



Conflicts of Interest Policy

Updated March 2024

1. Introduction and Background

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing a service and carrying out regulated activities. Their existence may lead to material risk of damage to a client's interests.

Under the FCA Consumer Duty regime, Seneca Partners Limited must ensure that it strives to achieve good consumer outcomes, avoiding conflicts is just one of the ways in which good consumer outcomes can be achieved. Even where Consumer Duty does not apply, there are still overarching obligations to avoid or minimise conflicts.

This document sets out Seneca Partners Limited's and any Appointed Representatives ("Seneca") policy for the management of such conflicts of interest.

Seneca is a limited company which is authorised and regulated by the FCA to conduct investment management and corporate finance activities. The firm provides services mainly to retail clients although it also has a small number of professional clients.

Seneca has taken this opportunity to re-examine its policies and procedures to ensure they remain fit for purpose and address, where potentially relevant, the issues raised by the FCA in its paper in a way which is proportionate to the scale and complexity of its business. Both the policy and the register of conflicts of interest will be reviewed on at least an annual basis.

This document does not intend to create third party rights or duties or form part of any contractual agreement between the firm and any client. This policy may be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest, you should contact the Compliance Officer.

2. FCA Rules

The Financial Conduct Authority ("FCA") sets out obligations in SYSC 10, COBS 12, Principle 8 and Principle 12 to which this document is prepared.

Whilst the FCA rules are important to be adhered to by all of Seneca's staff, they are non-exhaustive, and certain other additional rules may apply to readers who are members of professional associations, or by virtue of their job role.

Failure to follow any of the rules whether by express breach, or failure to follow any of the spirit of identifying, mitigating and managing conflicts of interest may also be a breach of an employment contract.

Disciplinary action may be taken by Seneca, or in serious cases by the FCA.

3. Conflicts of Interest

These services that Seneca provides to its clients could potentially give rise to conflicts of interest entailing a material risk of damage to the interests of one or more clients. This document aims to set out

these potential conflicts and the procedures that are in place to be followed and measures to be adopted in order to manage such conflicts.

Conflicts of interest may occur between a customer and Seneca, including its managers, employees, or any other persons directly or indirectly linked to the firm; or between two or more clients.

Achieving good outcomes for retail clients and treating non retail clients fairly is central to the core values of Seneca. There is an embedded culture that understands what is acceptable and what is unacceptable behaviour. As such, conflicts of interest and the identification / management / mitigation thereof are central to this philosophy and culture.

Definition

An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of Seneca (including its managers, employees and appointed representatives or any person directly or indirectly linked to them by the control); and the interest of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests.

4. Identifying situations where a conflict may arise

The circumstances giving rise to conflicts of interest include all cases where: -

- i) there is a conflict between the interests of Seneca, an individual member of staff, certain persons directly or indirectly connected to Seneca and the duty that Seneca owes to a client;

or

- ii) there are differing interests of two or more clients, as Seneca owes a separate duty to each of them.

Conflicts of interests could prejudice a client in various ways, whether Seneca suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional.

For the purposes of identifying the types of conflicts of interest that arise, or may arise, Seneca must consider as a minimum whether the firm, 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 the service to, or a transaction carried out for, a client which differs from the client's interest.
- Has a financial or other incentive to favour one client (or group of clients) over the interests of another;
- Carries on the same or similar business as the client; and/or

- Receives an inducement from a third party in the execution of the service provided to the client, other than the standard fee for that service.

Generic Conflicts

Seneca has identified the following circumstances in which general types of potential conflicts of interest may arise:

- The firm or an associate undertakes designated investment business for other clients including its associates (and the clients of its associates).
- A director or employee of the firm, or of an associate, is a director or partner of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of a client;
- A director or employee of the firm, or of an associate, is involved in the management of any company whose securities are held or dealt in on behalf of a client;
- A transaction is effected in units or shares of a fund or company of which the firm or an associate is the manager, operator or adviser; A transaction is effected in securities in respect of which the firm or an associate, or a partner, director or employee of the firm or an associate, is contemporaneously trading or has traded on its/their own account or has either a long or short position;
- The firm may, when acting as agent for a client, match an order of the client with an order of another client for whom it is acting as agent.
- A director or employee of the firm, or of an associate, may be involved with the valuation of assets held within funds which could be cross sold to another fund. If any remuneration is tied to the valuation and sale then this could create a conflict.

5. Prevention and management

General Conflicts

Seneca has identified specific potential conflicts of interests which may arise in relation to its activities.

The general nature and/or source of these conflicts will be disclosed to clients before undertaking business in sufficient detail to enable the client to make an informed decision about the service in the context in which the conflict has arisen. For each potential situation, Seneca has analysed whether or not the risk is actual or potential for one or more of its clients.

Seneca will also ensure that its management team and Compliance function take a proactive role in respect of identifying potential conflicts which may arise in the course of its business activities.

Seneca will use best endeavours to seek to prevent conflicts of interest from arising. However, it is noted that it is not always possible to prevent actual conflicts of interest from arising. In such cases Seneca will try to manage the conflicts of interests by a four stage process;

- segregating duties or establishing Information Barriers; or

- deciding the individual dealing with conflict is sufficiently independent to not be influenced by the conflict; or
- informing the client of the conflict so he/she can make a decision on the conflict; or
- in certain circumstances, Seneca may have to decline to take on a new client/transaction.

These stages are expanded upon below in section 6.

If Seneca considers developing new products or services or making other changes to its business model or operations, Senior Management will consider whether any additional potential conflicts of interest arise.

Senior management will update the Conflicts of Interest Policy and Register of Potential Conflicts of Interest as necessary on an ongoing basis and formally consider the continued adequacy of the arrangements annually.

Inducements including gifts and hospitality

Seneca maintains business relationships with third parties who may remunerate Seneca in the form of management and performance fees which can constitute monetary or non-monetary benefits thereby impairing Seneca's fiduciary duties to the client. The FCA Rules classify these as inducements. Further details are included in the Compliance Manual.

Gifts and hospitality could lead to potential conflicts of interest. No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Policies and procedures have been implemented to ensure that staff and their connected persons do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial. These include the requirement for gifts or hospitality, received or given, in excess of £150 but below £500 to be notified to the Compliance Officer and, where the amount is above £500, written approval must be obtained from the Compliance Officer. These policies are set out in the Compliance Manual. All employees must act with the highest standards of integrity to avoid any allegations of conflicts of interest.

A record is kept by the Compliance Officer of any gifts or hospitality received or given.

Where an invitation to a hospitality event could be construed as being a business inducement, it must be declined and the Compliance Officer informed.

Personal account dealing

Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to the company's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or client confidential information in their personal dealings and must ensure that clients are never disadvantaged as a result of their dealings.

Seneca's Personal Account Dealing Policy has been established to ensure that personal account dealing by members of staff comply with this policy. This includes a requirement for pre-deal approval from the Compliance Officer on restricted stocks.

Full details are in the Compliance Manual.

Aggregation of orders

Where Seneca aggregates the orders of clients, it must ensure that this does not work to the overall disadvantage of any clients whose order is to be aggregated. Seneca has established an Order and Best Execution Policy which sets out the details of the Firm's policy.

Outside employment and business interests

No employee may engage in any additional occupation without the consent of the Company. In certain circumstances, consent may be withheld.

Employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Compliance Officer.

Remuneration and Oversight

The management oversight and determination of appropriate remuneration of members of staff is conducted by Seneca's Senior Management. Remuneration of staff is based on the overall results of the firm and is not based on the success of any transaction or the valuation of any particular asset.

Senior Staff Remuneration (Code Staff) is decided on by the Remuneration Committee, which is compliant with SYSC 19 and the requirements of FUND, in particular 3.9.7.

Staff are subject to appropriate management and supervision to ensure that Seneca is able to demonstrate that it has appropriate and effective arrangements in place to ensure that conflicts of interest are properly managed.

In accordance with FUND 3.3.5 the total amount of remuneration paid by any AIF shall be contained within the Annual report.

6. The stages of SPL management of conflicts

Where a clear conflict has been identified which cannot be prevented then Seneca will use one or more of the following options.

Information barriers and segregation of duties

There are several distinct tasks within the business that could lead to potential conflicts of interest. Such conflicts can often be mitigated by carefully controlling which employees have access to certain information.

For example, Seneca maintains appropriate Insider Lists and Information Barriers so as to limit or withhold the use of certain information. Often this information will be price-sensitive, confidential, and could give rise to market abuse. Further details are contained in the Compliance Manual.

Further to this Seneca maintains and periodically updates the Restricted Lists of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information.

Whilst rare, another example where information barriers may be implemented would be in respect of a situation where Seneca found itself acting for two parties in the same deal. In such a case Seneca would thoroughly examine whether or not it was able to sufficiently segregate the Seneca persons involved.

The Compliance Officer monitors along with the relevant business line managers the effectiveness of these Information Barriers. In some circumstances staff may be taken “across the wall.” Where this happens the Compliance Officer must be notified and a record made thereof, along with updating of the Restricted List.

Confirmation of independence

When Seneca is aware of a conflict of interest but does not feel it material, in that it would affect decisions of the relevant staff, then a file note is made of this decision and kept on the register.

Disclosure

In certain cases, Seneca may disclose the general nature and/or source of potential or actual conflicts to its client in writing before undertaking business on its behalf so that the client can decide whether or not to accept these potential conflicts.

Declining to Act

If it is not possible to avoid or manage a conflict of interest, Seneca may have no choice but to decline to provide the service requested.

7. Record Keeping

Under SYSC 10.1.6 Seneca must keep and regularly update a written record of the kinds of investment or ancillary services or activities 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 has arisen or, in the case of an ongoing service or activity, may arise. These records will be for a minimum of five years from the date of creation and are maintained on an ongoing basis by the Compliance Officer.

Seneca will operate a risk management unit which will be independent of any operating unit in accordance with FUND 3.7.3. Such risk management unit will be appropriate for the size and scale of Seneca. This risk management unit will be provided with the necessary resources to allow for it to perform its duties in line with the FCA's expectations.

The risk management unit will be aware of the potential conflicts of interest that it may face itself. It will look to mitigate these risks in accordance with FUND 3.7.4.

8. Reporting

Conflicts of Interest situations or potential conflicts situations should be reported to the Compliance Officer immediately.

9. Conclusion

Seneca recognises that within the regulated environment, care must be taken to avoid any conflicts of interest. Seneca is confident that by applying this policy then it can mitigate any potential conflicts both actual and perceived.

Seneca will review this policy at least annually to ensure that it continues to be fit for purpose.