

# Conflict of Interest Policy

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THE THOUGHTFUL INVESTOR

# THE CORPORATE AND GOVERNANCE STRUCTURE OF CASTLEFIELD

## Castlefield Partners Limited (CPL)

**Castlefield Partners Limited (CPL)** is the unregulated holding company of a range of wholly-owned businesses operating in the financial services sector. Specifically:

**Castlefield Investment Partners LLP (CIP)** The discretionary investment management arm of Castlefield, managing money for individuals, charities and corporate clients. Offering a pragmatic approach to investment, utilising the B.E.S.T investment methodology and sourcing clients from financial advisers;

**Castlefield Advisory Partners Limited (CAP)** The financial planning arm, providing whole of market pension, investment and protection advice to retail, corporate and charitable clients, with a focus on Sustainable, Responsible, Investing (SRI);

**Castlefield Fund Partners Limited (CFP)** Our investment funds business, currently acting as Authorised Corporate Director (ACD) of a pre-existing range of OEIC sub-funds, to which CIP is the appointed investment adviser;

Finally, CPL owns stakes in the shares of Capital for Colleagues plc (C4C) and Sanford DeLand Asset Management (SDL). CIP and CFP provide services to SDL and the two OEIC sub-funds that SDL markets. SDL is an Appointed Representative of CIP.

Each of the above businesses is deliberately operated as a separate FCA-regulated entity, behind Chinese walls. Castlefield is committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise in all areas of our firms.

At Castlefield, we have a focus on our clients' values and aspirations. Shared ownership and the fact that our employees and a grant-making charitable trust share in our business and profits, lie at the heart of our approach. Shared ownership encapsulates everything Castlefield is about – a complete dedication to working for the benefit of our clients. As such, the importance of acting in our client's interest is paramount and remains our priority when engaging with companies and voting.

Under FCA's Principle for Business, Principle 8 (Conflicts of interest) we are required to pay due regard to the interests of each client and to manage any conflict of interest fairly, both between our firm and our clients and between a client and another client. 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.

FCA Regulations require the firm to take all appropriate steps to identify, prevent or manage any such conflict of interest that may exist within the firm (including its managers, employees, appointed representatives, or any person directly or indirectly linked to the firm by control), between the firm and our clients, and between one client and another.

To prevent the risk of damage to client's interests as a result of any such conflict, we have in place various organisational and administrative arrangements to deal with potential conflicts of the type, disclosed in our Terms of Business agreement with our clients, and further detailed below.

### **Purpose of the Conflict of Interest Policy**

- a) To identify any potential circumstance which may give rise to conflicts of interest, and which pose a material risk of damage to client's interests;
- b) To establish appropriate mechanisms and systems to manage those conflicts; and
- c) To maintain systems in an effort to prevent actual damage to client's interests through the identified conflicts;

The senior management fully support this initiative and are committed to ensure that all conflicts between our firm and our clients, and between clients, are managed fairly with no party disadvantaged.

At least on an annual basis, our senior management team will receive a written report providing details of the kinds of services or activities carried out by our firm in which a conflict of interest entailing a risk of damage to the interest of one or more client has arisen or, in the case of an ongoing service or activity, may arise.

In addition to complying with the FCA requirements we recognise that handling conflicts fairly is a fundamental element of good business practice and is required to assist in maintaining and developing our firm's business.

### **What is a Conflict of Interest?**

Conflicts of Interest appear in situations where our firm:

- a) Carries on the same business as a client;
- b) Receives or will receive from a person other than a 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;
- c) May hold positions and/or provide transactional related services for more than one client and such clients may have competing objectives in relation to a position or transaction;
- d) Exercises a right to vote in relation to a corporate action, the investment manager will apply judgement in considering the options available, which may reflect competing interests;

- e) May place money held on behalf of clients with a bank (in accordance with the relevant regulatory requirements) and earn and retain interest payments from such a bank;
- f) We or one or more of our partners or employees may have other business relationships with a company in relation to whose securities you are entering into a transaction e.g. as a client, director, employee, supplier, custodian or banker.

Conflicts of interest may therefore include but are not restricted to interests between:

- Our regulated entities and our clients
- Our employees and our clients
- Two or more different clients
- Third parties and our clients
- New services / products and our clients
- Strategic changes and our clients

We have sought to identify conflicts of interest that exist in our business and have put in place measures we consider appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on our clients. The conflicts identified are included in the table below:

Conflict situation	Examples	How we manage and prevent the conflict
<p><b>Client Orders</b> In order to ensure as fair treatment as possible for clients, our order execution policy requires us to take all sufficient steps to achieve the best overall trading result for clients.</p>	<p>On some occasions client orders may have a material effect on the relevant securities price.</p>	<p>In order to ensure our employees do not take advantage of the situation by dealing on their own account (Personal Account Dealing) or encourage a third party to deal, we operate a 'No front running' policy whereby client orders will always take priority. We regularly monitor business transactions in order to ensure we meet these requirements. A fair allocation policy is in place.</p>
<p><b>Personal Account Dealing</b> We need to have procedures in place to ensure that the risks related to insider dealing are minimised and that</p>	<p>In carrying out our business, employees may learn confidential or proprietary information about its clients or other third parties. Our employees may buy, sell or</p>	<p>We control personal account deals by ensuring that all such deals which fall under scope are identified and approved by the compliance team prior to execution. All employees, irrespective of their position in the firm sign a declaration on an annual</p>

<p>employees don't profit from a financial transaction, either directly or indirectly, based on confidential information.</p>	<p>hold the same investments as our clients</p>	<p>basis to confirm their understanding of our procedures. Please refer to the Castlefield personal account dealing policy for further details. We also Maintain a register of individuals who have been subject to inside information. Front running is prohibited and client orders take priority over a PA deal.</p>
<p><b>Inducements</b> to Employees, Co-owners, Partners, Directors and Agents of Castlefield are not allowed to accept gifts, entertainment or any other inducement other than minor non-monetary benefits from any person which might benefit one client at the expense of others when conducting investment business.</p>	<p>Our Employees, Co-owners, Partners, Directors or Agents of Castlefield are not allowed to place undue pressure on clients to persuade them to trade through the firm to the extent that this gives rise to a conflict of interest between that client and another client.</p>	<p>We maintain a register of all gifts received and/or given by co-owners which details the benefit to client and the monetary amount received or given.</p>
<p><b>Segregation of Duties</b> - We strive to ensure that the performance of multiple functions by relevant persons does not and is not likely to prevent those persons from discharging any functions soundly, honestly and professionally. We have policies in place concerning the segregation of duties within the firm and the prevention of conflicts of interest.</p>	<p>An individual must not be able to commit the firm's assets or incur liabilities on its behalf.</p>	<p>We ensure that, in general, no single individual has unrestricted authority to do all the following:</p> <p>initiate a transaction; bind the firm; make payments; and account for it.</p> <p>The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.</p>

<p><b>Chinese walls</b> - We need 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.</p>	<p>Such an arrangement is referred to as a 'Chinese Wall' and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information;</p>	<p>Castlefield operate a physical separation between certain business areas.</p>
<p><b>Remuneration and bonus structures</b> are designed so as not to create any incentive for a Partner or employee to act contrary to a client's interests.</p>	<p>An employee is paid on commission and does not act in the client's best interests.</p>	<p>All relevant employees who are open to a conflict of interest are paid a basic salary including those who hold key support areas such as compliance, finance and operations. This salary is not dependent on business performance. Remuneration and bonus structures are designed so as not to create any incentive for a Partner or employee to act contrary to a client's interests. Remuneration, including any discretionary bonus payments, are overseen by the Managing Partner who is also one of the two Designated Members.</p>

### Other ways we manage conflicts:

Our employees are required to disclose and, in most cases, must obtain approval for any outside business interest or employment;

All investments are assessed to ensure that by including them in a portfolio they will help to meet the objectives of the portfolio. Where a discretionary client is invested in a Castlefield Fund, the annual management charge due from such investments will generally be taken into account for calculating the annual management fees that will be retained by CIP to avoid the possibility of double charging. Where a client is advised to invest directly with CIP, any fees due from their investment will be considered for calculating their entire management fees in an effort to avoid being double charged;

CAP research is provided directly from Castlefield Investment Partners (CIP) with an investment committee set up to agree remuneration between the two entities;

We may combine orders with those received for the accounts of other clients (and exceptionally may combine with our own orders). Such aggregation may operate on some occasions to a client's advantage and on some occasions to their disadvantage. In any event where orders have been aggregated, they will be allocated to clients on the basis of a pre-existing formal and fair allocation policy;

## **Disclosure of conflicts**

Where, despite the above procedures we identify a conflict of interest which may present risks of damage to the interests of a client, we will clearly disclose to the general nature and/or sources of the potential conflicts to the client before undertaking business with the client.

This disclosure will take place as follows:

- Our internal compliance department will be advised of the potential conflict of interest in writing, and they in turn will notify the Executive Committee;
- We will advise our client in writing, of the potential conflict of interest and ask them to provide their written consent to proceed;
- The client's written consent along with the request will be passed to our compliance department which can then provide approval to proceed as appropriate;
- Copies of both letters, together with the written authorisation to proceed will be retained on the client file.

## **Declining to Act**

Where we consider we are not able to manage the conflict of interest in any other way we may decline to act for the client.

## **Review of Conflict of Interest policy**

This policy will be reviewed on an annual basis.

The effectiveness of the above controls is monitored on an on-going basis by the compliance department. If we identify a significant risk, it is escalated to senior management.