

Information on Conflicts of Interest

Under Article 34(2) of Markets in Financial Instruments Directive II ("MiFID II") and the Financial Conduct Authority ("FCA") Principle 8, it requires a firm to manage conflicts of interest fairly, both between itself and its clients and between a client and other clients. Exotix Capital ("Exotix") is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage such conflicts of interest. Exotix has put in place policies and procedures to meet this obligation and set out below is a summary of that policy and the key information for its clients and counterparties (together "clients"). Exotix is taking steps to safeguard the interests of its clients to ensure their interests are placed at the forefront of activity and ahead of the interests of Exotix.

Purpose of the Conflicts of Interest Policy

Exotix is committed to maintaining the highest level of integrity and professional standards in providing services to its clients. It seeks to identify circumstances which may give rise to conflicts of interest entailing a risk or damage to a clients' interest and to establish appropriate mechanisms and systems to manage those conflicts. Exotix wishes to maintain its systems to prevent actual damage to clients' interests through the identified conflicts.

Where we are unable to manage a conflict effectively to mitigate damage to a client, this document outlines the disclosure process the Firm will follow.

What is a Conflict of Interest

A conflict of interest under MiFID II is a conflict that arises in any area of Exotix's business in the course of providing its clients with a service which may benefit Exotix (or another client for whom Exotix is acting) whilst potentially damaging another client where Exotix owes a duty to the client. There may be a conflict where Exotix (or anyone connected to Exotix including another Exotix affiliate):

- is likely to make a financial gain (or avoid a loss) at the expense of its client;
- is interested in the outcome of the service provided to its client where the interests of Exotix is distinct from that of the client;
- has a financial or other incentive to favor the interests of one client over another;
- carries on the same business as a client;
- receives money, goods or services from a third party in relation to services provided to a client other than standard fees or commissions; or
- is in possession of information in the ordinary course of its business which would benefit the individual, Group, or a client.

Exotix has sought to identify conflicts of interest that exist in its business which are associated with its service provision. Exotix has put in place measures it considers appropriate to the relevant conflict in order to monitor, manage and control the potential impact of those conflicts on its clients. The conflicts identified based on the investment activities it provides are outlined below :

- those between clients with competing interests;
- those between clients and Exotix where their respective interests in a particular outcome may be different;
- those between the personal interests of staff of Exotix and the interests of Exotix or its clients where those interests may be different;
- conflicts that may arise as being part of a group where interests between those members may be different; or
- client or Group interest where third party service providers are used relevant to their commercial

The Firm maintains a Conflicts of Interest Register which details specific conflicts and practices adopted to manage those identified.

Policies and Procedures

Exotix has adopted numerous internal policies and procedures in order to manage recognised conflicts of interest. These policies and procedures will be subject to Exotix's monitoring and review processes and include primary methods which may be used by Exotix to manage actual and potential conflicts of interest. These and the associated controls adopted are reviewed at least annually.

The following lists the key information clients may require to understand the measures Exotix takes to safeguard the interests of its clients:

Integrity and Standards of Conduct

Exotix ensures that in its dealings with clients, its staff must use the highest standard of integrity in their actions and roles at all times. The induction programme, training, competency, monitoring programme and procedures in line with the FCA's guidelines at Exotix are designed to ensure that all relevant staff are familiar with and observe the FCA Principles for Businesses and the Statements of Principle and Code of Practice for Approved Persons.

All staff are subject to on-going monitoring and training covering industry standards and Exotix policies and procedures.

Client Orders

In order to ensure as fair treatment as possible for clients, the Exotix Order Execution Policy, where applicable, requires Exotix to take all reasonable steps to achieve the best overall trading result for clients, exercise consistent market and conduct standards and operate the same processes across all markets and financial instruments in which it operates.

No undue preference should be given to any client when trades are aggregated. Re-allocation to any individual client may only be made to correct an error or to adjust an uneconomic initial allocation e.g. on a partial fill of an order.

No undue preference will be given to any client on the basis of additional beneficial firm or employee outcomes.

There may be occasions when client orders may have a material effect on a relevant securities price. In order to ensure that a broker does not take advantage of the situation by dealing on his/her own account or encouraging a third party to deal, Exotix has a strict "no front running" policy.

In order to ensure a fair and orderly dealing environment within the market, Exotix provides employee training and ensures that its staff comply with Market Abuse Regulations where the aim is to prevent insider trading, the misuse of information and market manipulation.

Personal Account Dealing ("PAD")

Exotix has a policy on PAD and ensures it is understood and accepted by all employees regardless of their position within Exotix. Staff may not deal the same way on a personal account as a client order or potential order before it is executed or where a client's interest could be adversely affected.

Relevant employees shall not deal in stock within 5 days of a research recommendation being published and in no circumstances where a client order is pending.

Further, PAD procedures require all permanent Exotix employees, and certain designated others, to obtain pre-approval by line management and the Compliance department when PA dealing.

All staff are required to complete a training course on PAD rules in London.

Confidentiality and Information Barriers

Exotix has put in place procedures to control and prevent the flow of information between Exotix's business units and entities where the interests of clients of one business unit or entity may conflict with the interests of clients of another Exotix business unit or entity, or with Exotix's own interests. Furthermore, Exotix insists on strict client confidentiality to ensure that information is disclosed only to those entitled to receive it or otherwise with the prior approval of the Compliance department.

In order to manage this potential conflict of interest, Exotix has ensured that different business lines:

- (a) use segregated systems for business activity;
- (b) Implemented restricted access barriers;
- (c) are physically separated creating Chinese walls;
- (d) relevant persons who provide services to, or carry out activities for, clients who represent interests that may conflict with other clients or those of the Firm, are supervised effectively and separately;
- (e) there is no direct link between the remuneration of a relevant person and the remuneration of a separate relevant person engaged in a different activity where a conflict of interest may arise in relation to those activities; and (f) there are measures to prevent a relevant person from being simultaneously involved in separate investment or ancillary services where such involvement could impair the proper management of conflicts of interest.

Outside Business Interests

Staff members must inform the Compliance Officer about their outside business interests. The Compliance Officer must approve any such interests.

Research

Production and dissemination of investment research may give rise to a number of conflicts of interest as outlined below:

- (a) Reporting lines and remuneration: Research analysts report to the Head of Research Analytics and Data. Other departments do not take decisions on coverage, timing or content of research. The Firm's remuneration policy is designed to avoid rewarding behaviour that may lead to the disadvantage of its clients. Research analysts' remuneration is not linked to research recommendations or to the transactions of another department, but to the quality of research and the overall profits of the Firm. The business operates a fully "unbundled" P&L.
- (b) Distribution Research: The Firm has a policy that requires simultaneous distribution of research to all relevant clients simultaneously.
- (c) Information Leaks: The research department is separated from all other departments by an Information barrier. The research department is subject to a "clear desk policy" and is positioned in such a way that members of staff outside the research information barrier cannot see documentation or hear conversations regarding the timing or content of planned research.
- (d) Research communicated to sales staff ahead of publication: There is an Information barrier in place separating these departments.

Inducements to Employees from Clients

Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one client at the expense of another when conducting investment business, and must comply at all times with the Gift and Entertainment Policy.

Exotix's staff are not allowed to place undue pressure upon clients to persuade the client to trade through the firm to the extent that this might give rise to a conflict of interest between that client and

Any inducement given or received by the firm or Staff will not be in compliance with conflicts of interest requirements, whereby it is not:

- designed to enhance the quality of the relevant service to the client; and
- impairs the firm's ability to act honestly, fairly and professionally in accordance with the best interest of its clients.

The giving or receiving of an inducement can only be justified when it:

- enhances the quality of the service where it can be shown that additional or a higher level of service is provided;
- does not directly benefit the recipient firm, its shareholders or employees without a tangible benefit to the client; and
- it is justified by the provision of an on-going client benefit where the inducement is on-going.

Group Companies

Clients are to be informed of the relationship where the counterparty to the transaction is another Exotix Group Company or where the services of another Exotix Group Company are recommended.

Remuneration Policy

All relevant staff who are open to a conflict of interest are paid a basic salary including those in key support areas such as Compliance, Finance, Legal and Operations. This salary is not dependent on Exotix's performance. A bonus structure does exist which is linked to Exotix's performance, team performance and/or the individual's performance. Payment of any bonus is at the discretion of the senior management and staff will only be notified on payment.

Separate Supervision and Segregation of Function

Where appropriate, Exotix has arranged for the separate supervision of those carrying out functions for clients whose interests may conflict, or where the interests of clients and Exotix may conflict. Exotix has taken steps to prevent 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.

Exotix Compliance Monitoring Programme

Exotix's Compliance department has an established and documented compliance monitoring programme, part of which focuses on conflicts of interest and recognising where there may be a potential conflict. Compliance reviews PAD and monitors contract notes for such dealing. It also reviews the current Chinese Walls and information barriers and confirms their effectiveness.

Disclosure

As a last resort, where there is no other means of managing a conflict or where the measures in place do not, in the view of Exotix, sufficiently protect the interests of clients, the conflict of interest will be disclosed to clients to enable an informed decision to be made by the client as to whether they wish to continue doing business with Exotix in a particular situation, thus ensuring where a conflict of interest may arise, it will be managed fairly and promptly.

Article 23 (2) of MiFID II requires that, where the arrangements made by the firm are not sufficient to ensure, with reasonable confidence, that the risk of damage to the client will be prevented a clear disclosure to the client must be made. This disclosure must:

- Describe, in a durable medium, the general nature and source of the conflict of interest to the client before undertaking business for the client;
- Explain the risks that arise as a result of the conflict of interests and the steps taken to mitigate these risks; and
- Provide sufficient detail to enable that client to make an informed decision in relation to the service in the context of which the conflict arises.

Declining to Act

Due to the nature of the business Exotix is involved in, it is unlikely that situations will arise whereby the conflict is so severe that even with appropriate management techniques, Exotix would have to decline to act on behalf of a client. However, in the event that such a situation arises, where it is deemed that Exotix best not act for the client, the case should be referred to the Compliance Department.

Independence

All Exotix employees are required to act independently at all times and in the interest of the client when carrying out their day to day duties and obligations in the course of their employment.

Register

Exotix keeps and regularly updates a record of the types of regulated business activities carried out by or on its behalf, in which conflicts of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise. The information contained within the register facilitates the effective identification and management of any potential conflicts of interest.

Exotix shall review this Policy to ensure that all appropriate steps and measures are taken to address any deficiencies.

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