

July 2022



Conflicts of interest Policy

JULY 2022

(Version 2.0)

Contents

Conflicts of interest Policy	1
(Version 2.0)	1
1 Purpose	3
2 Review of Policy	3
3 Responsibilities	3
4 Definition	3
5 Identifying, managing and preventing conflicts of interest	3
5.1 <i>Employee Roles & Responsibilities</i>	4
5.2 <i>Remuneration</i>	5
5.3 <i>Business Interests</i>	5
5.4 <i>Connected Persons</i>	5
5.5 <i>Research Services</i>	5
5.6 <i>Inducements including Gifts and Hospitality</i>	6
5.7 <i>Personal Account Dealing</i>	7
5.8 <i>Execution of Client Orders</i>	7
5.9 <i>Handling confidential and inside information flows</i>	8
5.9.1 <i>Insider List</i>	8
5.9.2 <i>Need-to-know principle</i>	8
5.9.3 <i>Information barriers</i>	8
6 Recording conflicts of interest	8
7 Conflict of interest identification and accepting to act where conflicts can be managed or prevented	9
8 Disclosure or declining to act where conflicts cannot be managed or prevented	9
8.1 <i>Disclosure</i>	9
8.2 <i>Declining to Act</i>	9
9 Breaches of Conflicts of Interest Policy	9

1 Purpose

This policy details how VSA Capital Limited (VSA) will identify, prevent and manage conflicts of interest in respect of its business activities.

VSA is authorised by the Financial Conduct Authority (FCA) and, as such, will act in accordance with the Conflicts of Interest rules as defined in the FCA Handbook, which will take precedence over the requirements of this policy.

2 Review of Policy

This policy will be reviewed regularly, at least once a year, and amended as considered necessary by VSA's Management Committee in the event of changing circumstances or regulations.

3 Responsibilities

The Compliance Officer of VSA is responsible for ensuring that its systems, controls and procedures are able to identify, manage and control or prevent any potential and actual conflicts of interest that may arise.

The Management Committee comprises the CEO, Finance Director & Chief Operating Officer, Head of Corporate Finance, Head of Sales and Head of Research.

4 Definition

A conflict of interest is a situation in which someone in a position of trust to the client has competing professional or personal interests. Such competing interests can make it difficult for individuals to fulfil their duties to their clients impartially. A conflict of interest may exist even if no unethical or improper act results from it.

Conflicts of interest arise when in the course of providing a service to a client, VSA, its appointed representatives or its employees:

- Are likely make a financial gain or avoid a loss at the expense of the client
- Have an interest in the outcome of the service provided which is distinct from the client's interest
- Have a financial or other incentive to favour the interests of another client over the interests of the client
- Carry on the same business as the client
- Receive, from a person other than the client, an inducement in relation to the service provided to the client, other than the standard commission or fee for that service

5 Identifying, managing and preventing conflicts of interest

VSA has reviewed its business model and has identified the following potential conflicts of interest:

- Employee Roles and Responsibilities
- Management of Employees
- Remuneration

- Business interests
- Connected persons
- Means and Timing of Research
- Inducements including Gifts and Hospitality
- Personal account dealing
- Execution of client orders
- Handling confidential and insider information flows

VSA will regularly review its business model to ensure any new potential conflicts of interest are noted and managed or prevented effectively.

VSA is a member of a group and, as such, will take into consideration circumstances where conflicts of interest may arise as a result of the structure and business activities of the group.

5.1 Employee Roles & Responsibilities

VSA maintains a clear segregation of roles and responsibilities within the Management Committee to maintain an effective control environment and to avoid conflicts of interest in roles wherever possible. The governance structure is as follows:

Role	Responsibilities
CEO	Day-to-day running of the business
SMF1, SMF3	Responsibility for VSA’s performance Report on any con-compliant events or any other concerns to the Compliance Officer Cross-border corporate development
Head of Corporate Finance SMF3	Monitoring and guiding the performance of Corporate Finance Team Ensure all activities are executed in accordance with VSA’s Compliance Manual and code of conduct Report on any con-compliant events or any other concerns to the Compliance Officer Business Development
Finance Director & COO SMF3, SMF16, SMF17	Oversight of Compliance Responsibility for VSA’s performance of its obligations under the SMCR regime Responsible for VSA’s policies and procedures for countering the risk that VSA might be used to further financial crime

Role	Responsibilities
	Responsible for VSA’s obligations in relation to individual conduct rules for training and reporting.

5.2 Remuneration

The remuneration of staff is assessed annually in accordance with VSA’s Remuneration Policy and appraisal process and consists of a base salary and performance related variable compensation linked to VSA’s overall profitability. VSA strives to ensure our employees remain motivated whilst at the same time ensuring that this remuneration scheme does not encourage inappropriate behaviour. In order to prevent a conflict of interest, the remuneration of employees is not directly linked to sales and the remuneration structure takes into account a number of different factors including a good standard of compliance.

Analysts do not receive, directly or indirectly, any remuneration for providing favourable reports or publishing specific views. The recruitment and remuneration of research analysts is primarily the responsibility of the Head of Research to whom they report. The Head of Research in turn reports to the Chief Executive Officer. This is thought to provide an appropriate degree of segregation in the supervision of research staff from other VSA activities, in particular from corporate finance.

5.3 Business Interests

VSA recognises that our current and future employees may have an interest, relationship or arrangement whereby they act as a trustee, hold power of attorney or have a Directorship that may potentially create a conflict of interest. VSA requires its employees to declare any such interests and will take the appropriate steps to manage or prevent any conflicts of interest that are identified. To manage such conflicts, VSA requires its employees to disclose Directorships and interests in other companies and to disregard the interest, relationships or arrangements concerned when acting on behalf of clients.

5.4 Connected Persons

VSA is aware of its duty to avoid a conflict of interest arising where an employee has an indirect interest through a connected person (e.g. adult child or spouse). Relevant employees are required to disclose any potential conflicts of interest through connected persons. To manage such conflicts VSA requires its employees to disclose the interests and to disregard the interest when acting on behalf of clients.

5.5 Research Services

Where VSA produces research on house stocks it does not meet the regulatory requirements to be considered independent research. In all cases this will be clearly and prominently disclosed on the research document which will be clearly identified as a “marketing communication” and a clear and prominent statement that it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Where VSA produces research not on house stocks and believes such research to have been prepared in accordance with regulations for independent research, the research document will clearly state that it is independent research. VSA’s research is intended for use by professional clients and eligible counterparties only.

The research department is physically separated from the corporate finance department which operates behind a Chinese wall with appropriate systems in place to prevent the flow of confidential and/or price sensitive information to other areas within VSA. Research analysts are therefore able to operate without any awareness of this information and are able to continue to publish recommendations without taking any confidential or price sensitive information into account. Where corporate finance advice is being

publicly given, this will be clearly disclosed in any research document together with other regulatory disclosures of material interests.

Relationships with corporate clients are controlled by corporate finance. Where necessary, research analysts are brought over the wall by corporate finance to offer advice on house stocks in accordance with VSA procedures which are properly monitored and recorded. In such cases, analysts may not publish research or advise clients with respect to these securities until the price sensitive information has been made public or has otherwise expired, unless the analyst is required to publish “reactive research” in response to a significant event, important transaction or announcement issued by the client company. Where analysts work with corporate finance by taking part in pitches for new business, new issues of securities or other issuer marketing, including roadshows, their involvement in such ancillary activities is under an independence policy whereby they provide their opinion in an unbiased manner and in accordance with their own professional judgement and expertise. Research analysts are generally required when preparing any research document or providing any advice to form their own opinions and to disregard any other relationships or conflicts of interest that they or VSA may have.

Timing of the publication of research is controlled by the Head of Research except where publication is prohibited, for example around the time of an investment offering. Where analysts have formed the idea of writing a piece of research, they must not discuss the intention or content with anyone outside the research department. Research reports are published as a marketing communication; it is not investment research and is not prepared in accordance with legal requirements designed to promote investment research independence and is also not subject to any prohibition on dealing ahead of dissemination of investment research. Editorial control over draft research is retained by the analyst, although draft research may be submitted to the subject company and/or other VSA employees to check for factual accuracy. In such cases (and in respect of independent research only), recommendations and target prices are excluded from the draft submitted for commentary. Valuations and forecasts are derived by the analyst and are produced independently of the issuer company. The name of the analyst will appear on the research document so that it is clear who has originated it.

Research is not otherwise distributed internally before it is published to clients. Research must be disseminated using VSA’s controlled distribution lists and must be distributed to all clients at the same time using VSA’s normal distribution channels.

Notwithstanding the limited distribution of VSA research, such publications must disclose all relationships and circumstances which may reasonably be expected to impair the objectivity of the research, in particular significant financial interests in the relevant investment or conflicts of interest with respect to the relevant issuer, to include relationships of VSA and of the analyst producing the research and disclosing whether the analyst’s remuneration is tied to investment banking activities performed by VSA. Disclosures must include at least any 5% shareholdings held by VSA in the issuer (or vice versa), any other financial interests which are significant in relation to the research recommendation and if applicable a statement that VSA has been involved over the previous 12 months in any publicly disclosed offer of securities by the issuer or is otherwise party to an agreement to provide investment banking services to the issuer. Disclosures will be made within the research publication itself unless they would be disproportionate in relation to the length of the publication, in which case clear and prominent reference will be made to the place where such disclosures are directly and easily accessible.

5.6 Inducements including Gifts and Hospitality

VSA has a policy which specifically prohibits employees from soliciting or accepting any inducements to conduct business in a specific manner that would give rise to a detriment to a client or to favour the interests of one client over another.

VSA recognises that Gifts and Hospitality can lead to potential conflicts of interest. Employees are not permitted to accept, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances or may give rise to the perception that in doing so, decisions may be influenced or may not be impartial. All employees are expected to act with the highest standards of integrity to avoid any allegations of conflicts of interests.

VSA requires any employee who is offered any kind of gift or payment over an agreed limit from either inside or outside VSA to report this to VSA’s Compliance Officer for recording on the Gifts & Hospitality Register. In addition, any indications of expectation of support following a gift or hospitality of any value should be reported to the Compliance Officer.

The Compliance Officer will regularly review the Gifts & Hospitality policy to identify any conflicts of interest that may be occurring.

VSA’s Gifts and Hospitality Policy contains further information and the agreed value limits set by the Management Committee.

5.7 Personal Account Dealing

VSA recognises that employees dealing on their own personal account may present conflicts of interests.

Personal account dealings of all officers and employees of VSA are required to be carried out in accordance with the terms of VSA’s Personal Account Dealing Policy in order to help ensure that trading does not occur in securities that are restricted or may conflict with our responsibilities to our clients. This requires all staff to declare any accounts held with external brokers and to have every transaction approved prior to dealing. In addition, staff must ensure that third party brokers which manage discretionary accounts forward copies of all contract notes to the Compliance Officer.

Our investment analysts are permitted to invest on their own account in securities in relation to which they prepare research - whether on that particular investment, its issuer, or on related investments and issuers. However, they are not permitted to buy or sell relevant securities during the period when they know that research affecting those securities is being prepared for publication, nor for a period of 24 hours after publication of the research. In addition, they may only deal in relevant securities if the deal is not contrary to their published recommendation or to realise cash to meet pressing unrelated financial obligations. If investment analysts or their associates have a personal holding of the investment concerned, this is specifically disclosed in the research document.

5.8 Execution of Client Orders

VSA’s Order Execution Policy requires employees to take all reasonable steps to achieve the best overall trading result for clients; to exercise consistent standards; and operate the same processes across all markets, clients and financial instruments in which it operates.

VSA’s Client Order Handling Policy explains how VSA will handle client orders in relation to other clients’ orders and its own trading interests.

There may be occasions when clients’ orders may have a material effect on a relevant 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, VSA has a “no front running” policy.

In order to ensure a fair and orderly dealing environment within the market, VSA requires its employees to comply with its Compliance Manual, as well as the relevant FCA Rules, which aim to prevent insider trading, the misuse of information and market manipulation.

5.9 Handling confidential and inside information flows

VSA occasionally receives, handles and generate amounts of confidential and inside information. In order to ensure that in no circumstances the clients' interests are damaged and/or create adversely affected VSA has designed and implemented adequate systems and controls to prevent the misuse of this information.

5.9.1 Insider List

VSA has drawn and maintain a list of all persons who have access to inside information including those that have been made insider whereas not in the course of their employment and persons providing services to VSA.

It has also drawn and maintains a list of all financial instruments/transactions VSA know or ought to know to be inside information and any other it considers to be relevant to prevent and manage existing or potential Conflict of Interest.

The list is maintained and regularly updated by the Compliance Officer and is communicated to VSA management Committee as appropriate.

5.9.2 Need-to-know principle

Need-to-know principle is a frequently used principle in the financial industry that includes the obligation for staff to only share confidential and inside information where certain criteria are met to (i) mitigate the risks of market abuse and inside dealing, (ii) prevent or manage appropriately conflicts of interest and (iii) preserve clients interest and personal data.

Where sharing such data/information all staff have to ensure that:

- The disclosure of confidential and inside information shall be accompanied by the imposition of confidentiality requirements on to whom the disclosure is made; and
- The disclosure is reasonable and shall enable the person to perform the proper functions of his/her employment, profession or duties; or
- The disclosure is reasonable, including for the purpose of facilitating any commercial, financial or investment transaction.

5.9.3 Information barriers

VSA has implemented information barriers or "Chinese walls". They are tangible where there is a physical separation between different business lines (including desks located in different rooms) and intangible where accesses to specific files/data are controlled and accessible to only designated staff or granted on case by case basis by senior management and/or Compliance for a determine period of time.

6 Recording conflicts of interest

VSA will record all conflicts of interest that arise, or may arise, on the Conflicts of Interest Register. It will be updated on a regular basis. The register will include the way VSA prevents of manages the conflicts and the person responsible. The Register will be organised by business lines, services or activities carried out.

The Conflicts of Interest Register will be provided to the Management Committee for review at least annually.

7 Conflict of interest identification and accepting to act where conflicts can be managed or prevented

VSA will record all conflicts of interest that arise, or may arise, on the Conflicts of Interest Register as outlined above. VSA will discuss its findings with the client and if conclusion is reached that conflict can be managed by the parties it is agreed that VSA continues to act.

8 Disclosure or declining to act where conflicts cannot be managed or prevented

For conflicts of interest that VSA cannot manage or prevent, VSA will either inform the client or decline to act for the client.

8.1 Disclosure

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in the view of VSA, 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 VSA in that particular situation. VSA must disclose to the client the general nature or sources of conflicts of interest and the steps taken to mitigate those risks. The disclosures will be recorded on the Conflicts of Interest Register.

The disclosure will be in writing and will include:

- A statement that the arrangement in place by VSA are not sufficient to ensure that the risk of damage to the interests of the client will be prevented
- A description of the specific conflict of interest taking into account the nature of the client or group of client to whom the disclosure is made
- An explanation of the general nature and sources of the conflicts of interest, the risks to the client that arise as a result of the conflict of interest and the steps undertaken to mitigate those risks
- Sufficient detail to enable the client to make an informed decision as to whether to proceed or not.

8.2 Declining to Act

Where VSA considers that it is not able to manage the conflict of interest in any other way, it may decline to act for a client.

9 Breaches of Conflicts of Interest Policy

Any breaches of the Conflicts of Interest rules will be recorded on VSA's breach log.