

## **MAC Asset Management Conflicts of Interest Policy**

Regulated by the FCA, MAC Asset Management (“MAC Asset Management” or the “Firm”) has a fiduciary duty to manage and deal on the best interests of its clients.

FCA Principle 8 requires us to manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

SYSC 10.1 requires the Firm to take all reasonable steps to identify conflicts of interest between:

- MAC Asset Management (including its managers, employees or any person directly or indirectly linked to them by control), and a client of the Firm; or
- One client of MAC Asset Management and another client

Accordingly, our Conflicts of Interest Policy is designed to identify, assess, manage and if appropriate, disclose all potential and actual conflicts of interest in our business.

### **Types of Conflict**

MAC Asset Management undertakes execution services on behalf of multiple clients.

For the purposes of identifying the types of conflict and potential conflicts that arise which may entail a material risk of damage to the interests of a client, we must take into account whether MAC Asset Management or a relevant person, 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 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

### **Managing Conflicts**

#### Governance

MAC Asset Management has robust governance arrangements. Key business decisions are taken by the Management and the Chief Compliance Officer (“CO”) reports directly to the Governing Body.

This Policy will be reviewed annually by the Governing Body as part of the CO’s Report with respect to Senior Management Arrangements, Systems & Controls (“SYSC”).

Management information relevant to identifying conflicts is reviewed by the Compliance Officer (including risk reports, monitoring of account and position statements produced by the Firm’s third-party administrators for client assets and other risk scenarios).

The Firm has a Conflicts Register (below) that seeks to identify and mitigate our potential and actual conflicts of interest.

## **Conflicts Prevention**

MiFID II will require firms where possible to prevent conflicts occurring and mitigate the conflict risk to its clients. To that end the Senior Management of the Firm will meet on a regular basis to discuss conflict management for its clients.

### Reporting Lines

MAC Asset Management has defined and clear reporting lines. An organization chart is maintained by the CO.

The Firm also has external compliance consultants to advise on our compliance program, to undertake independent monitoring of our regulatory obligations, including management of conflicts of interest.

### Segregation of functions

The Firm has structured its senior management to appropriately segregate duties so as to avoid conflicts of interest wherever possible.

### Remuneration/Compensation Arrangements

MAC Asset Management's interests and the employees' interests are aligned with those of the Firm's clients as the level of remuneration is dependent on a performance fee and key individual remuneration is a quarterly bonus linked to performance. While this potentially creates an issue that too much risk is being taken with a client's trading strategy to increase the gain, this is managed through our risk management arrangements.

### Disclosure of Personal Conflicts

Employees are required to disclose actual or perceived conflicts of interest upon commencement of employment or admission to the Firm as a Director, as the case may be, and thereafter on an ongoing basis in declarations to the CO. Staff will disclose any conflicts of interest directly to the CO and, if necessary, to the CEO.

### Disclosure to Clients

Specifically, the Firm is required by the new MiFID II legislation to prevent conflicts of interest arising. Where this is not possible disclosures must be made in writing to clients.

MAC Asset Management discloses to its clients, in its terms of business and other documents, all material conflicts in sufficient detail so as to allow the client to take an informed decision in relation to the service offered.

If our arrangements to manage a conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to that client's interests is prevented, we will inform the client in writing.

### Policies & Procedures

Systems and controls are documented in the Compliance Manual, which are reviewed by the CO at least annually to ensure they are fit for purpose.

## MAC Asset Management Conflicts of Interest Register

Potential & Actual Conflicts	Mitigating Controls	Conflict Rating
Inadequate Conflict Management – Where the Firm has failed in its efforts to prevent conflicts of interest in the first instance rather than relying on disclosure.	In accordance with MiFID II requirements the Firm will ensure that where possible conflicts will be mitigated rather than relying on a process of disclosure.	M
<b>Valuation</b> - Where the Firm may exercise a significant amount of influence over valuations of hard to value illiquid securities and manipulate fees. The ability of the Firm to influence the reported valuation of its trades could be to the detriment of investors.	All valuations are provided by the Firm's third-party fund administrator.	L
<b>Trade Errors</b> – A potential conflict exists where the Firm benefits from a trade error to the detriment of the client.	All trade errors are resolved fairly and in the best interest of the client. The Firm has in place systems that monitors deal errors and these can be rectified as soon as possible	ML
<b>Different Fee Structures</b> – One client may be favored for a trade idea over the other because of higher fee structure	In accordance with the Firm's Order Execution policy all clients are treated fairly. The Firm will always act in the best interests of its client.	ML
<b>Client Disclosure</b> – Client contracts are opaque and do not contain adequate information on fee structures for example.	All client contracts are reviewed by the CO prior to being distributed to the end client to ensure all fee structures are clearly explained.	M
<b>Conflict Disclosure</b> – The Firm fails to comply with the new MiFID II disclosure requirements to clients	The Firm will have in place procedures to ensure compliance with the new disclosure arrangements in time.	M
<b>Personal Account Dealing</b> - Conflicts can arise from employees undertaking personal securities transactions in investments which are traded by the Firm. Employees may also trade on the basis on inside information.	The Firm has procedures and controls with respect to personal account dealing and use of inside information. The Firm also has a general policy of staying on the public side of the wall when undertaking research.	ML
<b>Chinese Walls</b> – The Firm is located near other trading desks in an open architecture office. It is possible that nonpublic private information can be heard.	The Firm will report any potential or overheard conversations regarding listed securities to its Compliance Officer.	ML
<b>Gifts &amp; Inducements</b> - Conflicts might arise from inducement given by various other suppliers or where the Firm's employees offer or receive gifts which influence the business relationship between the Firm and its suppliers or clients.	The Firm has detailed procedures and controls with respect to receipt of gifts and inducements.	ML
<b>Outside Business Activities &amp; Directorships</b> - Conflicts can arise from employees undertaking outside business activities which may conflict with the interests of the Firm	The Firm has detailed procedures and controls with respect to the approval of outside business activities.	M
<b>Public statements</b> - Potential conflict and market abuse issues arise if the traders make public statements in order to talk up or down a particular security where the traders have a position.	The Firm does not currently undertake public statements and have procedures in place whereby employees are not allowed to talk to the press regarding the Firm and its investments unless prior approval from the CO.	L
<b>Trading in proprietary accounts</b> - Conflict can occur where the Firm trades for its own account.	The Firm does not currently trade for its own account and does not have authorization from the FCA to do so. It only undertakes investment services for its clients.	ML
<b>Use of inside information</b> - It is possible that employees could come into contact with inside information, which if used	All employees are required to inform the CO immediately upon receiving inside information.	ML

improperly could damage the reputation of the Firm against the best interests of its clients.

The CO will place the securities of that firm on the Restricted List, if appropriate.