

CONFLICTS OF INTEREST WITHIN JOHCM

This document summarises the policies in place within JOHCM that are designed to identify, monitor, manage and mitigate actual and potential conflicts of interest. It is made available to all of our clients as required by the Rules of our main regulator, the UK Financial Conduct Authority (**the FCA**). It also applies to the shareholders of JOHCM funds where JOHCM, as the management company, is required to act in the best interests of fund investors.

While providing this information to clients and investors is an important part of JOHCM's approach, JOHCM recognises that disclosure is not a way to manage conflicts and may only be used as a last resort, where the controls in place are not sufficient to ensure, with reasonable confidence, that the risks of damage to client interests will be prevented.

The following are the types of conflicts of interest that may arise within JOHCM and the ways in which they are managed. Further information about our Conflicts of Interest Policy is available on request.

Ownership and Group Relationships

J O Hambro Capital Management Limited (**JOHCM Ltd**), JOHCM Funds (UK) Limited (**JOHCMUK**) and JOHCM Funds (Ireland) Limited (**JOHCMI**) are each a wholly owned subsidiary of Pendal Group Limited (**Pendal**), an Australian listed investment management group, headquartered in Sydney. JOHCMUK is appointed as the authorised corporate director of JOHCM's UK domiciled UCITS, J O Hambro Capital Management UK Umbrella Fund and Regnan UK Umbrella Fund (**the UK OEICs**), and JOHCMI serves as the management company of JOHCM's Irish domiciled UCITS, J O Hambro Capital Management Umbrella Fund plc and Regnan Umbrella Fund ICAV (**the Irish UCITS**).

JOHCM Ltd, JOHCMUK and JOHCMI (with two further group companies, JOHCM (Singapore) Pte. Limited and JOHCM (USA) Inc.), (collectively **JOHCM** or **the JOHCM Group**) operate as a stand-alone business within the Pendal Group. Within that model, JOHCM retains its full investment independence.

As part of their governance remit, the boards of each of JOHCM Ltd, JOHCMUK and JOHCMI may, provided they satisfy all regulatory and corporate law requirements, consider it appropriate to promote the success of the Pendal Group as a whole, or of any member of the Pendal Group. However, each director, and each of those firms, must comply with applicable regulatory rules and principles, which set standards of conduct for directors, require clients and investors to be treated fairly, their interests to be served, and the effective mitigation and management of the risk of conflict with those interests.

Conflicts risk management is further bolstered by having independent director representation on the boards of certain JOHCM affiliates.

In the unlikely event of a serious risk of conflict in the governance of JOHCMUK or JOHCMI, their respective directors would consider as an extraordinary measure whether to appoint

additional independent directors and/or absent themselves from decision-making in order to ensure impartiality.

On this basis, we do not anticipate that conflicts will arise from our corporate structure in the ordinary course of business, beyond those inherent and commonplace in a shareholder ownership model.

Investment management related services provided to Pandal Group

JOHCM Ltd provides investment management services to a small number of Australian regulated funds for which Pandal acts as the lead manager. These services are provided on normal commercial fee terms. We have independent oversight controls to ensure that these connected clients are treated in the same way as all other mandates for the particular strategy and that these inter-affiliate services are handled in line with the firm's systems and controls related to order execution.

Investment management and other services provided by JOHCM Ltd to JOHCMUK and JOHCMI

JOHCM Ltd is appointed by JOHCMUK and JOHCMI to provide various services to the UK OEICs and the Irish UCITS respectively. There is a risk that JOHCMUK and JOHCMI may not hold JOHCM Ltd properly to account in providing those services, given that both affiliates are part of the same group and have staff and other resources in common.

Each of JOHCMUK and JOHCMI has a governance framework in place whereby its board has ultimate responsibility for overseeing the firm's conduct, operations and compliance standards, in particular the measures taken to ensure the fair treatment of investors in the JOHCM Group fund that it oversees. While some of the current board members are JOHCM Ltd employees, as a corporate matter, all owe directors' duties under applicable company law and are subject to obligations under FCA or Central Bank of Ireland regulations.

In the case of JOHCMUK, certain are approved by the FCA to hold a Senior Management function, and are therefore personally responsible to meet the requirements under the FCA's Senior Managers Regime in carrying out their duties. All are also subject to directors' duties under applicable company law. These are then reinforced in the terms under which each individual is appointed.

Under each board's ultimate supervision, the governance framework involves the head of each area of service provision within JOHCM Ltd reporting regularly to the board on their area and the service that they deliver. The board is required to scrutinise, challenge and direct those JOHCM Ltd representatives about all matters reported on, and maintains regular and documented oversight, tracks the resolution of any items that do arise and has sight of any trends that may emerge in JOHCM Ltd's performance as a service provider.

The boards' activities are further bolstered by independent representation through the appointment of non-executive directors.

In the case of JOHCMUK, this oversight is also supported by the appointment of individuals to hold other SMCR designated roles in respect of compliance, money laundering reporting and investment management related responsibilities

In those roles, each of them is individually required to adhere to the applicable SMCR obligations and this is also reflected in the terms under which they are appointed.

In addition, the standards which JOHCM Ltd must meet in providing services to each affiliate are set out in arm's length contracts with each, and JOHCM Ltd itself has systems and controls in place (including its own governance framework and policies and procedures) that are designed to ensure compliance with those standards.

Separate teams / timing of investment decisions / executions

JOHCM Ltd acts as discretionary investment manager for a number of separate publicly available funds and segregated institutional accounts. The investment mandates for these clients are such that a particular investment will be suitable for inclusion in a number of different portfolios.

Each strategy is managed by a named senior fund manager, or by a senior fund manager and deputy/ies, or by named co-lead managers. It is a key part of the Group's decentralised investment philosophy that these investment teams have the freedom, subject to agreed mandate restrictions, to make their own investment decisions.

Subject to any particular size or other constraints, such as risk appetite, contained in client mandates, the proposed participation in an investment will be in proportion to the relative size of the portfolios managed by that investment team. The timing of decisions made by that investment team will also be influenced by any inflows to or outflows from the portfolios they manage. It is also of note that a different investment team may make different decisions or make similar decisions at different times in respect of the same investment.

All of these factors may result in different investment outcomes among investment strategies, and among mandates managed by the same investment team. JOHCM has policies in place to address the potential for conflict that this creates, that are designed to ensure the fair allocation of investment opportunities among clients. Compliance with these policies is reviewed ex post by various means, including performance dispersion analysis and monitoring order handling.

Separate teams/opposing positions

Because JOHCM does not take a 'house view' approach to investing for our clients, the autonomy that this creates among the fund manager teams means there is a possibility that at any point in time the Group could participate in a transaction on both sides of a corporate transaction for different clients.

The Group's systems and controls, and the policies and procedures it adopts, are designed to incentivise and ensure that each fund manager gives priority to the interests of the client on whose account he or she is investing in any particular transaction, irrespective of the activities of any other investment personnel in the Group.

The resulting risk of JOHCM being on both sides of the deal is mitigated by the Group's market conduct procedures, which require immediate disclosure by any fund manager coming into possession of inside information and trigger a firmwide trading restriction in the particular security. Should a fund manager who has already been crossed then receive a contact from the broker acting for the other side, he or she would by that point know enough about the transaction to decline the conversation.

There is no formal procedure to mitigate the risk of *different* JOHCM fund managers inadvertently taking opposing positions in the same transaction. However, the likelihood of this risk is low given the small number of strategies which tend to engage in these types of transactions, and the market cap of securities typically involved, such that the Group's positions are unlikely to be sufficiently large to influence the transaction outcome.

Basis of remuneration - JOHCM Ltd and its fund managers

The basis of JOHCM's remuneration, which is recorded in the agreements with individual clients, may be different for different types of client portfolios. The percentage rate for the annual management charge is not the same for all portfolios and in many cases, there will also be a performance fee payable, which may be calculated on differing bases for different types of portfolios e.g., OEIC, mutual fund or segregated account. Thus, different portfolios in the same strategy may attract different fee levels.

It is therefore important to ensure that these differing rewards for JOHCM Ltd, and in some cases the particular fund manager, do not lead to similar portfolios being treated unfairly, with one being favoured or disadvantaged relative to another. The policies and monitoring programme referred to above relating to fair allocation of investment opportunities are also important safeguards in managing this potential for conflict.

The remuneration of the individual fund managers is a combination of some or all of a salary, a share of performance fees earned by JOHCM Ltd from the portfolios they manage, the management fees earned on their particular strategy, and that which derives from their equity interest in the Pandal Group.

The remuneration of individual JOHCM employees is independently overseen by the Pandal Group Limited Remuneration Committee (**RemCo**) in accordance with a Remuneration Policy that is designed to promote alignment of individual fund managers' interests with their clients' and to meet the FCA Rules and standards.

Basis of remuneration - sales teams

JOHCM operates a small number of sales teams who focus on promoting investment into JOHCM products and strategies to intermediaries, wholesale distributors and larger institutional clients and investors and their advisers. The variable remuneration of these sales teams includes a component that recognises achieving a sales target and overall sales performance.

There would be a potential conflict with client and investor interests if sales teams were incentivised by this remuneration model to boost assets under management (**AuM**) by selling products and services when that might not be in the best interests of clients or investors.

However, whilst the variable remuneration component for teams recognises sales performance of an individual salesperson, this is not the only performance factor taken into account when assessing the overall value of the annual bonus award. Management will also take into account other performance factors such as client servicing and client retention, with the aim of ensuring that client and investor interests are properly recognised as part of the performance evaluation process.

A proportion of the bonus award includes an equity component which is deferred over a three-year period.

The remuneration of individual JOHCM employees is independently overseen by the RemCo in accordance with a Remuneration Policy that is designed to promote alignment of individual employees' interests with clients' and investors' and to meet the FCA Rules and standards.

Finally, conflicts in this area are also reduced by the Group's approach to investment capacity management. JOHCM has always maintained formal capacity limits on the size of AuM for each strategy that it manages, with a limit agreed at the time of launch. We actively soft close and subsequently, where possible, hard close strategies to manage size within this capacity. This addresses the risk of assets managed according to a particular strategy surpassing the size at which they can be managed optimally in order to achieve the strategy's objectives.

Inside Information

The misuse of inside information amounts to a breach of the FCA Rules and in some cases may be a criminal offence. It creates an inherent conflict of interest because it gives the holder of the information an unfair advantage over other market participants who do not have that knowledge.

JOHCM's fund managers are encouraged to analyse and meet with those companies in which they invest on behalf of their clients, but most do not actively seek out inside information. Other employees within JOHCM may also inadvertently learn of facts or circumstances that amount to inside information, whether in the course of their work, or otherwise. JOHCM has various safeguards in place that are designed to protect clients and other market participants against this potential for conflict, including staff training on the issue and a policy that requires any employee in receipt of potential inside information to report it immediately to Compliance. Where the information is determined to be inside information, this results in an embargo on further orders being placed in the securities of the relevant company by all JOHCM investment teams, whether or not they are themselves in actual receipt of the inside Information.

Crosses

JOHCM manages money for a number of different clients and as a result there may be occasions, for instance when, due to differing client requirements or different inflows to and outflows from a portfolio, it is in two clients' interests for us to be buying a particular security for one client at the same time as selling it for the other. Any such trade must be consistent with all the requirements that apply to both clients' accounts. In particular, there may be some clients for which this type of trade is prohibited entirely or is only permitted under certain conditions, which we are not in a position to meet. In respect of those clients, we have processes in place that are designed to prevent the trade.

Subject to that overriding requirement, we seek to execute it in the market with the same independent broker on a mid-market basis (measured at the time of the transaction). This approach aims to reduce the potential for conflict, by giving both buyer and seller an opportunity to obtain a fair price.

Emulation mandates

JOHCM Ltd is appointed under several emulation mandates where on a periodic basis we provide the client with a "snapshot" of a particular strategy in the form of a model portfolio. Under these emulation mandates we are not responsible for the execution of any trades

which might be required to reflect the changes in the portfolio from one "snapshot" to the next. Any trading may or may not be carried out by the client at times determined by them.

By the nature of these mandates, the trades for discretionary portfolios run according to a particular strategy will always have been executed before any relating to emulation mandates are undertaken, so this could potentially create a disadvantage to the investors in the portfolios that are run based on the emulation mandates. In negotiating agreements with clients for such mandates, we seek to include an appropriate disclosure of this conflict risk.

Correction of Errors

The risk of conflict of interest is inherent in any scenario where an error has potentially been made, but we confront this risk firstly by promoting a culture of collaboration, transparency and fairness in the analysis and correction of any error. We have established procedures to ensure any such incident is effectively escalated, that JOHCM takes appropriate action to correct the accounts of any clients adversely affected by the issue, and also learns from the incident and strengthens controls, including by providing additional training where appropriate, to minimise the risk of recurrence.

Our policy is that clients should be compensated for all direct monetary losses that they may suffer as a result of any error.

There may be occasional situations, e.g., in the case of an accounting or administrative error, where a client receives from us a duplicate payment or other monetary gain to which it is not rightfully or ordinarily entitled. In that type of situation, we would expect to reclaim the amount erroneously paid. However, where an error on our part results in a *profit* for the client's account, we would not seek to claim that profit and it would accrue to the client.

Arrangements with James Hambro & Partners - Interests in JH&P partnership

James Hambro & Partners LLP (**JH&P**) is a UK based dedicated wealth management firm. Formerly a wholly owned subsidiary of JOHCM, JH&P is now owned and managed primarily by the team working in that business, though there are various ongoing relationships between the two firms.

Two fund managers of JOHCM Ltd have an equity interest in JH&P. In addition, various other JOHCM employees and some of their respective family members are clients of JH&P.

In terms of the potential for conflict that these relationships create, JOHCM's policies and procedures relating to confidentiality, market conduct, personal account dealing and fitness and propriety are brought to bear, and are reinforced by periodic staff training and oversight.

Procurement of investment research

JOHCM pays for all investment research out of our own resources. JOHCM operates controls designed to ensure that the only research consumed is research that we pay for, and that any other information or commentary about securities, markets or investing that we receive for free is simply 'generic information' in line with the FCA Rules. These controls aim to mitigate the risk that 'free' research may create an inducement in the context of our relationship with the research provider.

Valuation of suspended/illiquid/unquoted positions

To avoid the conflict of interest inherent in valuing our clients' portfolios, JOHCM never acts as the pricing agent of record. Pricing of all JOHCM and Regnan funds is undertaken by the

funds' independent third-party administrators using quoted market price feeds, and portfolios managed for separate account clients are officially priced by the clients' independently appointed custodians or accounting agents. The pricing that JOHCM carries out is therefore essentially to assist fund managers in managing their clients' portfolios.

JOHCM may however give pricing recommendations to a client and/or its pricing agent where, for example, market quotations are not readily available for a security in the client's portfolio or where the price from the external source does not, in our view, represent its fair value. To manage the risk of conflict of interest in such situations, JOHCM operates a Valuation and Pricing Committee, made up of the Group's senior management and are independent of investment decision-making.

Relationships with Service Providers

From time to time, JOHCM may engage a service provider on its own behalf that is also a client of the JOHCM Group, or an investor in or distributor of the JOHCM Group's products. In such cases, JOHCM aims to ensure that the selection of any such service provider is made on an independent basis through a comparison of the available services from multiple potential service providers and by selecting the most suitable provider based upon the overall needs of the firm.

JOHCM may also from time to time enter into a client or distributor relationship with a party that is also a service provider to the JOHCM Group, or such a party may become an investor in a JOHCM fund. In any such case, JOHCM must ensure that the terms of the relationship are consistent with its duty to treat clients and investors fairly.

Outside Business Interests

There is a clear potential for conflict of interest where employees pursue other business activities outside their main employment. JOHCM's standard employment contract therefore requires the employee to obtain prior written consent for any outside business interests. Such external appointments are relatively rare.

Directors on the boards of affiliates within the JOHCM Group are also subject to particular statutory and policy driven obligations in managing any conflicts of interest that may arise or exist within their role.

Inducements

MiFID II explicitly prohibits firms providing portfolio management or advisory services to clients from receiving any monetary benefits from any third party in connection with those services (apart from payment by our clients of our fees). It is not part of JOHCM's business model to *receive* payments of this kind. However, if any such benefit were to be received, arrangements would be made to ensure its transfer to the relevant client(s) as soon as possible.

Compliance with this inducement ban is a condition of any approval by the JOHCM Group to enter into any new relationship or to change the terms of an existing relationship, which in either case, would entail JOHCM *paying* a monetary benefit.

MiFID II does allow firms such as JOHCM Ltd to receive non-monetary benefits, provided they are minor and acceptable under the FCA Rules. We have policies and procedures in place to assess all such benefits, notably in the context of gifts and entertainment and the receipt of generic information on financial instruments.

Gifts and Entertainment

The giving and receiving of gifts or entertainment are subject to the Group's policies, which are designed to ensure that staff do not offer or give, solicit or accept any inducement which is likely to conflict with their duties to clients or would be in breach of any statutory or regulatory restrictions.

Employee Personal Dealing

To manage the obvious risk of conflict of interest arising in this area, all employees are made subject to the JOHCM Group's Personal Account Dealing Rules, which place clear parameters on how and when they may deal in securities for their own account and their immediate family's, and include regular reporting of personal transactions and holdings.

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