

CONFLICTS OF INTEREST POLICY

INTRODUCTION

A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult to fulfil his or her duties impartially.

We do recognise that there might be occasions when the interests of the business may conflict with those of our clients and also when the interests of a client or clients may conflict with those of other clients.

The purpose of this document is to explain the principles by which we operate and the means by which we take all appropriate steps to identify, prevent, mitigate or manage conflicts of interest.

REGULATORY BACKGROUND

We are authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA"). As such, we are required to adhere to the principles espoused by the regulators in dealing with conflicts of interest.

The requirements of the FCA are summarised in Principle 8 and detailed in the SYSC Module of the FCA Handbook. This document outlines our strategy for meeting those requirements.

THE NATURE OF CONFLICTS

We define (at a high level) a conflict of interest as any situation where:

- Our interest in the outcome of the management of a product or service differs from what would be the most favourable outcome for a client or clients.
- The structure of a product, service or transaction is such that our interests or those of a client could be favoured over another client.
- An inappropriate incentive is available which may lead an employee or the firm in general to favour their/its own interest above those of a client or clients.

- The opportunity exists to make a profit or avoid a loss at the expense of a client or clients.

IDENTIFICATION OF CONFLICTS

The identification of actual or potential conflicts of interest is led by the Compliance function through liaison with all members of the Management Committee to ensure that appropriate consideration is given to all areas in which the business operates. On confirmation that an actual conflict exists in practice the following steps are taken:

- The nature of the conflict and the potential detriment that may accrue to a client is documented.
- The controls which are embedded in processes are identified and documented.
- Additional controls which are procedural are identified and documented.
- The Management Committee member with primary responsibility for the business area or process is required to sign a document confirming that the documented controls are in place and that they expect them to mitigate the conflict appropriately.

TYPES OF CONFLICTS & THEIR MITIGATION

While considering the types of conflict that may arise in the course of business, the following circumstances have been identified as representing a non-exhaustive list of areas where mitigating process may be required to achieve the desired outcome of putting the client's interests above those of our own:

Staff Remuneration

A Conflict of Interest may arise where the firm's remuneration practice could incentivise a staff member to act contrary to their responsibilities, regulatory requirements or the Compliance Manual. Our principles on staff remuneration which guide us in the way we conduct business are aimed to ensure that this type of conflict does not arise, in order to avoid client interests being

adversely affected by the firm's incentive and remuneration practices.

External Interests

All staff members are required to disclose all external business interests, including those of their closely connected persons, to enable an assessment to be carried out to identify whether any conflicts may arise. Should that be determined to be the case, relevant activity is subject to particular scrutiny.

Inducements

We operate a policy to make it clear that the acceptance or offering of any gift or hospitality which may induce ourselves or a third party to act against the interests of clients is unacceptable. The policy recognises that there may be occasions where the opportunity to build a new or existing business relationship means that engaging with third parties outside the normal business environment may be appropriate subject to adequate disclosure and approval.

Acting for more than one client or group of clients

If we execute a transaction where one client or a group of clients sell securities and another client or group of clients purchases the same securities there may be a risk of a client or a group of clients being treated more or less favourably than another client or group of clients. Procedures are in place.

Receipt and usage of market sensitive information

The nature of our business means that it is unusual for us as a business to receive such information; but on the occasions that we do, processes are in place for the information to be appropriately controlled and its usage prevented.

ROLE OF COMPLIANCE & INDEPENDENT OVERSIGHT

Consideration is given as to how the effectiveness of the documented controls can be evidenced as being effective in practice. Where appropriate reviews of these controls are included within the scope of compliance review programmes.

Our business is structured in such a way that we believe it is very unlikely that a conflict will arise which we cannot readily manage and be in a position to demonstrate the effectiveness of mitigating processes.

MORE INFORMATION

This is a brief summary of our approach to this important issue, which we take very seriously. Our policy is subject to regular assessment and periodic review. We will be happy to discuss particular aspects of our approach to clients and prospective clients. Further details about our internal policy on conflicts of interest are available on request. If you have questions please contact compliance@nevastar.com.