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Alvarium UK Conflicts of Interest Policy Summary

Introduction

Principle 8 of the FCA's Principles for Businesses states: 'a firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.' It is Alvarium's policy to take all appropriate steps to identify, manage and monitor all actual and potential conflicts of interest that can arise in the provision of its services to clients. Alvarium's conflicts of interest policy identifies actual and potential conflicts arising within Alvarium and sets out procedures for managing those conflicts.

What is a conflict of interest?

A conflict of interest is a situation in which a firm or employee finds itself in a position where its own interest's conflict with the duty owed to its customers or, a situation in which its duty to one client conflicts with its duty to another. As an example, the following circumstances may give rise to conflicts of interest for Alvarium:

- entering into a new business relationship which would benefit Alvarium, but would not benefit an Alvarium client; or
- a transaction would benefit one client but would cause a detriment to another client; or
- a new agreement would benefit an Alvarium director or employee but would cause harm to Alvarium clients.

As a result, such circumstances can make it difficult to fulfil duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.

What will Alvarium consider when identifying conflicts?

When identifying a conflict, Alvarium takes into account whether the firm, including its managers and employees, or a person directly or indirectly linked by control to Alvarium:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of a 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 or will receive 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 fee or commission for that service.

The circumstances set out above provide only examples of conflicts. Any circumstances that may be considered to give rise to an actual or potential conflict of interest are disclosed and recorded internally.

Identification of conflicts

Alvarium has identified the following activities (as a non-exhaustive list) which may lead to conflicts:

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- Employee remuneration
- The receipt of gifts and hospitality or other forms of inducement, including research
- Personal account dealing
- Co-investing in investment transactions that Alvarium arranges alongside external investors
- Aggregation and allocation of transactions and investment opportunities amongst different clients or between the firm, its staff, and clients
- Personal relationships with clients, and
- Arrangements with introducers.

All Alvarium employees must disclose any potential or identified conflicts on a regular basis. Where an Alvarium employee identifies a conflict of interest, this must be disclosed immediately to Compliance who will review and assess any mitigating factors and whether additional controls are required to manage the conflict of interest.

Managing conflicts

Alvarium employs a number of techniques to identify and to prevent or manage conflicts including:

- Physical and electronic information barriers to stop and control the flow of information between certain parts of the business.
- Systems to monitor activities undertaken or proposed to be undertaken and to assess whether such activities may give rise to Conflicts.
- Provision of internal guidance and training to staff on conflicts of interest.
- Maintaining firm-level and group-level conflicts of interest registers which are periodically reviewed by the UK Compliance Team, together with relevant mitigating policies and procedures.

In addition, there are various other policies and processes in place that address conflicts at all levels within Alvarium, including policies on, Personal Account Dealing, Gifts and Hospitality, Dealing and Managing and Outside Business Interests.

Disclosing conflicts

Where it is not possible to avoid or effectively manage any conflict of interest, Alvarium will disclose this to a client. However, this is a measure of last resort when Alvarium has taken all appropriate steps to prevent or manage the conflict. Alvarium will not usually require the client to specifically acknowledge the conflict of interest, but clients will be given sufficient time to object or raise queries to the conflict prior to the engagement or transaction proceeding. Where a significant conflict of interest exists, Alvarium may have to decline to act for a client.

Monitoring and Governance

The Board of the regulated businesses identifies the principal and potential conflicts Alvarium faces in their day-to-day business and reviews on a quarterly basis the conflicts register. Alvarium's directors have a fiduciary duty to the company they are representing and must always act in the best interests of the relevant company. As such, we require directors to disclose any relevant conflicts at the beginning of each board meeting and, in certain instances, such director may be required to abstain from certain decisions to avoid the conflict.

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