Conflicts of Interest Policy

PATRIZIA Financial Services Limited

October 2020

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1. Introduction

FCA Principles require a firm to take reasonable care to organise and control its affairs responsibly and effectively. This includes complying with Principle 8 that a firm must take appropriate steps to prevent and manage conflicts of interests fairly, both between itself and its clients and between different clients.

This document sets out PATRIZIA Financial Services Ltd ('PFSL') Conflict of Interest Policy in line with both Principle 8 and FCA Systems and Controls on conflicts of interest (SYSC 10.1.3).

2. What is a Conflict of Interest?

The term 'Conflict of Interest', means any financial or other interest which conflicts with the service(s) provided, because it could:

- significantly impair the firm's objectivity;
- create an unfair competitive advantage for any person or organisation.

The term 'Conflict of Interest' normally means something more than specific bias. There is normally (but not always) some form of financial incentive that could have an influential impact.

Professional ethics play a key role in managing conflicts of interest because they can underline how conflicts are prevented, managed and/or resolved.

3. General Policy

Nor PFSL will always seek to act in the best interests of its client(s) and to treat its customers fairly. The firm documents any specific or potential conflicts of interest issues in the Joint Venture Agreement that it puts in place between itself and any of its client(s) prior to providing services.

The firm will take all appropriate steps to prevent and mitigate conflicts of interests occurring but in the event this cannot happen, will take steps to ensure that any conflicts of interest that do arise will be managed appropriately, fairly and professionally. If necessary, the conflict will be disclosed to the relevant parties however disclosure should not be seen as the only way to manage any such conflicts.

PFSL also requires all of its management and staff to act honestly, fairly and professionally, and to act in the best interest of its clients in all circumstances.

4. Overview

Management and staff are required to be aware of situations which may give rise to conflicts of interest and where any such situations are identified, they are required to report the issue to the Compliance Officer and seek instructions on how to proceed. Conflicts in this context relate to any situation which may affect the firm or individual's ability to act in the best interest of the client.

This policy identifies general circumstances which could constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more of the firm's clients.

Individuals engaged in business activities involving a conflict of interest must be able to carry out their activities at a level of independence appropriate to the size and activities of PFSL and the materiality of the risk of damage to the interests of the client.

5. Types of Conflicts

Conflicts may occur between different clients of the firm if investment opportunities are identified for clients but one client receives more favourable treatment than another. This could include for example, a transaction for one client being prioritised above another client even though it was received after the first client's order. This could lead to either a better price being obtained for the preferred client or a worse price for the disadvantaged client. In addition, this may lead to one client's transaction being fulfilled fully to the disadvantage of another only being partly completed.

Conflicts could occur between the firm (or members of its staff) and its client(s) where the firm or staff prioritise their own interests over and above its client(s). This could include if the firm decides to carry out dealing on its own behalf in priority to dealing on behalf of client(s), which could result in potential disadvantage to the client.

Conflicts could also occur in relation to individual members of staff carrying out personal account dealing before considering the interests of the firm and/or its clients. Other similar conflicts could arise in relation to insider dealing, and misuse of information obtained by way of employment at the firm or the firm and its clients being used for the purposes of financial crime.

Conflicts of interests could also occur where either individuals or the firm accept inducements from suppliers where this is not in the best interests of either the firm and/or its clients and there is undue commercial influence.

Conflicts may also occur where staff may hold outside business interests, such as directorships or shareholdings in service providers or other firms. In these cases, for senior management of or involved in PFSL, where relevant, these should be notified in advance to the Compliance Officer for the record. For staff, advance consent to such appointments should be obtained where this could cause an actual or perceived conflict.

6. Mitigation Procedures

The firm has a number of different procedures or processes in place to mitigate the risk of a conflict occurring in the first place. This includes the following:

- Having a compliance manual to which all staff have access which includes guidance on conflicts of interest (including this policy).
- Refer to Group Compliance Manual for personal accounting dealing policy and procedures.
- Procedures in the compliance manual on the FCA Code of Market Conduct including what would constitute Market Abuse, for example insider dealing etc.
- Procedures in the compliance manual as well as specific training on what constitutes financial crime and what the firm's procedures are to avoid this happening.
- Having a documented gifts and inducements policy at a Group Level which indicates what the procedures are in relation to accepting offers of gifts and entertainment from third parties and that these must be declared to Compliance Officer or a delegated alternate.
- Having Investment Policies which detail how the firm will aim to avoid conflicts of interests when dealing with investment transactions of different clients and/or the firm and also how the firm will aim to achieve the best possible outcome of best execution for each client.
- Senior management's awareness on the FCA's Principle of Treating Customers Fairly including FCA's expectations on outcomes for clients and Conduct Risk.

- Training for all applicable staff on the FCA’s Conduct Rules as part of the Senior Managers and Certification Regime (‘SM&CR’) for a Core Firm (as defined) which also reflects avoiding conflicts of interest, both at staff and senior managers level.
- Having risk-based monitoring arrangements which includes periodic monitoring of systems and controls either at firm or group level including personal account dealing, code of market conduct, inducements and dealing/managing.
- Segregation of duties and group oversight of subsidiaries activities.
- Not accepting commissions or other indirect benefits from third parties for placing business.
- Having appropriate remuneration policies in place to avoid conflicts of interest for the remuneration of relevant staff.
- Taking reasonable steps and having appropriate policies and procedures in place to comply with the UK Bribery Act.

Therefore the firm has a number of different procedures in place to minimise and manage the risk of conflicts of interest occurring in the first place.

7. Managing Conflicts

In the unlikely event of a conflict of interest occurring that hasn’t been mitigated by the above procedures, this must be declared as soon as possible to the Compliance Officer (Tom Stenhouse) in the first instance, failing which Rob Brook. If the firm cannot manage the conflict internally, PFSL will disclose the nature of the conflict to the relevant client and confirm how it considers it should proceed to allow the client to make an informed decision.

The client’s agreement to the course of action will be obtained, otherwise the firm may have to consider declining to act either for a particular client, or on its own account, in relation to a particular transaction.

8. Record Keeping and Reviews

Records will be maintained by the Compliance Officer of any conflict identified and reported to him, and the eventual outcome. If remedial action can be taken to avoid the conflict occurring in the future, this will be implemented and records maintained. Records should be maintained for at least five years from the event in question.

The firm’s Conflicts of Interest Policy will be reviewed at least annually or more frequently if the need arises due to internal business developments, including new risks identified and/or to take account of external regulatory developments. The firm also carries out compliance monitoring which will include monitoring the firm’s compliance with this policy and FCA Principles, Systems and Controls.