

Marathon Asset Management LLP ("MAM")

Conflicts of Interest Policy

Background

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

Conflicts can occur between the 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 improves the returns earned by clients and enhances 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 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 rare¹.

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.

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

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, including: (i) decisions about whether to allocate limited investment opportunities among clients and the process utilised to undertake the allocation; (ii) causing a client to enter into a transaction with another client; and (iii) making 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).

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.