

# Conflicts of Interest Policy

This document describes the conflicts and potential conflicts that may arise during the course of our business and how we, Killik & Co, mitigate, avoid or plan to manage those conflicts.

We are bound by the rules of the Financial Services Authority and this policy is designed to meet our obligations under those rules. To read information about potential conflicts arising from our Research function please refer to our Research Policies.

We are required to maintain and operate effective organisational arrangements to prevent conflicts of interest arising or giving rise to material risk of damage to the interests of our clients. One of the ways we do this is by having a Risks Committee. This committee is made up of senior members of staff whose primary role in the firm is not client facing or income generating. This allows them to assess any potential conflict or circumstances giving rise to an actual conflict with a degree of autonomy/distance from the business.

If we identify potential conflicts that are not covered by this document these will be assessed by the Compliance department who may seek guidance from the Risk Committee.

## **Where we do not have conflicts:**

Killik & Co do not trade for their own account and so we do not have conflicts which would result from proprietary trading. The only assets that are held on behalf of the firm are within an error account. This account is only used to correct any dealing errors that may arise during the course of business for clients.

Killik & Co do not operate a corporate finance function and therefore we do not have any conflicts which would result from offering these services to clients.

## **Where we do have conflicts:**

Conflicts may arise from the way we do business in the following ways;

1. During the production or publication of Investment Research
2. When we act for multiple clients
3. Where we act for discretionary and advisory clients
4. Where we are involved in the allocation of new shares through placings
5. Where our employees are in receipt of gifts
6. Where our employees have outside business interests
7. Where our employees trade for their own account
8. In how we remunerate our employees
9. Where we receive complaints about our service

### 1. Investment Research

Please refer to our Research Policies for how we mitigate and manage potential conflicts arising out of our Investment Research function.

### 2. Multiple clients

We have a large client base and as such there may be times where the actions of one client conflict with the actions of another. For example where we recommend a stock to one client and take a sale order from another client. All of our clients have their own personal broker whose role is to advise or manage their investments depending upon the service that is required. Your personal broker will always act in your best interests based upon what is suitable for your needs. We operate a best execution policy which ensures that all orders are dealt with sequentially and without bias.

### 3. Discretionary vs. Advisory clients

We offer both advisory and discretionary managed stock broking services. There will be times where a Broker decides on a course of action for his discretionary clients which may be suitable for his advisory clients. He will be able to take action immediately for his discretionary clients due to the nature of the agreement with these clients. At Killik & Co we believe that there can only be one manager of your investments, under the terms of the advisory agreement, you are the manager of your investments and as such you accept that you are responsible for initiating contact with your brokers when you require advice.

### 4. Allocation

From time to time, we may become aware of the issuance of new shares (Placings) in a company where we would recommend the purchase of such shares. However, we may not be able to obtain all the shares we would like, and on occasion far short of that amount.

Our policy is then to allocate investments on a pro rata basis wherever practicable.

Where we obtain such a small allocation of shares that we feel it is not practicable to make a distribution across the whole client base, there may arise a conflict between clients, as we choose which clients should be asked to participate in the Placing. The alternative would be charging each client a fixed amount for a nugatory number of shares, which would neither be practicable nor acting in the collective best interests of our clients.

Before allocating investments to clients, we first comply with our regulatory obligations to assess suitability - it is our primary policy to offer allocations to clients for whom the investment is suitable or appropriate. Then, we determine which clients have sufficient funds by the commitment date and both understand the investment's terms and conditions and are willing to be bound by them.

On other occasions, we may also be given a fixed number of shares with the allocation already determined by the issuing company, known as a "Chairman's list", where we are granted no discretion over the recipients of the shares.

#### 5. Gifts

It is the policy of the firm that Brokers may not accept a gift valued at over £100 without the prior consent of either a Partner or the Compliance Department, or in the case of Partners, a more senior Partner. Such permission must be withheld if a conflict is considered likely between the firm's clients and the Partner if such a gift is accepted.

#### 6. Outside Business Interests

There may be situations where our employees operate their own business in addition to the role they carry out for us. We require all employees to disclose any such interests to us and would restrict any that may conflict with a persons' work at Killik & Co.

#### 7. Personal account dealing

Our staff may operate their own personal dealing account subject to our internal policy. This policy includes restrictions for certain employees and post trade review of all trades by senior Partners and the Compliance department.

#### 8. Remuneration

Our employees are remunerated by a combination of salaries and discretionary bonuses. Our branches operate their own profit & loss accounts and bonuses to brokers are based upon the overall profitability of their branch, which will be related to the income generated by the clients whose accounts they look after. Brokers are not remunerated based on particular product sales, so there is no remuneration conflict where our products are recommended. We monitor and supervise our brokers' activities, including reviewing the advice given to clients, the frequency of transactions and the ratio of commission earned against value of assets under management.

Any bonuses paid to our research analysts is based on the general profitability of the firm and on management perception of his or her individual performance. Analysts do not receive, directly or indirectly, remuneration in exchange for expressing any opinion or recommendations in their reports.

#### 9. Complaints

Complaints made to us that cannot be resolved by the next business day enter our formal complaints procedure. This procedure is designed to ensure the fair treatment of clients. Where compensation is due to a client this may be financially detrimental to a broker and may prevent them from treating the client fairly. The Compliance department is responsible for investigating complaints and will treat each case fairly, competently and consistently. The Compliance department is independent of the broker – client relationship.

If there are matters which this and the research policies we refer to above cannot answer, please feel free to address any questions to [compliance@killik.com](mailto:compliance@killik.com) or telephone 020 7337 0400 and ask to speak to the Head of Compliance.