

## Marathon Asset Management LLP (“MAM”)

### Conflicts of Interest Policy

#### Background

When acting as an agent absolute confidence in an asset manager by their client is of primary importance for the relationship of trust to foster between these two parties. To this end asset managers must always act in customers’ best interests and put customers’ interests ahead of their own in making investment decisions or buying products and services. Similarly, asset managers must treat all their customers fairly.

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 mean clients avoid unnecessary costs and have fair access to all suitable investment opportunities. Managing conflicts appropriately can improve returns earned by clients and enhance general confidence in the asset management industry.

#### Impact on MAM

Conflicts may create problems as they can:

- Inhibit free discussion;
- Result in decisions or actions that are not in the interest of MAM and/or MAM’s clients; and
- Risk the impression that MAM has acted improperly.

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

From time to time, situations arise which present a firm with a conflict of interest. An example of this is where a firm, its staff or affiliates are trading in, or holding, the same securities as those it is buying or recommending to its clients. Another example is where different clients have competing interests. This is often accentuated when hedge funds are managed alongside other long-only portfolios. A further example would be where a firm has clients with the same investment objective but one or more of those clients pay performance fees rather than fixed fees.

Broadly speaking, a conflict of interest may be present whenever the interests of an employee or MAM are inconsistent with, 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 of interest (i.e. where no conflict may actually exist) can call into question MAM’s objectivity and its personnel, resulting in potentially irreversible damage to reputation. As such, it is the responsibility of all MAM personnel to assist in identifying actual or potential conflicts of



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interest associated with the investment advisory business and promptly bring any such issues to the attention of the Chief Compliance Officer.

In summary, the proper management of conflicts is central to the fair and effective operation of financial markets. FCA Rules recognise this importance (SYSC 10.1) and it is also reflected in the FCA's Principles.

### **Personal conflicts of interest**

Conflicts of interests may arise where an individual's business, personal or family interest clashes with those of MAM and MAM's clients, or where it appears to influence an individual's independence and objective judgement. Therefore, in order to maintain the highest degree of integrity in the conduct of MAM's business and to maintain personal independent judgment, **staff must avoid any activity or personal interest that creates, or appears to create, a conflict between personal interests and the interests of MAM'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 MAM conducts business, or which negatively impacts the integrity of MAM or its procedures. The following are some common examples that illustrate actual or apparent conflicts of interest that should be avoided (please note this **should not** be seen as an exhaustive list):

#### **a. Improper personal benefits**

Conflicts of interest can arise when any individual, or a member of his or her family, receives improper personal benefits as a result of his or her position in relation to MAM.

#### **b. Financial interests in other businesses**

MAM personnel may not have an ownership interest in any other enterprise if that interest compromises or appears to compromise the individual's loyalty to MAM.

#### **c. Outside employment, directorships, or activities with a competitor**

Other than with the prior written consent of the Executive Committee or Management Committee, simultaneous employment by any other entity, or serving as a director of any company, is strictly prohibited. Similarly, staff should avoid engaging in any activity that one would reasonably expect to advance a competitor's interests over that of MAM. As such, it is imperative that, prior to agreeing to serve in any such capacity, relevant individuals consult with and obtain written approval from (i) his or her direct supervisor; and (ii) the Executive Committee / Management Committee. Please note that MAM may require that the individual obtain indemnities from the company at issue and satisfy other requirements as a condition to approval. In general, approval for this type of activity will be rare<sup>1</sup>.

It is the responsibility of employees to consult with the Chief Compliance Officer and line management to determine whether a planned activity will compete impermissibly with any of MAM's business activities before pursuing the activity in question.

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<sup>1</sup> Subject to making periodic notification to MAM, non-executive directors of MAM are permitted to serve on the boards of other companies.



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### **d. Charitable, government and other outside activities**

MAM encourages all personnel to participate in projects and causes that further the welfare of our community. The prior approval, however, of the Chief Compliance Officer 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**

Personnel may find themselves in a situation where a spouse or partner, children, step-children parents or in-laws, or someone else with whom there is a familial relationship is employed by a competitor of MAM or by an entity that has a significant business relationship with the company. Such situations are not prohibited but do call for extra sensitivity to security, confidentiality and conflicts of interest.

There are several factors to consider in assessing such a situation, including without limitation: the relationship between MAM and the competitor or entity, the nature of the individual's responsibilities in respect of MAM and those of the other person, and the access each has to confidential information. Such a situation, however harmless it may appear, can create problems for both staff and MAM. To mitigate any potential issues, personnel must disclose their specific situation to the Chief Compliance Officer, so that he may assess the nature and extent of any concern and how it can be managed and/or resolved.

For the avoidance of doubt, all MAM personnel are prohibited from entering into a personal transaction which conflicts with an obligation of MAM to a client. This includes a personal transaction which places, or appears to place, their own interest above those of any MAM client. This prohibition applies also to advising or procuring any other person to enter into a transaction; or to disclosing any information or opinion likely to lead to another person entering into such a transaction. In this context please refer to the MAM Code of Ethics.

Similarly, all MAM personnel are prohibited from executing securities transactions for MAM clients without disclosing to MAM his or her interest, if any, in such securities or the issuer thereof, including without limitation:

- Any direct or indirect beneficial ownership of any securities of such issuer;
- Any contemplated transaction by such person in such securities;
- Any position with such issuer or its affiliates; and
- Any present or proposed business relationship between such issuer or its affiliates and such person or any party in which such person has a significant interest.

### **MAM Conflicts of Interest**

There are a variety of situations in which MAM may be viewed as having a conflict of interest. Examples of such conflicts of interest could, where applicable, include:

- (a) MAM acts as a regulated investment advisor/manager for clients potentially on different terms. To this end MAM 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

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hold the same asset for another) or MAM may cause a client to enter into a transaction with another client;

- (b) any of MAM'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;
- (c) MAM 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, MAM 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 MAM's allocation procedures; and
- (d) MAM 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 MAM'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 MAM nor its associates will be liable to account for any such profit, commission, remuneration or other benefit, nor will MAM's fees (unless otherwise provided) be abated.

MAM will seek to take all appropriate steps to identify and to prevent or manage conflicts of interest from adversely affecting clients' interests. Where MAM is not able to do this, MAM 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 MAM. In some circumstances MAM 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.

MAM 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 MAM-related potential conflict of interest, and should not be viewed as such. It is merely intended to be illustrative of some of the circumstances in which potential conflicts might arise. All MAM personnel are responsible for helping to identify MAM-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.