

DAVY

# Information on Conflicts of Interest Policy

for Davy Global Fund Management

It's not just business. **It's personal.**

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The purpose of this document is to provide a summary of the Conflicts of Interest Policy (hereafter referred to as the “Policy”), which sets out the standards of Davy Global Fund Management Limited (the “Company” or “DGFM”) applicable to the identification, prevention and management of conflicts of interest.

DGFM is a subsidiary of J&E Davy Holdings, and operates within the Davy Group as a fully authorised Alternative Investment Funds Manager and a UCITS Management Company with extended permission to provide individual portfolio management and other non-core services. The rules outlined in the Policy are primarily based on the requirements which stem from the Alternative Investment Fund Managers Directive<sup>1</sup> (“AIFMD”) and Undertakings for Collective Investment in Transferable Securities Directive<sup>2</sup> (“UCITS Directive”), as well as the requirements laid down in the Markets in Financial Instruments Directive<sup>3</sup> (“MiFID”). To ensure that the obligations on monitoring and addressing the conflicts of interest set out in the provisions of those directives are followed, DGFM has implemented the Policy.

<sup>1</sup> Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, and its implementing regulations and guidelines.

<sup>2</sup> Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions, and its implementing regulations and guidelines.

<sup>3</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, and its implementing regulations and guidelines.

## 1. Overview

As a summary, this document is not intended to provide a comprehensive account of the controls and procedures in place to prevent and manage all conflicts of interest which may arise; it is intended to outline the main controls in place. We are committed at all times to ensuring that our business is conducted to high standards and in an ethical manner, and therefore, where we do not consider that the arrangements that we have in place are sufficient to ensure with reasonable confidence that a potential conflict of interest will not damage the client's interests, we will inform the relevant client of the nature of the conflict, the risks that arise due to this conflict, and the steps we have taken to mitigate these risks so that the client may decide how to proceed.

## 2. Davy DGFM and its affiliates

DGFM provides a range of investment management, risk management, administration and marketing services, to both collective and individual portfolio management clients; other Davy Group affiliates provide a comprehensive range of stockbroking and related financial services, such as wealth management, research, investment advice, corporate finance and corporate broking services, to retail and professional clients. This involves the provision of a full capital markets service i.e. advice on floatations, secondary offerings, disposals, mergers and acquisitions, share buy backs, refinancing, acting as sponsor to a number of companies listed on the Irish (Euronext Dublin) and London Stock Exchanges, to which Davy provides transactional and day to day advice on the application of the relevant Listing Rules. J&E Davy is one of several brokers appointed by the Company as an approved broker and transactions are transmitted to J&E Davy in accordance with DGFM's Order Execution Policy.

## 3. Types of conflicts of interest

The following are some examples of typical potential conflicts of interest that may arise in relation to the provision of regulated services by DGFM, which are not listed in any particular order of importance:

- Intra-group relationships;
- External relationships with the delegates, sub-delegates and other counterparties;
- Corporate governance arrangements (e.g. carrying out of compliance or audit functions is deemed as conflicting with portfolio management tasks, whereas market making or underwriting is understood as conflicting with portfolio or risk management);
- Dealing as agent for more than one client;
- Client order handling and aggregation of client orders;
- Providing discretionary portfolio management services involving transactions in:
  - Securities where an affiliate has a business relationship with the issuer of the securities in question;
  - products issued by DGFM or another entity within the Davy Group;
  - a new issue, rights issue, take-over or similar transaction to do with the security where an affiliate is involved in the issue; and / or
  - units in collective investment schemes where an affiliate is the investment manager, trustee, operator, adviser or some other provider to the scheme;

- Remuneration;
  - The receipt or provision of gifts and entertainment;
  - Outside business activities;
  - Receipt of inside information; and
  - Personal account dealing carried out by employees.
- The interest of one investor over the interest of another investor or group of investors in the same fund;
  - Carries out the same activities for two funds, or a fund and an individual portfolio management client; or
  - Receives or will receive from a person other than the fund or its investors, or an individual portfolio management client, an inducement in relation to portfolio management activities provided, in the form of monies, goods or services other than the standard commission or fee for that service.

#### 4. Identification of conflicts of interest

As the Davy Group offers a wide range of financial services, it is inevitable that number of potential or actual conflicts of interests exist. This means that, from time to time, we may have interests which conflict with our clients' interests or with fiduciary duties that we owe our clients.

By signing our Management Agreement, and when we provide portfolio management services on client's behalf, the clients acknowledge that Davy Global Fund Management, an affiliate and / or another person connected with us may have an interest, relationship or arrangement that is relevant to that investment, transaction or service. To identify them, DGFM takes into account not only the activity of collective portfolio management but also other activities it is authorised to carry out, including activities of its delegates, sub-delegates, or other counterparties.

For the purpose of identifying the types of conflicts of interest that arise in the course of managing our fund or individual portfolios, we take into account, in particular, whether DGFM, a relevant person or a person directly or indirectly linked by way of control to DGFM: Is likely to make a financial gain, or avoid a financial loss, at the expense of the fund, its investors or individual portfolio management client;

- Has an interest in the outcome of a service or an activity provided to the fund or its investors or to an individual portfolio management client or of a transaction carried out on behalf of same, which is distinct from those parties' interest in that outcome;
- Has a financial or other incentive to favour:
  - The interest of a client or group of clients or another fund over the interest of the fund, its investors or individual portfolio management client;

#### 5. Preventing or managing conflicts of interest

We use administrative and organisational arrangements to ensure that our employees act independently and, in a manner designed to safeguard the interests of our clients, including but not limited to the following:

- Arms-length management of intra-group relationships;
- Formal conflicts of interest check at the point of a potential new product offering, new business activity, or material transaction;
- Compliance Department acts as a control room to centrally record material information to assist in the identification and management of conflicts of interest;
- Independent reporting lines and proper segregation of duties (e.g. carrying out of compliance or audit functions is deemed as conflicting with portfolio management tasks, whereas market making or underwriting is understood as conflicting with portfolio or risk management; reporting lines and remuneration of research analysts and corporate finance personnel are entirely independent);
- Rigorous policies and procedures, including policies in relation to conflicts of interest, personal account transactions relating to Davy staff and their associates, inducements, remuneration, code of conduct including gifts, entertainment and hospitality and outside business activities, access to and publication of research, best execution, and client order handing to ensure investment

opportunities are fairly allocated amongst clients;

- All staff receive regular training on Davy internal rules and their obligations to act in the best interests of clients;
- Where we execute your client orders we will ensure that in doing so you are getting the best possible result;
- We have strict controls and procedures in place to manage the specific conflicts of interest that arise when producing and issuing investment research;
- Reporting lines and remuneration of research analysts and corporate finance personnel are entirely independent;
- We follow best practices and do not allow access to published research (“blackout period”) where necessary to manage the conflicts that exist in advance of and after an offering in a company’s securities;
- Information barriers (“Chinese Walls”) and procedures to restrict the flow of information to certain employees, in order to protect client interests and to prevent the improper access to client information.

Each Davy Group entity has adopted a corporate governance structure (i.e. oversight forums and committees, boards of directors, etc.) which assist in the oversight of its business activities. Under this corporate governance structure, each Davy Group entity may identify potential conflicts of interest, applies the relevant conflict of interest resolution and escalation process, and the Board of Directors is ultimately responsible for the ongoing management of any conflicts of interest for those activities; this

is also the case for the DGFM Board of Directors. A centrally managed Conflicts of Interest Register helps to identify, analyse, and prevent or manage the conflicts of interest on a Davy Group level, and the Company applies a 7-year retention period to any records related to each conflicts of interest assessment / review. Each Davy Group entity documents the known potential conflicts of interest and steps taken to manage any identified conflicts in a manner that is fair and impartial to all our clients.

## 6. Disclosing conflicts of interest

DGFM ensures that any potential or actual conflicts of interest that have been identified are appropriately disclosed, as may be required in accordance with applicable regulatory requirements, e.g. through the relevant product offering documentation or financial statements.

## 7. Monitoring and review of the policy

While DGFM believes it has implemented appropriate measures to identify and prevent or manage conflicts of interest, clients and prospective clients should recognise that no set of rules can possibly anticipate or alleviate every potential conflict. If deficiencies in the monitoring process are identified, appropriate amendments will be made to the Company’s conflicts of interest management arrangements and the Policy. An overall review of the Policy and / or the conflicts of interest monitoring measures is completed on an annual basis or more frequently where a material change occurs. Material changes to the Policy are notified by posting an updated version of this document on the Company’s website.

## 8. Additional information

Further queries concerning the DGFM conflicts of interest should be forwarded to our Compliance Department.

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