

Conflicts of Interest Policy

MARIANA INVESTMENT PARTNERS LLP

V.1.1

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Introduction

Principle for Business number 8 (Conflicts of interest) requires Mariana Investment Partners LLP (collectively “MIP”) to pay due regard in the course of providing services to the interests of each of its clients and to manage any conflicts of interest arising between itself and its clients and between one client and another. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) rules which can be found at SYSC 10.1 onwards. The SYSC rules form part of the Financial Conduct Authority’s Handbook of Rules and Guidance.

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 duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.

The success of MIP depends on our clients’ confidence in the integrity and professionalism of our personnel. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

To reinforce the confidence of clients, senior managers and employees of MIP are committed to avoiding situations that might interfere with making decisions in the best interests of clients.

Each senior manager or employee is expected to consider carefully the following as potentially conflicts of interest:

- ❖ Any outside business activity;
- ❖ Service as a manager or board member of any other firm;
- ❖ Trusteeships;
- ❖ Connections with a broker or other market counterparty with whom MIP does business;
- ❖ Fees or commissions from counterparty clients (including market maker clients on the other side of a client trade);
- ❖ Receipt or provision of gifts in excess of a nominal amount;
- ❖ Receipt or provision of entertainment that is not reasonable in cost or appropriate as to time, place and frequency;
- ❖ Influence on hiring, evaluation or compensation of any family member;
- ❖ Competing requirements between clients.

1. Conflicts of Interest

Conflicts of Interest appear in situations where MIP:

- ❖ Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- ❖ Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- ❖ Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- ❖ Carries on the same business as the client; or
- ❖ Receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

MIP must maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients.

This is normally achieved by managing the conflict of interest, that is by taking reasonable steps in one or more of the following ways:

- ❖ Managing the conflicts internally; or
- ❖ Establishing special arrangements such as a Information barriers; or
- ❖ Disclosing our interest to the client;
- ❖ Declining to act for a client.

2. Record of Conflicts

MIP will keep and regularly update a record of the kinds of service or activity it carries out in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

MIP will ensure that its management receives, on an annual basis, written reports on all situations on record.

3. Managing Conflicts

MIP may be able to demonstrate that it has taken reasonable steps to ensure fair treatment for its clients by relying on this Conflicts of Interest policy. In such cases, relevant employees/members are required to disregard any material interest or conflict of interest when advising or dealing with a client. If considered appropriate by the Partners, MIP may at its discretion, disclose its material interest or conflict of interest to the client.

The FCA requires firms to identify all known conflicts, along with the method of dealing with the conflict. This information is found in the Conflicts Folder in the Compliance Directory and is managed by the Compliance Department. We are required to pay special attention to the activities of investment research, client order execution, portfolio management and corporate finance business, including underwriting or selling in an offering of securities and advising on mergers and acquisitions. In particular, special attention is appropriate where MIP or a person directly or indirectly linked by control to the firm performs a combination of two or more of those activities.

The measures for dealing with conflicts will be designed to ensure that relevant persons (i.e. director, partner, manager, appointed representative of the firm, employee of the firm, natural person whose services are under the control of the firm or who is directly involved in the provision of services to the firm) engaged in different business activities involving a conflict of interest carry on those activities at a level of independence, appropriate to the size and activities of MIP and any associated entities and to the materiality of the risk of damage to the interests of clients.

3.1. Examples of types of procedures for managing conflicts

- ❖ Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- ❖ The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of our firm;
- ❖ The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- ❖ Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities;
- ❖ Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest; and
- ❖ Creating procedures in relation to the execution of client orders which enable the firm's management to monitor the achievement of best execution for clients to whom a duty of best execution is owed and demonstrate that orders have been executed in accordance with the firm's policy.

4. Information barriers

Another method by which MIP can manage conflicts of interest is to establish and maintain internal arrangements restricting the movement of information within the firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from, or not to be used by, persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as Information barriers.

The FCA's rules with regard to Information barriers are set out in SYSC 10.2. MIP has adopted these rules in determining its own policies with regard to Information barriers which are as follows:

1. When MIP establishes and maintains a Information barriers it may:
 - (a) withhold or not use the information held; and
 - (b) for that purpose, permit persons involved in the first part of its business to withhold the information held from those involved in that other part of the business;

but only to the extent that the business of one of those parts involves the carrying on of activities regulated under the Financial Services and Markets Act 2000 or ancillary activities.

2. Information may also be withheld or not used by the firm when this is required by an established arrangement maintained between different parts of the business (of any kind) in the same group. This provision does not affect any requirement to transmit or use information that may arise apart from regulatory rules.
3. For the purpose of this rule, "maintains" includes taking reasonable steps to ensure that the arrangements remain effective and are adequately monitored and must be interpreted accordingly.

4.1. Attribution of knowledge

When any regulatory rules apply to MIP when it acts with knowledge, the firm will not be taken to act with knowledge for the purposes of that rule if none of the relevant individuals involved on behalf of the firm acts with that knowledge as a result of arrangements established under SYSC 10.2.2 R.

Where MIP establishes and maintains Information barriers, individuals on the "other side of the information barrier" will not be regarded as being in possession of knowledge denied to them as a result of the Information barriers.

Acting as outlined above does not amount to market abuse, making misleading statements or engaging in misleading practices.

5. Segregation of Duties

MIP strives to ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are laid out below.

MIP is aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also helps to ensure that the firm's governing body receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

MIP ensures that, in general, no single individual has unrestricted authority to do all of the following:

- ❖ Initiate a transaction
- ❖ Bind the firm
- ❖ Make payments, and
- ❖ Account for the transaction

Where MIP is unable to ensure the complete segregation of duties due to its limited employee/member base, it has adequate compensating controls in place including the frequent review of an area by relevant senior partners.

6. Staff Awareness and Monitoring

The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

The firm monitors and, on a regular (at least annual) basis, evaluates the adequacy and effectiveness of its systems, internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies.

The firm ensures that employees received appropriate training on detection and management of Conflict of Interests.

7. Fees and Commissions

MIP may receive fees or commissions from counterparties. Where this is the case, MIP will disclose this to relevant clients and in addition we have clear and appropriate conflicts management procedures in place to ensure that such fees and commissions do not damage our clients' best interests.

8. Disclosing an Interest

If arrangements made by MIP to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented (or where disclosure is part of arrangements to manage conflicts of interest), MIP will clearly disclose the general nature and/or sources of conflicts of interest to the client and the steps taken to mitigate those risks before undertaking business for the client. The disclosure of conflicts of interest by a firm does not exempt it from the obligation to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of clients.

The disclosure must:

- (a) be made in a durable medium;
- (b) clearly state that the organisational and administrative arrangements established by MIP to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- (c) include a specific description of the conflicts of interest that arise in the provision of services;
- (d) include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Disclosing an interest to a client would normally be required where the firm has an interest in a transaction on which it is advising or where the firm derives, or will derive, consultancy, non-executive Partner or other fees from clients involved in a transaction.

Disclosure of a material interest or conflict of interest to a client must be made in writing. Oral disclosure is to be avoided. Disclosure must be made before we advise or otherwise act for our client on a transaction, and we must be able to demonstrate that we have taken reasonable steps to ensure that the client does not object to our material interest or conflict of interest.

9. Whistleblowing

The Firm has a whistleblowing policy and appropriate systems to disclose information to a dedicated whistleblowing officer in place for senior managers and employees.

10. Anti-bribery

The Bribery Act 2010 has been introduced to bring the UK in line with the international standards of anti-corruption legislation. It is a criminal offence to give or receive a bribe and firms can be held liable for failing to prevent bribery.

The Serious Fraud Office is empowered to prosecute both domestic and foreign firms where they have a presence of some form in the UK. Bribes committed in the UK and abroad could be prosecuted under the Bribery Act 2010.

MIP is committed to conducting business in a fair, honest and transparent manner and expects everyone who performs services for or on its behalf to conduct business in the same way. Corruption of any kind is detrimental not only to MIP but also the wider community. MIP has Anti-Bribery and Corruption procedures, which include gifts and entertainment policies, applying to all senior managers and employees. Details are provided to all senior managers and employees on commencement of employment.

11. Declining to Act

If MIP determines that it is unable to manage a conflict of interest using one of the methods described above, we may decline to act on behalf of the client concerned.

12. Gifts and Benefits

MIP has in place a “Gifts and Benefits Policy” which aims to detail the stance of MIP with respect to gifts and benefits and ensure members/employees understand their obligations. It also details the correct procedure that should be followed by MIP’s members/employees to comply with its Anti-Bribery Policy and not become involved with a conflict of interest.

The Firm’s Gifts and Benefits register is reviewed quarterly as part of the firm’s regular compliance monitoring procedure.

Version Control

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