of some of the circumstances in which potential conflicts might arise. All Marathon personnel are responsible for helping to identify Marathon-related potential conflicts of interest and promptly raising them with an appropriate member of senior management and compliance. All conflicts and potential conflicts of interest will then be duly recorded and consideration given to whether the identified conflict can be prevented or managed.

1.4 Personal conflicts of interest

Conflicts of interests may arise where an individual's business, personal or family interest clashes with those of Marathon and Marathon's clients, or where it appears to influence an individual's independence and objectivity. Therefore, in order to maintain the highest degree of integrity, ***staff must avoid any activity or personal interest that creates, or appears to create, a conflict between personal interests and the interests of Marathon & Marathon's clients***.

Personnel should never act in a manner that could result in the loss of independence and objectivity, or that could adversely affect the confidence of colleagues or persons with whom Marathon conducts business, or which negatively impacts the integrity of Marathon or its procedures.

- All personnel should consider and declare any personal interests in connection with their role for Marathon at the earliest opportunity.
- This information should be updated as/when changes occur.
- Withdraw immediately from any subsequent discussion/decision making related to the conflict. Personnel may, however, participate in discussions from which there is indirect benefit, for example where the benefits are universal to all, or the particular benefit is minimal to the individual involved.
- If uncertain, err on side of caution and notify Compliance.

The following are some common examples that illustrate actual or apparent conflicts of interest that should be avoided (not an exhaustive list):

a. **Improper personal benefits:** When any individual, or a partner or family member, receives improper personal benefits as a result of his/her position in relation to Marathon.
b. **Financial interests in other businesses:** Personnel may not have an ownership interest in any other enterprise if that interest compromises or appears to compromise the individual's loyalty to Marathon.
c. **Outside employment, directorships, or activities with a competitor:** Other than with the prior written consent of the Executive Committee ("ExCo") or Management Committee ("ManCo"), simultaneous employment by any other entity, or serving as a director of any company, is strictly prohibited. Similarly, staff are prohibited from engaging in any activity that one would reasonably expect to advance a competitor's interests over that of Marathon. (See further details * below).
d. **Charitable, government and other outside activities:** Personnel are encouraged to participate in projects and causes that further the welfare of our community. Prior approval of the CCO must be obtained before serving as a director or trustee of any charitable, not-for-profit, for-profit, or other entity or before running for election and/or seeking appointment to any government-related position.

e. **Family members working in the industry:** If a spouse, partner, children, step-children, parents or in-laws, or someone else with whom there is a familial relationship, is employed by a competitor of Marathon, an entity that has a significant business relationship with the company, or in the industry, ***declare to Compliance***. Such situations are not prohibited but do call for extra sensitivity to security, confidentiality and conflicts of interest.

f. **Personal account dealing:** Personnel are prohibited from entering into a personal transaction which conflicts with an obligation of Marathon to a client(s). Further details are in the firm's *PA Trading Guide*.

g. **Client transactions:** Prohibition on executing securities transactions for clients without disclosing to Marathon personal interest(s), if any, in the securities/issuer, inc. (not exhaustive):
   i. Any direct / indirect beneficial ownership;
   ii. Any contemplated transaction by such person in such securities;
   iii. Any position with such issuer or its affiliates; and
   iv. Any present/proposed business relationship between issuer or its affiliates.

* Prior to agreeing to serve in any capacity with another entity, consult with and obtain written approval from the following: (i) personnel's direct supervisor; (ii) Compliance; and (iii) ExCo/ManCo. Please note that Marathon may require that the individual obtain indemnities from the other party and satisfy other requirements as a condition to approval.