

CONFLICT OF INTEREST POLICY

(October 2018)

INTRODUCTION

Under the FCA's Handbook of rules and guidance firms are required to conduct their business in accordance with the regulator's 'Principles of Business' which include:

- Conducting business with integrity; (Principle 1)
- Paying due regard to the interests of our clients and treat them fairly; (Principle 6)
- Managing conflicts of interest fairly. (Principle 8)

The FCA rules require firms to take all reasonable steps to:

- Identify any conflicts of interests that arise, or may arise, in the course of carrying out regulated activities between the firm and their clients, or between clients themselves; and
- Maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent those conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients.

Conflicts of interest can exist in all businesses and financial services organisations and, accordingly, Zeal Capital Market (UK) Ltd. (Zeal) has put in place a number of policies, procedures and processes designed to identify, evaluate and manage those conflicts of interest. The purpose of this policy is to identify in a summary form those conflicts which Zeal experiences as an organisation and to describe how it addresses the challenges that such conflicts create.

This policy may be reviewed and amended at any time. This document is not intended to create third party rights or duties or form part of any contractual agreement between the Zeal and any client.

THE COMPANY'S SERVICE PROVISION – GENERAL APPROACH

Zeal, or any party to whom it may have delegated its functions (a "delegate") may, without prior reference to a client, effect transactions in which Zeal or a delegate has, directly or indirectly, a material interest or a relationship of any description with another party, which may involve a potential conflict with the Zeal's duty to the client. In the event of any such transaction, however, Zeal will ensure that:

- Such transactions are effected on normal commercial terms negotiated at arms length and on terms which are not materially less favourable to the client than if the potential conflict had not existed;
- Such transactions do not adversely affect the performance of Zeal's duties and responsibilities to the client; and
- It takes reasonable steps to ensure fair treatment for the client in accordance with the requirements of the rules and guidance of the FCA.

IDENTIFICATION OF CONFLICTS OF INTEREST

The circumstances which should be treated as giving rise to conflicts of interest include all cases where there is:

- (i) a conflict between the interests of Zeal, an individual member of staff, certain persons directly or indirectly connected to Zeal or a delegate; and the duty that Zeal owes to a client; or
- (ii) a conflict between the differing interests of two or more clients, as Zeal owes a separate duty to each of them.

Conflicts may arise and all employees must take into account whether any of the persons described at (i) above:

- 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 a service provided to the client or of a transaction carried out on behalf of the client which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Carries on the same business as the client;
- Receives or will receive 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.

All employees must additionally take into account whether any client or group of clients described in (B) above is likely to make a financial gain, or avoid a financial loss, at the expense of another client or group of clients of Zeal.

REPORTING CONFLICTS OF INTEREST

All directors and staff must report conflicts of interest situations or potential conflicts of interest situations immediately by email to the Compliance Officer.

RECORD OF CONFLICTS OF INTEREST

Zeal maintains an up to date Register of Conflicts of Interest in which to record any identified conflicts of interest that have arisen, or which may arise, leading to a material risk of damage to the interest of one or more clients, resulting from services or activities carried out by or on behalf of Zeal.

MANAGING CONFLICTS OF INTEREST

Zeal is required to maintain and operate effective, organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk or damage to the interests of our clients. Zeal has implemented various systems and procedures so as to minimise the potential causes of conflicts of interest, wherever possible avoid material conflicts of interest, and to manage all conflicts of interest arising, including the following:

- Departmental structure, segregation of duties and staff supervision - Zeal has a defined

department structure to provide segregation of duties to minimise any conflicts of interest. The Company Organisation Chart creates clear lines of authority allowing for the separate supervision of officers whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict including those of Zeal. Given the nature of Zeal's business there can be occasions which could give rise to a conflict of interest and in these circumstances additional controls are in place to identify inappropriate behaviour. The Compliance Officer undertakes regular reviews of each department's operations and the roles undertaken by the individuals within the departments to ensure the departmental structures, segregation of duties and lines of authority continue to be appropriate.

- Removal of remuneration links - Zeal removes any link wherever possible between the remuneration of any officer principally engaged in one activity from the remuneration of, or revenues generated by, different officers of the firm principally engaged in another activity, where a conflict of interest may arise in relation to those activities.
- Job Descriptions and staff assessment - Employment duties are designed to limit the potential for conflicts of interest and all employees are issued with job descriptions to help prevent or limit an officer from exercising inappropriate influence over the way any other officer or group of officers carries out services or activities. All employees are regularly assessed for competency in their roles and are required to follow the internal procedures detailed in the Compliance Manual.
- Training - Regular training is provided to staff on conflicts of interest and the Zeal's policies and procedures for managing them.
- Monitoring of ongoing service provision - Zeal monitors and take measures where identified as necessary to prevent or control the simultaneous or sequential involvement of an officer in separate services or activities where such involvement may impair the proper management of conflicts of interest.
- Independent Oversight - Where a conflict of interest arises as a result of the day-to-day services provided to clients, the matter is overseen and reviewed by the Compliance Officer and Senior Management of the Company, taking into account various factors including the different requirements of each client.
- Trade Order Management - Zeal has a policy in place governing client order priority, whereby all trading on behalf of Zeal, including principal trading, and trading on behalf of its clients should take place fairly and in due turn so as to avoid a potential conflict of interest.
- Remuneration - At Zeal, staff bonus and remuneration arrangements are carefully considered to ensure that conflicts do not inadvertently arise.
- Gifts, Inducements and Entertainment - Zeal maintains a Gifts, Inducements and Entertainment Policy whereby employee may solicit or accept from any person, or give or offer to give to any person, any gift, inducement or other benefit that cannot properly be regarded as justifiable in all the circumstances and which might therefore influence either person's independence or business judgement or which could create a conflict with any duty owed to Zeal or its clients. Staff may not accept gifts from, or provide gifts to, an individual or firm with whom they conduct, or intend to conduct, business on behalf of Zeal unless it can be demonstrated that no conflict of interest is created by doing so. This restriction does

not include any special promotions which have been agreed by our Senior Management, nor does it cover corporate gifts and hospitality which are considered to be incidental to our standard business.

Entertainment or hospitality provided by a member of staff must fall within predetermined maximum cost limits and should not in any event create any conflict of interest. Entertainment or hospitality accepted by an employee should be appropriate and the acceptance of such entertainment/hospitality should not create any conflict of interest.

These rules apply even if the direct recipient of the gift, entertainment, hospitality or other benefit is the spouse or a child of the staff member or some other third party.

Staff are required to register with the Compliance Department details of gifts, entertainment or hospitality, whether given or received with an estimated value in excess of £200 and to seek guidance if in doubt about the suitability of the gift. The Compliance Officer maintains a Gifts, Entertainment and Hospitality Register and monitors all gifts, entertainment and hospitality given and received to ensure compliance with the Company policy.

- Personal conflicts - Company policy prevents employees from accepting roles or directorships with companies outside Zeal Capital Market (UK) Ltd or affiliated companies, unless prior approval has been granted from the Compliance Director. Zeal has specific internal controls and procedures to ensure that no conflict of interest arises through personal account dealing by company directors, sales, trading or research staff.
- Personal Account Dealing - All employees are bound by the requirements of Zeal's Personal Account Dealing Notice which has been established to ensure that personal account dealing by members of staff comply with the FCA rules. Under the Personal Account Dealing Notice staff can only undertake personal investment activities with first prior written general permission to do so, and which then:
 - a) do not breach applicable law or regulation;
 - b) do not unduly distract from their employment responsibilities, and
 - c) do not create an unacceptable risk to the Company's reputation.

Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or client confidential information in their personal dealings and must ensure that clients are never disadvantaged as a result of their dealings.

All transactions undertaken by employees have to be reported to, and are actively monitored by, the Compliance Officer.

- Data Access - Access to data on Company computer drives is restricted by the use of passwords and user ID's. Computers are automatically locked if unattended for any short period of time. Employees are regularly reminded of the importance of data protection.
- Information Releases - Employees may not release or disclose relevant information to another party without ensuring that there is a clear need to know basis for the recipient and that they are made aware of the requirement to treat the information received as confidential.
- External business interests - Unless granted prior written consent from Senior Management, or specifically permitted to under their terms of their employment, employees are not allowed

to engage or have an interest in any business which is or may be in competition with Zeal or which would involve the use of Company time, property, facilities or resources.

- Independence Policy - Situations may arise where it is appropriate to manage conflicts of interest by requiring employees to adhere to and observe a policy of independence. If such an event staff will be required to sign an undertaking to disregard relevant conflicts of interest in discharging their functions.
- Public Interest Disclosure - All employees are made aware of The Public Disclosure Act 1998 (PIDA) which allows individuals to disclose certain issues to particular external parties where there is good reason to believe that internal disclosure will not be taken seriously or will cause the member of staff to be penalised in some way.

DISCLOSURE OR WITHDRAWING A SERVICE

Despite the arrangements the firm has put in place to manage conflicts of interests, it may not be possible to prevent some conflicts of interest from arising which could materially act to the detriment of a client. In that case, Zeal will endeavour to manage that conflict of interest by:

(i) Disclosure to the client - Clearly disclosing 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) Declining to provide the service - If the Zeal does not believe that disclosure is appropriate to manage the conflict of interest, it may have no choice but to decline to provide the service requested.