

Pyrford



Part of



# Conflicts of Interest Policy

## July 2022

Policy v3.3



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## 1 Scope

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Pyrford has regulatory permissions to provide investment and ancillary services in the UK, EEA, USA, Canada and Australia. In all of these jurisdictions Pyrford must abide with rules and regulations which place great emphasis in the management of conflicts of interest, good stewardship and fiduciary responsibilities towards clients.

This policy applies to Pyrford International Ltd, all employees and contractors. It sets out our approach to identify and manage conflicts of interest which may arise during the course of our business.

## 2 Policy Statement

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Pyrford is required to establish, implement and maintain a conflicts of interest policy outlining how to manage conflicts of interest fairly, both between ourselves and our clients and between clients. For the purposes of identifying the types of conflict that arise, and whose existence may entail a material risk of damage to interests of a client, we will take into account whether we, our employees, or persons directly or indirectly linked by control to us:

- Are likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- Have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- Have a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Carry on the same business as the client;
- Receive or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

## 3 Business Activities

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Pyrford International Limited is a provider of global asset management services. Clients include pension schemes, local and municipal government authorities, and corporate entities, regulated and unregulated collective investment schemes (registered and private funds). Pyrford International Limited's investment philosophy is based on a quality- and value-driven, absolute return approach, identifying companies that are valued or undervalued in relation to their potential long-term earnings growth. It is a wholly owned subsidiary of Columbia Threadneedle Investments UK International Limited, whose direct parent is Ameriprise Financial Inc., a company incorporated in the United States.

## 4 Fiduciary Relationships

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Fiduciary relationships may be imposed by specific statute or regulation or may be created by certain types of well-defined relationships such as when acting as an investment manager, trustee, agent, executor or administrator. The possible categories of fiduciary relationships are not finite and whether fiduciary duties will apply will depend on the specific facts involved. Key elements of a fiduciary relationship typically include:

- The fiduciary has discretionary power;
- The fiduciary can unilaterally exercise that power so as to effect the interests of the beneficiaries;

- The beneficiaries are vulnerable to the exercise of such power by the fiduciary; and
- The beneficiaries reasonably rely on the fiduciary to exercise the power in the beneficiaries' best interest.

We assume fiduciary obligations towards clients when providing investment management services and must ensure that actions taken are in the best interests of clients and would be reasonably perceived in this way. Similar to other situations, prompt identification and disclosure of potential conflicts is essential to the mitigation of fiduciary risk.

## 5 Forms of Conflicts of Interest

Conflicts of Interest can take many forms but there are two broad types:

- a. Personal Conflicts of Interest
- b. Business Conflicts of Interest

Personal conflicts of interest may arise when an employee's personal activities or interests unrelated to their work for Pyrford:

- Would affect or even appear to affect their loyalty to or judgement in carrying out their duties on behalf of Pyrford, a prospective or actual client or supplier. For example: processing transactions for family members outside business activities.
- Has or may appear to have caused them to choose their personal interests over the interests of Pyrford, a prospective or actual client or supplier of Pyrford. For example: appropriating customer information for their personal benefit.
- Causes them to take actions or have interests that may make it difficult to perform their work at Pyrford objectively and/or effectively. For example: being a trustee of a client.

Business conflicts of interest may arise as a consequence of our corporate interests and relationships with multiple clients, counterparties and suppliers. Instances of where such conflicts may occur include:

- Between different clients;
- Between clients and Pyrford itself;
- Where we have confidential information about a client or former client that could be used in another part of AMPF or in another client relationship.

## 6 Identifying Conflicts of Interest

Our approach to dealing with conflicts of interests is to avoid them in the first place. If this is not possible we manage them by putting in place systems and controls which take the form of policies, processes and controls and organisational arrangements. All policies and procedures are assigned 'owners' and subject to cyclical reviews to ensure they remain adequate and appropriate. All policies are permanently available on Pyrford's shared drives which employees are required to read and confirm their understanding.

If you are not sure about a conflict situation, you should consult your manager and Compliance who will advise on measures to manage the situation fairly and appropriately. All perceived conflicts of interest must be reported immediately and before any proposed activity is undertaken.

Pyrford's Risk and Compliance Committee performs a half-yearly review to identify actual and potential conflicts of interest. As part of the review, the Committee has the mandate to challenge controls in place, or direct new controls, to demonstrate effectiveness of our organisational arrangements.

## 7 Managing Conflicts of Interest

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We may adopt the following to prevent or manage a conflict of interest:

- **Chinese walls or information barriers:** Procedures to prevent or control the exchange of information between relevant persons.
- **Oversight arrangements:** Separate supervision of persons whose principal functions involve carrying out activities on behalf of clients whose interests may conflict.
- **Remuneration:** The removal of any direct link between the remuneration of persons engaged in one or more activities which may result in a conflict of interest.
- **Administrative arrangements:** Measures to prevent or limit any person for exercising inappropriate influence.
- **Segregation of duties:** Measures to prevent or control the simultaneous or sequential involvement of a person in separate activities where such involvement may impair the proper management of conflicts of interest.

Should the above measures be inadequate, or the conflict of interest be material in nature, the matter will be escalated to Pырford's Executive Committee who will decide on the appropriate course of action. The Committee may decide to:

- Make a disclosure to clients affected by the conflict of interest as a last resort where organisational and administrative arrangements establish to prevent or manage conflicts are not sufficient.
- Decline to act in such circumstances as a last resort.

In addition to the above the Chief Executive Officer or Chief Compliance Officer may escalate the matter to the Chief Compliance Officer Columbia Threadneedle Investments (EMEA) or Pырford's Board of Directors.

## 8 Gifts and Entertainment

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All employees must report gifts and entertainment received and offered of any value. Gifts received or offered over £100 must be approved by line managers and Compliance. Gifts offered and received must not exceed £100 from / to any individual or entity in a calendar year.

Entertainment may only be accepted if it is directly linked to developing a business relationship and has a benefit to our clients. Where there is no benefit to our clients i.e. there is no quantifiable business element included, no matter how valuable the relationship with the third party, entertainment cannot be offered or accepted. Prior approval must be obtained from the Chief Compliance Officer before offering or accepting any gifts or hospitality from a Public Official.

## 9 Conflicts of Interest Register

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We are required to identify, with reference to the specific investment services and ancillary services carried out on behalf of clients, circumstances which constitute or may give rise to a conflict of interest. We maintain a register of all actual and perceived conflicts of interest that exist in our business and also record controls in place to manage them. The register is reviewed and updated by Compliance.

The following circumstances constitute or may give rise to a conflict of interest with reference to the investment services and activities provided to clients.

## Portfolio Management

Conflict of Interest	Mitigation
<p><b>Order allocation (pre-trade):</b> Offering equal investment opportunities to all clients is essential in managing conflicts of interest which arise due to the nature of Pырford's investment services i.e. side by side, discretionary vs advisory.</p>	<p>Pырford's investment team are organised by geography and all members of the team are part of the Global Stock Selection Committee. All client portfolios are allocated to models based on their investment strategy. Investment decisions are made at the model level, which are also coded into Charles River. Any changes to the portfolios are done at the model level; this allows trades to be aggregated across client account before they flow to the traders for placement and execution.</p>
<p><b>Use of sensitive non-public information:</b> From time to time, portfolio managers as part of their investment research activities may receive material non-public information which, if it is misused, may be in breach of market abuse rules.</p>	<p>Our market abuse prevention policy outlines the information barriers we create to restrict the flow of sensitive information within the company. All employees of the company are subject to compliance with the policy. Employees also receive face to face training as well as scheduled regulatory update sessions which embed the requirements of the policy.</p>
<p><b>Proxy voting:</b> Conflicts of interest may be present between clients where Pырford casts a vote under a specific client instruction. Conflicts of interest may be present between Pырford and clients where a portfolio manager casts a vote for a company held in a personal account or where the vote has an impact on a connected person.</p>	<p>Monitoring and testing activities identify proxy votes cast as an exception to our proxy voting policy. These are reviewed to identify whether any conflicts of interest arose as a result of voting differently for clients. Monitoring and testing also identifies proxy votes cast by portfolio managers on companies they hold in their personal account. Where this occurs a view is taken whether is necessary to review the PM from the voting decision, and whether the vote has been cast in accordance with out voting policy.</p>
<p><b>Personal relationships:</b> A Pырford employee or a connected person may hold directorships, or other oversight positions in a public company. This may lead to a conflict of interest where the employee is able to access information which is not available in the public domain; of should Pырford look to make an investment in securities issued by the company.</p>	<p>Employees may not serve as a director, officer, employee, trustee or general partner of any other entity without prior approval. A list of employees with external directorships and the nature of the company is known in order that any potential conflicts of interest can be identified. Employees are also required to submit half yearly attestation of compliance with conflicts of interest.</p> <p>Pырford's trade execution managers have authority to select brokers with which to place orders for executions. Portfolio managers are not permitted to place orders.</p>
<p><b>Side by side management:</b> Performance fees. Where there is a different basis of remuneration for portfolios managed side by side under a common strategy, there is a risk that a portfolio which pays a performance fee may see preferential treatment either through better investment opportunities or lower cost allocation in order to boost the investment performance of the portfolio.</p>	<p>To ensure the fair treatment of all clients and to maintain the highest standard of business conduct, all clients must be allocated investment opportunities equally. We have an order allocation process which requires portfolio allocation to be done at pre-trade level and an investment process which offers equitable treatment to all portfolios in a strategy. Compliance also carry out quarterly performance dispersion reviews across all portfolios.</p>

## Order Execution

Conflict of Interest	Mitigation
<p><b>Cross trading</b></p>	<p>We do not engage in cross transactions across multiple client accounts. While this is entirely possible within our control arrangements, we are bound by regulatory requirements in some jurisdictions which explicitly prohibit such transactions.</p>

## Order Execution

Conflict of Interest	Mitigation
<p><b>Order allocation (post-trade):</b> The choice of some allocation methods could result in some clients receiving preferential treatment which could result in a conflict of interest between clients.</p>	<p>Pyrford has limited the choice of allocation methods available to trade execution managers to 'Random' and 'Pro- Rota'. In the majority of circumstances Pro Rota allocation is chosen for allocating partial fills. Random allocation may only be selected where the partial fill is less than 15% of total order value and the allocation too small to pro-rotate to a large number of clients. Pyrford's order execution and allocation policy outlines the circumstances when Random and Pro Rota allocations are used.</p>

## Inducements

Conflict of Interest	Mitigation
<p><b>Gifts and entertainment</b></p>	<p>We have adopted a policy which restricts employees from accepting or giving any gift over specified amounts, unless approved as having a legitimate business purpose. The policy equally applies where Pyrford is offering gifts and entertainment to clients or third parties. In addition to the above we are bound by Ameriprise Global Anti -Corruption policy which sets out the Enterprises' framework to identify, manage, mitigate and report bribery and corruption risk.</p>
<p><b>Investment research (Use):</b> Payment for investment research through dealing commissions are considered to be an inducement and therefore prohibited.</p>	<p>Our policy on dealing commissions is to pay for investment research out of our own resources. We do not levy a separate research charge to any client so that there is no risk of cross funding and subsidisation between client groups.</p> <p>Broker research trials are deemed to be 'acceptable non-monetary benefits' where the following conditions are met.</p>
<p><b>Services provided by brokers:</b> Pre and post trade reporting services provided by brokers may be interpreted as a non-monetary benefit and therefore be subject to inducement rules.</p>	<p>The FCA clarified in PS14/14 that they consider post trade delegated reporting as part of an overall execution service provided by a broker, rather than treat it as a separate benefit.</p>
<p><b>Speaker panels:</b> Participation in speaker panels, for example where Pyrford employees are invited to present in conferences hosted by Company's in which Pyrford has an investment, there is a risk that this participation may impair the stewardship of Pyrford's investment.</p>	<p>Employees are permitted to present in company hosted events. Good judgement and conduct must be exercised to ensure no conflicts of interests arise. Speaker presentations must be approved prior to use. Similarly, any columns written in investee company magazines or promotional communications must also be approved prior to publication. All travel and accommodation expenses must be paid by Pyrford.</p>
<p><b>Travel and accommodation expenses:</b> Where expenses for a Pyrford employee are paid by a third party, employees need to be conscious of the risk of a conflict</p>	<p>Travel and accommodation expenses must be paid from Pyrford's own account. Any offer for travel and accommodation must be declined.</p>
<p><b>Investment research (Production):</b> The use of investment research for client trading prior to dissemination.</p>	<p>Pyrford's research is macro based and labelled as a marketing publication. All marketing publications are reviewed to validate they can be categorised as such.</p>

## Organisational

Conflict of Interest	Mitigation
<b>Remuneration:</b> Remuneration structures can incentivise individuals to place their own interests above those of clients. Incentive based remuneration may create conflicts, encouraging risk taking.	Pyrford's remuneration structure does not incentivise employees to prefer one client over another or selling or managing one product over another. Remuneration for all staff consists of a competitive base salary and a performance related bonus based on the individual's contribution to the strategic objectives of the business.
<b>Personal account dealing:</b> Pyrford employees may invest in securities that are traded in client portfolios for their personal account. A conflict could arise where an employee, with the knowledge of an intended client order, enters into a personal transaction to take an advantage.	Personal transactions by employees are subject to pre-clearance and post-trade disclosure. Code of ethics and personal account dealing policy detail requirements to obtain pre-clearance for personal trades and quarterly shareholding attestations.
<b>Affiliates (Distribution):</b> Ownership structure. Pyrford is a member of a large diverse financial organisation in which an affiliate may have a financial or other business interest which may result in a conflict of interest with a client.	Pyrford will never knowingly take an action which will create a conflict of interest between itself and a client, or between clients and a AMPF/CTI affiliate. Pyrford strictly utilises the services of its affiliates for distribution of investment products and strategies only. A list of CTI affiliates used is maintained and reviewed regularly.
<b>Affiliates (Order execution):</b> Using an affiliate for execution of transactions, who may receive commissions or other fees from clients.	Pyrford will not use an affiliate who is a broker dealer for executing client transactions. Pyrford's counterparty approval process identifies any affiliates.
<b>Rebates and retrocessions:</b> The provision of rebates and retrocession arrangements may introduce a potential for bias in the distribution of Pyrford's products.	Pyrford does not have any arrangements where it receives rebates and retrocessions in the course of its activities. Fee rebates and retrocession arrangements paid by Pyrford are validated to ensure compliance with regulatory rules independently by the Legal team.
<b>Columbia Threadneedle (Irl), (the fund) board composition:</b> The fund is an independent company overseen by a board of directors. Some of the directors of the fund are employees of Pyrford or an affiliate.	Two of the fund's directors are Pyrford employees and directors, one is an affiliate employee, and two directors are independent. The fund's board composition meets Irish regulatory requirements for the fund company to have at least two directors who are independent.
<b>Conflicts of interest may arise as a result of personal relationships between employees in the workplace.</b>	System access and privileges are restricted to employees based on their roles. Furthermore, the ability of employees in a personal relationship to counter approve a process, design or transaction is limited by the allocation of their duties. Employees are also reminded that they must consider their position and remove themselves from a situation that may create a conflict of interest.

## 10 Disclosure to Clients

We will disclose to our client the basis of this Policy prior to entering into any arrangements with them. The disclosure will be made in the Investment Management Agreement, and we also include a summary of the Policy on our website.

We will ensure that the disclosure of a conflict of interest is a measure of last resort that will be used only where the organisational and administrative arrangements put in place to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client shall be prevented. We will disclose the general nature and / or sources of the conflict to the clients as soon as the situation arises and provide sufficient detail to enable the client to take an informed decision with respect to the service we provide. We do not consider disclosure alone to constitute resolution of a conflict and may decline to act in circumstances where there may be a risk to managing the situation adequately.



## 11 Whistleblowing

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Employees may report anonymously to our Ethics Hotline if they have any matter of concern they wish to report but do not feel able to report the matter to Pyrford's Chief Compliance Officer, Chief Compliance Officer Columbia Threadneedle (EMEA) or a member of the Company's Executive. Such matters may include:

- i. Potential or actual breach of any rule implementing MIFID or a requirement imposed by MIFIR or any EU regulation adopted under these Rules;
- ii. Conduct of Business concerns;
- iii. Treatment of Client concerns;
- iv. Employment related matters;
- v. Compliance concerns.

Staff may also report violations or concerns through the Report of Unusual Activity. Additionally, in accordance with the AMPF Whistleblowing Policy, staff may contact the following for reporting, investigating and remedying any wrongdoing in the workplace:

- FCA whistleblowing line: [whistle@fca.gov.uk](mailto:whistle@fca.gov.uk) / 020 7676 9200
- Public Concern at Work: [helpline@pcaw.co.uk](mailto:helpline@pcaw.co.uk) / 020 7404 6609

## Disclaimer

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