



Delcap Asset Management Limited

Conflicts of interest policy

It is an FCA requirement under SYSC 10.1.10 R for firms to establish, implement and maintain an effective conflicts of interest policy that is set out in writing and is appropriate to the size and organisation of the Firm and the nature, scale and complexity of its business.

Types of conflicts to be considered

Conflicts of interest may arise from Delcap Asset Management's provision of its services to its clients or investors.

For the purposes of identifying the types of conflict of interest that arise, or may arise, in the course of providing a service and whose existence may entail a material risk of damage to the interests of a client or Alternative Investment Fund ("AIF") investor, Delcap will take into account, as a minimum, whether the Firm or a relevant person, or a person directly or indirectly linked by control to the Firm:

- is likely to make a financial gain or avoid a financial loss, at the expense of the client;
- has 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;
- has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client;
- carries on the same business as the client; or
- receives from a person other than the client an inducement in relation to the service provided to the client in the form of monies, goods or services, other than the standard commission or fee for that service.

The Firm is required by law to take all reasonable steps to avoid conflicts of interest, and when they cannot be avoided, manage, monitor and disclose those conflicts of interest in order to prevent them from adversely affecting the interests of its AIFs and their investors, and to ensure that the AIFs it manages are treated fairly. Delcap will manage conflicts of interest, in the course of managing its AIFs, between:

- the AIFM, including its managers, employees or any person directly or indirectly linked to the AIFM by control, and an AIF managed by the AIFM or the investors in that AIF; or
- an AIF or the investors in that AIF, and another AIF or the investors in that AIF; or
- an AIF or the investors in that AIF, and another client of the AIFM; or
- two clients of the AIFM.

The FCA provides that the circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between the interests of the Firm or certain persons connected to the Firm or the Firm's group and the duty the Firm owes to a client; or between the differing interests of two or more of the Firm's clients, to whom the Firm owes in each case a duty. It is not



enough that the Firm may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom the Firm owes a duty may make a gain or avoid a loss without there being a concomitant possible loss to another such client.

Circumstances of the business which could give rise to a conflict of interest:

This is located in Appendix III, please refer to the potential areas of conflict identified.

Procedures and measures adopted in order to manage the conflicts:

As part of the Firm's conflict of interest policy, all appropriate steps are taken to identify, prevent and/or manage conflicts of interest.

The firm has put in place effective organisational and administrative procedures and controls as set out below, however when such arrangements are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of a client or AIF investor will be prevented, the firm will disclose the general nature and/or sources of conflicts of interest to the client or AIF investor before undertaking business for the client.

Any disclosure is made in a durable medium and includes sufficient detail to enable the client or AIF investor to take an informed decision with respect to the service provided.

Use of Chinese Walls:

Although the firm is of a relatively small size, the firm implements the use of a Chinese wall i.e. an arrangement whereby information is withheld from certain persons in order to avoid a potential conflict arising, when appropriate. The following Chinese walls have been implemented by the firm:

- When the firm 'goes inside', details are maintained on a list with restricted access.
- Access to pre-trade information is restricted to analysts and fund managers.
- Only individuals who market to existing and potential clients are aware of the details of the client and advice given to such persons. This ensures, particularly in the case of a client which is an entity on a regulated market, that non-public information and advice on that information is on a need-to-know basis only.

The procedures and measures include the following as are necessary and appropriate for the Firm to ensure independence:

- effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Firm;



- the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities; and
- measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

The measures and procedures adopted by Delcap Asset Management Limited are designed so that persons engaged in business involving a conflict of interest carry on their activities at a level of independence appropriate to the size and activities of the Firm.

Delcap Asset Management Limited will pay special attention to the activities of investment research and advice, portfolio and/or AIF management. In particular, such special attention is appropriate where Delcap Asset Management Limited, or a person directly or indirectly linked by control to the Firm, performs a combination of two or more of those activities.

Delcap Asset Management Limited will take all sufficient steps to identify conflicts of interest between the Firm, including the managers, employees or any person directly or indirectly linked to the Firm by control, and a client of the Firm; or one client of the Firm and another client that arise or may arise in the course of the Firm providing a service to them. This also applies in respect of the AIF investors and the AIF as further detailed above.

Record of conflicts

Delcap Asset Management Limited will keep and regularly update a record of the kinds of service or activity carried out by or on behalf of the Firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients, or AIF investors has arisen or, in the case of an ongoing service or activity, may arise.

Managing conflicts

Delcap Asset Management Limited will maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of its clients or AIF investors.

In addition, where Delcap conducts individual portfolio management of client portfolios, other than for its AIFs for which it has been appointed as manager, the Firm will obtain approval from its clients before it invests all or part of the clients portfolio in units or shares of the AIF which Delcap also manages.

Segregation of duties



Delcap Asset Management Limited strives to ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the Firm and the prevention of conflicts of interest are laid out below.

Delcap Asset Management is required by law to segregate within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest.

Delcap Asset Management Limited is aware that effective segregation of duties is an important element in the internal controls of the Firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the Firm's assets or incur liabilities on its behalf. Segregation also helps to ensure that the Firm's governing body receives objective and accurate information on financial performance, the risks faced by the Firm and the adequacy of its systems.

Delcap Asset Management Limited ensures that, in general, no single individual has unrestricted authority to do all of the following:

1. initiate a transaction;
2. bind the Firm;
3. make payments; and
4. account for it.

Where Delcap Asset Management Limited is unable to ensure the complete segregation of duties due to its limited employee base, it has adequate compensating controls in place including the frequent review of an area by relevant senior managers.

The Firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

The Firm monitors and, on a regular basis, evaluates the adequacy and effectiveness of its systems, internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies.

Disclosure of conflicts

If arrangements made by Delcap Asset Management Limited to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, the Firm will clearly disclose to the client before undertaking business for the client the general nature and/or sources of conflicts of interest, and the steps taken to mitigate those risks.

The disclosure will be made by Delcap Asset Management in a durable medium and will include an explanation of the risks to the client that arise as a result of the conflict of interest. The Firm will include sufficient detail, taking into account the nature of the client, to enable the client to take an informed decision with respect to the service in the context of which the conflict of interest arises.



Delcap Asset Management Limited will aim to identify and manage the conflicts of interest arising in relation to various business lines and the Firm's activities under the conflicts of interest policy. In particular, the disclosure of conflicts of interest by the Firm does not exempt it from the obligation to maintain and operate effective organisational and administrative arrangements. While disclosure of specific conflicts of interest is required by the FCA it will be treated as a last resort, the Firm will always consider whether a conflict of interest may be managed other than by disclosure to the client or investor.

In regard to Delcap Asset Management's AIFM business, if the organisational arrangements made by the Firm to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interests will be prevented, the Firm will:

- (1) clearly disclose the general nature or sources of conflicts of interest to the investors before undertaking business on their behalf; and
- (2) develop appropriate policies and procedures.

Gifts and inducements

Clients, for a variety of reasons, may offer gifts to employees, such as for annual celebrations or to commemorate the completion of a large and/or complicated transaction. Often, it would be considered impolite to refuse. Care must be taken to ensure that such gifts cannot be construed as an inducement to provide a service more favourably to that client ahead of another.

Our rules with regard to gifts and inducements are as follows:

- Gifts with a value of less than £150 need not be declared.
- Gifts with a value greater than £150 must be notified to the Compliance Officer for inclusion in the Gifts and Inducements register (see Gifts register).
- If a client offers more than one gift in a twelve-month period, with a cumulative value of more than £250, these must also be declared to the Compliance Officer as well (see Gifts register).