

Conflicts of Interest Policy

Group Policy

Identification of Conflicts

The Management Body of Heptagon Capital LLP and Heptagon Capital Limited (“Heptagon”), in conjunction with Senior Management, take responsibility for implementing systems and controls designed to prevent conflicts of interest in the business of Heptagon. These are outlined in the Conflicts Inventory (as appended below in Annex A), which are updated as and when a new conflict is identified and reviewed overall on a periodic basis.

The above noted controls and inventory shall also take into account any circumstances, of which Heptagon is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

Conflict Prevention

Where a potential conflict is identified, Heptagon will seek to organise its business activities in a manner that prevents the crystallisation of the conflict. This will include the appropriate segregation of functions and business lines such that a level of independence may be achieved. To the extent appropriate to the size and scale of the business, this may involve, inter alia:

- Information barriers to prevent or control the exchange of information between employees engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients.
- Functional independence and separate supervision of relevant employees whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict.
- A review of remuneration arrangements in Heptagon where these might give rise to conflicts of interest in relation to the activities or services provided by the relevant employees.
- Reassignment of employees to prevent or control the simultaneous or sequential involvement of relevant employees in separate services or activities where such involvement may impair the proper management of conflicts of interest.
- Policies and procedures covering Inducements, PA dealing and external interests.

However, it is accepted that, despite the implementation of all appropriate controls to prevent the occurrence, the complete avoidance of all conflicts may not be feasible in a commercial environment.

Conflict Management

Where conflicts are unavoidable, Heptagon will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that Heptagon and its Personnel are not advantaged, and that no client is adversely affected. The clients’ best interests remain paramount.

Conflicts Disclosure

Where Heptagon is not reasonably confident that it is able to manage a particular conflict to adequately protect the interest of a client, the fact of /or sources of conflicts of interest will be clearly disclosed to the client before Heptagon undertakes any business.

In particular, the disclosure will detail:

- A specific description of the conflicts of interest; An explanation of the risks to the Client that arise;
- That the organisational and administrative arrangements established by the Firm 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; and
- Sufficient detail to enable that Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

This disclosure will only be made as a matter of last resort. Further, the fact of the disclosure is not considered to be a mitigate. All the controls detailed in this policy will continue to be applied, in respect of that conflict.

An outline disclosure is available in Annex A.

Conflict Monitoring

Heptagon has implemented a number of procedures and controls to detect conflict situations as they arise and the Management Body shall ensure that the Conflicts Inventory is updated accordingly. Once conflicts have been identified, further procedures and controls monitor the effectiveness of the management arrangements of such conflicts.

In addition, Heptagon's Compliance Monitoring Programme incorporates a certain number of specific tests which are aimed at reviewing Heptagon's performance in the management of conflicts that it has identified.

Conflicts Reporting and Management Information

The Management Body shall review on a periodic basis the Conflicts Inventory, register of Appointments and the results of any Conflicts monitoring where exceptions have been raised. Where deficiencies are reported, the Management Body will ensure that appropriate steps are taken to address the identified deficiencies. The Compliance Function senior management will be empowered to oversee the resolution and remediation of the conflict.

The Conflicts of Interest Policy shall also be reviewed and ratified on at least an annual basis.

Personnel external interests

Each person to whom this policy applies must declare all external interests, including members of the Management Body (this is a standing agenda item for both the Management Body and Investment Committee). The Firm will require confirmation of external interests prior to any proposed new appointment or at least annually. Such interests include, inter alia:

- Directorships (paid or unpaid)
- Partnership interests
- Proprietary interests
- Consultancy arrangements
- Charitable trusteeships

It is Heptagon's policy to review the number and nature of directorships held by all members of staff. This is to ensure that any such outside interests do not conflict with the activities of the Firm and the interests of its clients (with regards to the services provided by the Firm).

External interest declarations will be recorded by Heptagon on the outside business interests register.

Personnel must ensure that they notify and obtain prior permission from Management prior to entering into an arrangement or agreement that could potentially conflict with the Firm's duties to its clients.

Education and Awareness

All Personnel must comply with the operating controls and procedures established by Heptagon overall. If Personnel are unsure whether a conflict exists, or require guidance on the mitigating controls, they shall consult with Compliance in the first instance.

All Personnel receive a copy of Heptagon's Compliance Manual which contains Heptagon's conflicts arrangements. In addition, all Personnel are required to give an undertaking of adherence to the Firm's Compliance Procedures, including Personal Account Dealing and receipt of Gifts and Inducements.

Conflicts of Interest Register

Trading & Investment Conflicts		
The Firm's trading and investment arrangements could result in a client's interests conflicting with those of other clients or with those of the Firm.		
Issue	Potential Conflict	Mitigating Controls in Place
Allocation of transactions	Investment opportunities between Clients or between the Firm, Personnel and Clients may be allocated more preferably to one party, disadvantaging one or more Clients.	Heptagon has trade allocation policy such that all clients are treated fairly. In addition, the firm does not participate in any proprietary investing and closely monitors and approves all staff personal trading
Favouring counterparties	In the execution of transactions, the Firm may favour certain counterparties over others where such counterparties offer the Firm or its Personnel other products, services, allocations, or other gifts, entertainment or benefits (whether in a professional or personal capacity).	No preference given to any particular provider whether a related party or not.
Conflicting positions or trading strategies	Having a conflicting position in securities or adopting conflicting trading strategies for different Clients such that dealing for one Client may potentially be detrimental to the other.	Client portfolios are managed according to the objectives & parameters set and agreed with the client. These objectives and parameters could differ, which is why Heptagon manages each portfolio individually and takes into account the best interest of its clients when making investment decisions
Management and performance fees	A failure to properly disclose the amount and basis of the calculation of the fees and commission charged on a particular fund which could give rise to a conflict of interest between the interests of the Firm, its Clients and those of its Investors.	All fees are clearly disclosed to separately managed account clients in the legal agreements which are signed prior to Heptagon performing the services and fees on the collective investment funds are disclosed in each fund's Supplement
Remuneration structures	The remuneration structures / practices incentivise short term performance targets, contrary to the investment horizons of the client portfolio or otherwise to the detriment of the client	Heptagon has a remuneration policy that conforms with its regulatory requirements and does not incentivise staff to act in a matter that is not in the best interest of its clients

Pricing & Valuation Conflicts

As the Firm is remunerated by reference to the total funds under management as well as to the performance of its Fund(s) (which in turn is determined by the value of the assets in the Funds, the Firm's pricing and valuation arrangements could result in conflicts of interest which may impact the fair valuation of financial instruments.

Issue	Potential Conflict	Mitigating Controls in Place
Fair valuation of financial instruments	Seeking to overstate or otherwise have influence over the fair valuation of securities and other financial instruments and in particular those which may not have a quoted market price, or which may otherwise be difficult to value accurately.	Official NAV and fee calculations are performed by the Fund Administrator, not the Investment Manager
Pricing, valuation and trading errors	Not taking sufficient action to rectify pricing and other valuation errors or anomalies where to do so would have a negative impact on the price and value of those securities.	The collective investment funds are valued independently by the fund's administrator and individual client accounts are valued by the client's custodian.
Valuation Policy	Not implementing a Valuation Policy or deviating from the policy which may impact the fair valuation of the financial instruments.	Official NAV and fee calculations are performed by the Fund Administrator, not the Investment Manager

Information Distribution & Disclosure Conflicts

The Firm's information distribution and disclosure arrangements could result in a client's interests conflicting with those of other clients or with those of the Firm if the Firm discloses different levels of information to its Client(s) or Investors.

Issue	Potential Conflict	Mitigating Controls in Place
Side letters and preferential terms	Certain Investors may request preferential treatment or provision of information compared to other Investors in the same Fund(s) which may give rise to a conflict of interest between the interests of Investors to whom preferential rights have been granted and the interests of Investors to whom preferential rights have not been granted.	All clients are treated fairly in regard to access to information. Any preferential access to information is provided only in circumstances where such information is required by the client to fulfil regulatory, risk or compliance requirements and an NDA is signed which excludes the use of such information for investment purposes.

Handling sensitive and confidential information	Inappropriate handling of sensitive or confidential information (whether inside information or not) or using such information to trade inappropriately to the detriment of other Clients.	All staff members are trained in how to handle sensitive and confidential information. In addition, such information is made available only to those staff who require to fulfil their duties.
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Personnel Conflicts

Although the Firm aims to employ experienced and professional Personnel, the actions of a member of the Firm's Personnel could result in a conflict by influencing or creating an influence over the activities of the Firm.

Issue	Potential Conflict	Mitigating Controls in Place
Personal account trading	Personnel may trade on personal account in an inappropriate manner, including to the detriment of Clients.	Heptagon has a formal PA dealing procedures policy in place. All personnel are required to get prior approval from Compliance for all individual trades. Heptagon also maintains a restricted list and checks requests against those stocks which are listed on the register.
Inducements and entertainment	Personnel may be influenced in making investment or trading decisions or outsourcing selections when entertainment or other forms of inducement are provided.	Heptagon has a formal gifts and entertainment policy in place to identify and mitigate any conflicts. In the event that Personnel were to receive a they are not permitted to accept gifts over the value of £150 without prior approval from Compliance.
Remuneration of employees	Remuneration structures may be created that incentivise a member of Personnel to conduct their role within the Firm in a manner that conflicts with the Firm's regulatory obligations and/or its Clients.	Heptagon remunerates its employees with a base salary and variable bonus. The amount of variable bonus is determined based on several factors including the firm's profitability, performance of the individual employee and how each employee has conducted themselves during the course of the year. Variable compensation does not take into account any expectations of future performance or firm profitability, it is strictly based on actual results.
Influence over other employees	Responsibilities are not apportioned effectively, or Personnel are inadequately supervised to avoid collusion or undue influence over others.	Heptagon runs a flat management structure with Senior personnel overseeing all staff members.
Influence of outside business interests or activities	Personnel who have outside commitments (e.g. directorships, business interests) may be influenced to act in a manner that conflicts with the interests of the Firm or its Clients.	Personnel must declare and obtain prior approval from Compliance of all outside interests. Compliance will determine whether that interest could cause a potential conflict of interest, and if so, how best that can be managed.

Relationship Conflicts

The Firm's distribution, investor and execution relationships could result in a client's/ investor's/fund's interests conflicting with those of another client's/investor's/fund's or with those of the Firm. External relationships (e.g. with third parties for the distribution of the Funds and other investment products and/or for execution services) should be identified/ managed and if necessary, separated.

	Potential Conflict	Mitigating Controls in Place
Distribution relationships	Where the Firm has relationships with third parties for the distribution of the Funds and other investment products, they may be remunerated in a manner to incentivise the promotion of any one Fund or product over any other.	Where such agreements are in place, the remuneration of the distributor is compliant with all rules and regulations such that the distributor is not incentivised to breach any of their obligations.
Investor relationships	Where the Firm has large or otherwise influential Investors, they may be provided with greater fund transparency or provided with better fund liquidity.	All clients are treated fairly in regard to access to information. Any preferential access to information is provided only in circumstances where such information is required by the client to fulfil regulatory, risk or compliance requirements and an NDA is signed which excludes the use of such information for investment purposes