

SARANAC

PARTNERS

Conflicts of Interest Policy

Part 1 : Overview, Principles and Scope	4
Statement of Principle	4
Objectives	4
Identifying a Conflict of Interest	4
Examples of Conflicts of Interest	5
Part 2 : Controls in place to manage Conflicts of Interest	9
Governance Structure & Management Information	9
Conflicts of Interest Register	9
Client take on and business activities	9
Employees and remuneration	9
Part 3 : Roles and Responsibilities	10
Department heads	10
Staff	10
Compliance	10

1. Conflicts of Interest Policy

1.1. Statement of Principle

Saranac Partners conducts its business according to the principle that it will seek to avoid conflicts of interest arising where possible, and will manage any conflicts of interest fairly between itself (including its partners, managers, employees or any person directly or indirectly linked to us by control) and its clients; and, between one client and another.

1.2. Objectives

As a provider of financial services to high net worth clients, Saranac Partners faces actual and potential Conflicts of Interest periodically. Saranac Partners is required to identify and adequately manage Conflicts of Interest entailing a material risk of damage to client's interest.

The Firm must adhere to the FCA's Conflicts of interest rules which can be found in the FCA Handbook under SYSC 10.

The Firm's policy is to take all reasonable steps to maintain and operate effective organisational and procedural arrangements to identify and manage relevant conflicts.

Senior management within the Firm are responsible for ensuring that the Bank's systems, controls and procedures are adequate to identify and manage Conflicts of Interest.

The Compliance and Legal Departments of the Firm assist in the identification and monitoring of actual and potential Conflicts of Interest.

The Firm will have organisational and administrative arrangements aimed to prevent conflicts of interest from constituting, or giving rise to a material risk of, damage to the interests of clients and/or the firm's reputation.

1.3. Identifying a Conflict of Interest

All employees have a responsibility to assess the risks for potential conflicts of interest and escalating these to senior management. For the purposes of identifying conflicts of interest the Firm will take into account, as a minimum, whether any one or more of the Firm's business units:

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

In relation to the identification and management of conflicts of interest we will take into account:

- (a) the size, organisation, nature, scale and complexity of the Firm;
- (b) the fact that different business units of the Firm may have different classes of clients;
- (c) the specific services and activities carried out by Saranac Partners; and
- (d) the risk that a conflict of interest may adversely impact the interests of a client, a group of clients, or all of our clients;

The firm will disclose to clients the general nature and/or specific sources of a conflict of interest as a method of managing that conflict where the firm considers its internal arrangements to be insufficient. Such disclosures will be made before undertaking new business for the client and be sufficiently detailed for them to make an informed decision.

1.4. **Examples of Conflicts of Interest**

It is not possible to list all of the potential conflicts which may arise or the circumstances in which they could arise, however, the business activities which are a focus for this policy are:

- (a) The provision of investments research and advice through our advisory services,

including potential advisory services in corporate financing arrangements and private equity

- (b) Discretionary portfolio management where we are making investment decisions for a client according to their risk appetite and alignment to our asset allocations
- (c) Dealing with introducers and third parties in providing services to clients for example through Wealth Structuring and Fiduciary services
- (d) Order execution and management of trades for clients as a one off or bulk transaction

The following are types of conflicts to which Saranac Partners may be exposed as a result of the nature of our business in dealing with and advising private clients. Note this is not an exhaustive list and The Firm takes a broad view when assessing the risks of conflict of interest.

Type of potential conflict	Example	Possible mitigating factors
Between our own interests and those of a client	If the clients' holdings are over-valued, this might positively impact our fees and future success.	Our client charging structure is transparent, and while primarily ad valorem all underlying security prices are independently valued. We are advice driven and therefore not charging for manufacturing product. Pricing will be pre-agreed with clients and represented in both basis points and total dollars spent. Our remuneration policy ensures the interests of the client, employees and firm are aligned as far as possible.
Between our own interests and those of a client	We receive investment research / conduct investment research but compromise our objectivity due to other client / service interests e.g. Private Capital	We retain Chinese walls between research analysis, investment committee and those involved in Private Capital transactions. This allows those involved in advisory and investment selection are independent and objective of any other business interests in the Private Capital service. Our PA dealing policy also ensure that those who are involved in investment research are monitored for any investments which may be linked to insider information.

Type of potential conflict	Example	Possible mitigating factors
Between one client and another	If we favour one client over another when an investment opportunity arises.	<p>Allocation policy setting out how we should allocate investment opportunities across our clients in different scenarios.</p> <p>This is likely to be limited to unquoted securities. If a pro rata allocation is not feasible or not in the best interests of clients overall, allocation will be to the client whom the manager regards as being most aligned with the potential investment. Any such decision will be recorded and agreed in advance with the head of governance.</p>
Between one client and another	If we wish to invest/disinvest a client in securities held by another client.	<p>The reasoning for any divergence in actions taken on a particular security will be recorded and agreed with the compliance department.</p> <p>Any potential adverse impact on one client due to the investment decisions relating to another client will be considered and recorded and agreed with the compliance department.</p>
Between an employee and us / a client	If an employee has external directorships/business interests which may conflict with our activities.	We require employees to seek permission to have external directorships/business interests.
Between an employee and us / a client	If an employee has personal account holdings in the same financial instruments as are held by our clients, they may be unduly influenced when undertaking their day-to-day activities.	Employees must seek pre-approval to have personal account dealings.

Type of potential conflict	Example	Possible mitigating factors
Between an employee and us / a client	In the course of its business an employee may obtain price-sensitive information which is confidential information of a kind that might have significant effect on the value of a security or other investment were it made public.	<p>Those employees with access with access to potentially price sensitive information regarding any security are required to immediately disclose the fact that they have such information to the compliance department. This will result on the relevant securities being added to the stop list until such time as the information held is no longer regarded as price-sensitive confidential information.</p> <p>The fact that the relevant employee(s) hold such information confidentially will mean that information held by one part of Saranac Partners business, and as a result that it is on a stop list may prevent clients from being able to invest in desirable securities. However, this is regarded as being in the best interests of Saranac Partners and its clients overall and in compliance with law and regulation.</p>
Between an employee and a client or prospective client	Employees may provide or receive gifts, hospitality or other non-monetary benefits from/to clients and prospective clients. Such benefits may constitute an inducement to employees to favour certain clients in conflict with the best interests of other clients.	Saranac Partners only allows employees to accept or provide Minor Non-Monetary Benefits which do not impair compliance with our obligation to act in the best interest of all clients. Offers estimated to exceed £250 per person must be declared and pre-approved by Saranac Partners' senior management prior to acceptance. All gifts and entertainment received with a value of over £125 per person should be declared and recorded on the gifts and entertainments register. All declared benefits are subject to periodic review by the Head of Governance and a summary is provided to senior management.
Between an employee and a supplier or professional services firm	Employees may provide or receive gifts, hospitality or other Minor Non-Monetary Benefits from/to product and service providers. Such benefits may constitute an inducement to employees to favour certain product or service providers in conflict with the best interests of clients; or favour certain suppliers or professional services firms to the disadvantage of others.	Saranac Partners only allows employees to accept Minor Non-Monetary Benefits do not impair compliance with our obligation to act in the best interest of clients. Offers estimated to exceed £50 per person must be declared and pre-approved by Saranac Partners' senior management prior to acceptance. All gifts and entertainment received with a value of over £50 per person should be recorded on the gifts and entertainments register. All declared benefits are subject to periodic review by the Head of Governance and a summary is provided to senior management.

Type of potential conflict	Example	Possible mitigating factors
Between us and clients	Where Saranac Partners has contracted with clients whose business is particularly profitable or important to Saranac Partners, there may be real or perceived pressure on employees to provide a higher standard service to those clients. This creates a conflict with Saranac Partners' requirement to treat customers fairly, albeit that this does not mean that all clients have to be treated in the same way.	Saranac Partners relies on its employees to act fairly and professionally in accordance with the best interests of its clients and any material special concessions, such as ex-gratia payments to address perceived service shortcomings must be authorised by Saranac Partners' senior management.
Between us and a research provider	Where Saranac Partners is offered a free trial of research services this constitutes a potential inducement.	Trials are necessary in order to assess the quality of a research provided. In order to minimise the potential conflict trials will be strictly limited to no more than three months in any 24-month period.
Between us and an Introducer	Saranac Partners can receive referrals of prospective clients from introducers. Saranac also engages third party suppliers and can receive minor-non monetary benefits from third parties.	To mitigate any actual or apparent conflicts created by developing relationships with introducers, Saranac Partners only provides referral fees in very specific circumstances as set out in our Introducers policy. All payments are disclosed to the relevant client prior to providing services.
Family connections	The Firm is aware that a conflict may arise due to family members of employees being clients.	The Firm mitigates this by undertaking regular reviews/ monitoring of such accounts, ensuring that all advice and pricing are in the best interest of the client. Furthermore, the Firm has an "Order Execution Policy" in place to further ensure it acts in the best interest of its clients.
Employee notice to leave	A conflict may arise where a member of staff is due to leave the Firm, as their interest may not align with the Firm's interest.	The Firm mitigates this risk by removing all employees from client facing activities/duties whilst working a notice period.

2. Controls in place to manage Conflicts of Interest

The Firm has put in place the following controls to manage conflicts of interest:

2.1. **Governance Structure & Management Information**

As part of ongoing business governance and review of management information, the Firm will seek to identify any unusual patterns in spending or business volumes with introducers, service suppliers and vendors.

The Firm's reporting lines matrix is structured such to prevent or control inappropriate influence.

2.2. **Conflicts of Interest Register**

Saranac Partners keeps, and regularly updates, a record of the service or activities in which a conflict of interest has arisen or may arise. If any member of staff identifies a potential conflict of interest, even if unsure, they must raise it immediately with the Head of Governance. The Head of Governance will advise any actions required and the details of the conflict, the client impact and actions, will be recorded on the register.

The Firm's function heads review with the Head of Governance the potential conflict of interest issues on a regular basis and update this register.

The Risk and Compliance Committee also review the register on a regular basis.

2.3. **Client take on and business activities**

The Head of Governance, as part of our client take on process, determines whether additional conflicts of interest arise as a result of the new client relationship, or, during the assessment of material changes during the ongoing review process. Along with the review by the Client Governance Committee, this provides an independent and objective view on potential areas of conflict.

2.4. **Employees and remuneration**

The Firm has a Personal Account Dealing policy that, as a minimum, in circumstances that may give rise to conflicts of interest, places restrictions on the personal account dealing undertaken by our staff. Further to this, we monitor the personal account dealing to ensure that our clients have not been adversely impacted.

The Firm's Remuneration Policy aims to ensure that the interests of the client are not compromised and to ensure that they are consistent with effective risk management, with clients, the firm and employees having interests aligned.

These controls are designed to ensure that the requisite level of independence is maintained by The Firm in undertaking our business activities for our clients.

3. Roles and Responsibilities

3.1. **Department heads**

The heads of operational departments are responsible for ensuring the understanding and adoption of this policy by their staff.

3.2. **Staff**

Any employee of the Firm who identifies or suspects a breach of a rule defined in this directive must report this to the Head of Governance without delay.

Any staff member who clearly comes into contact with confidential information likely to influence prices must report this to Head of Governance.

3.3. **Compliance**

The Compliance Department is responsible for:

- maintaining the Conflicts of Interest register;
- recommending immediate safeguarding measures in response to specific situations involving risks inherent in conflicts of interest;
- mapping conflicts of interest and submitting it annually to the Board; and
- reporting proven breaches of the rules of conduct set out in this directive to the Board
- where mitigating actions may not be sufficient, ensuring appropriate disclosures are made to clients in advance conducting new business activities which are impacted by the conflict