



## **Conflicts of Interest Policy**

### **Overview**

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

Hedley & Company Stockbrokers Ltd is committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise between us and our clients and between clients of our business.

Our core business is our investment management, advising clients and execution of client orders.

The purpose of this policy is to provide our clients with appropriate information in relation to the policies and procedures we have in place to manage conflicts of interest.

When we do have a conflict we will deal with it in one of four ways;

- Segregation of duties/Chinese Walls;
- A policy of independence;
- Disclosing the conflict to the client; and
- Declining to act

Below you will find a summary of the principal conflicts that exist in our business and the steps we take to mitigate them. If you have any questions on this policy in the first instance please raise them with your usual contact for your account.

Hedley & Co maintains a more detailed register of its potential conflicts.

### **Employee dealing**

It is usual for employees of financial institutions such as ours to undertake deals on their own behalf. We recognise that this can create a conflict with the duties owed to our clients. Therefore all of our employees and connected parties are required to

comply with our Personal Account Dealing Policy which amongst other matters prohibits:

- dealing ahead of client orders; and
- dealing in an investment where they know, or should know, that a written recommendation, or a piece of research or analysis, in respect of that investment or any related investment is due to be published.

## **Gifts**

On occasion our employees may give gifts or receive them from clients, companies or other institutions in recognition of services provided. We take care through our Gifts Policy to ensure that these gifts are not excessive and do not create an obligation or debt.

## **Inducements**

We may have relationships with third parties such as product providers who remunerate us. Therefore we have processes in place to ensure that any fees or non-monetary benefits provided by third parties do not impair our duty to act in the best interests of you, our client.

To eliminate influence from our research our analysts are prohibited from accepting inducements in return for favourable research.

## **Remuneration**

The remuneration of Account Executives at Hedley & Co usually consists of a salary and a performance related bonus paid from time to time. Through this method of remuneration we strive to ensure our employees remain motivated whilst at the same time ensuring the remuneration does not encourage inappropriate behaviour or excessive trading. We recognise this conflict and through our monitoring mechanisms remain alert to any potential abuse.

## **Dealing for your Account**

We would like to draw to your attention that when we make a recommendation to you or deal for you we;

- may match your order with that of another client. We will be acting on their behalf as well as yours and we may receive a commission or other charge from both parties
- or a connected person, may have positions or options in the securities mentioned in our research or may buy, sell or offer to make a purchase or sale of such securities from time to time;

The price of the transaction may be different from the bid or offer price.

## **Business Interests and Suitability**

Where we provide any advice or recommendations, we are required to ensure that our actions are suitable for our clients.

However, we or some other person connected with us, may have an interest, relationship or arrangement that is material to the service, transaction or investment concerned. This may include matters such as:

- the retention of commissions which we receive from a third party;
- recommending that you buy or sell an investment in which one of our other customers has given instructions to buy or sell;

These conflicts may be dealt with on a transaction by transaction basis.

## **Aggregation and Allocation**

We may combine ('aggregate') a transaction for you with our own orders and orders of other clients. The effect of aggregation may on some occasions work to your disadvantage.

If we make an application on your behalf for a new issue you should be aware that if the allocation is scaled back it will be applied pro rata across all clients. Therefore clients who have, as a result, been allocated a holding with a value of less than £500 may be removed from the aggregated order and their allocation added back to the pool for redistribution amongst the remaining applicants. We will monitor the effectiveness and fairness of the operation of this mechanism and we reserve the right to alter the £500 limit.