

Pyrford



# Conflicts of Interest Policy

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## 1. Scope

Pyrford has regulatory permissions to provide investment and ancillary services in the UK, EEA, USA, Canada and Australia. In all of these jurisdictions Pyrford must abide with rules and regulations which place emphasis in the management of conflicts of interest, good stewardship and fiduciary responsibilities towards clients.

This policy applies to Pyrford International Ltd, all employees and contractors. It sets out our approach to identify and manage conflicts of interest which may arise during the course of our business.

In addition to this Policy, we are also bound by the BMO Financial Group Code of Conduct. The Code outlines five principles which set a performance standard BMO adheres to. Principle 5 deals directly with ensuring personal and business affairs do not conflict – or appear to conflict with – BMO's interests or other interests of BMO's current or prospective customers, counterparties and suppliers.

## 2. Policy Statement

Pyrford is required to establish, implement and maintain a conflicts of interest policy outlining how to manage conflicts of interest fairly, both between ourselves and our clients and between clients. For the purposes of identifying the types of conflict that arise, and whose existence may entail a material risk of damage to interests of a client, we will take into account whether we, our employees, or persons directly or indirectly linked by control to us:

- Are likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- Have 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;
- Have a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Carry on the same business as the client;
- Receive or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

## 3. Business Activities

Pyrford is part of BMO Global Asset Management, a brand name for various affiliated entities of BMO Financial Group that provide investment management services. Pyrford's consolidation group comprises of a broker-dealing entity, BMO Capital Markets London Ltd, which provides Investment and Corporate Banking services to a customer base of pre-dominantly public listed companies. While Pyrford is part of a diversified financial service group, we operate as an independent boutique firm and our only business is portfolio management.

## 4. Identifying conflicts of interest

Our approach to dealing with conflicts of interests is to avoid them in the first place. If this is not possible we manage them by putting in place systems and controls which take the form of policies, processes and controls and organisational arrangements. All policies and procedures are assigned 'owners' and subject to cyclical reviews to ensure they remain adequate and appropriate.

Pyrford's Risk and Compliance Committee performs a half-yearly review to identify actual and potential conflicts of interest. As part of the review, the Committee has the mandate to challenge controls in place, or direct new controls, to demonstrate effectiveness of our organisational arrangements.

## 5. Managing conflicts of interest

We may adopt the following to prevent or manage a conflict of interest:

- **Chinese walls or information barriers:** Procedures to prevent or control the exchange of information between relevant persons;
- **Oversight arrangements:** Separate supervision of persons whose principal functions involve carrying out activities on behalf of clients whose interests may conflict;
- **Remuneration:** The removal of any direct link between the remuneration of persons engaged in one or more activities which may result in a conflict of interest;
- **Administrative arrangements:** Measures to prevent or limit any person for exercising inappropriate influence;

- **Segregation of duties:** Measures to prevent or control the simultaneous or sequential involvement of a person in separate activities where such involvement may impair the proper management of conflicts of interest.

Should the above measures be inadequate, or the conflict of interest material in nature, the matter will be escalated to Pymfords' Executive Committee who will decide on the appropriate course of action. The Committee may decide to:

- Make a disclosure to clients affected by the conflict of interest as a last resort where organisational and administrative arrangements to prevent or manage conflicts are not sufficient;
- Decline to act in such circumstances as a last resort.

## 6. Conflicts of interest register

We are required to identify, with reference to the specific investment services and ancillary services carried out on behalf of clients, circumstances which constitute or may give rise to a conflict of interest. We maintain a register of all actual and perceived conflicts of interest that exist in our business and also record controls in place to manage them.

The following is a summary of our systems and controls arrangements which effectively deal with conflicts of interest.

### Side by side management

Pymfords' investment team manage accounts and funds (including Pymfords' own funds) which have different objectives, fees, and benchmarks. The team is organised by geography and all members of the team are part of the Global Stock Selection Committee. All client portfolios are allocated to models based on their investment strategy. Any changes to the portfolios are done at the model level; this allows trades to be aggregated across client account before they flow to the traders for placement and execution.

### Use of sensitive non-public information

On a rare occasion portfolio managers as part of their investment research activities may receive material non-public information about a company. Our market abuse prevention policy outlines the information barriers we create to restrict the flow of sensitive information within Pymfords. All employees are subject to compliance with the policy. Employees also receive face to face training as well as scheduled regulatory update sessions which embed the requirements of the policy.

### Proxy voting

Potential conflicts of interest arising from proxy voting activities include the following:

1. Voting in shares of a company related to Pymfords;
2. Instructions from clients for voting their shares conflicting with our judgement of the best interests of other clients;
3. Voting in the shares of companies with which we have a commercial relationship;
4. Voting in the shares of a company in which employees have personal holdings.

We have established Proxy Voting guidelines so that proxies are voted in the best interests of our clients. These are publicly available and establish in advance the likely way we would vote on commonly proposed agenda items. These guidelines are the basis for all proxy voting decisions but any deviation from them in situations where a conflict is identified must be documented.

Where a conflict arises between a client's direct instruction and our voting guidelines we will vote proxies represented by the client's shareholding in line with their instruction and all other proxies in line with our guidelines.

We are fully committed to the Financial Reporting Council's stewardship code and comply with all of the principles. In addition we also fully commit to the UN supported Principles for Responsible Investment. Our full Stewardship Code submission can be found on our website and contains a detailed section on our approach to managing conflicts of interest in relationship to stewardship activities.

### Personal relationships

Employees may not serve as a director, officer, employee, trustee or general partner of any other entity without prior approval. A list of employees with external directorships and the nature of the company is known in order that any potential conflicts of interest can be identified. Employees are also required to submit half yearly attestation of compliance with conflicts of interest.

### Performance fees

To ensure the fair treatment of all clients and to maintain the highest standard of business conduct, all clients are allocated investment opportunities equally.

## **Cross trading**

We do not engage in cross transactions across multiple client accounts. While this is entirely possible within our control arrangements, we are bound by regulatory requirements in some jurisdictions which explicitly prohibit such transactions.

## **Order allocation**

Orders are executed and allocated in an equitable and fair manner. Pырford does not deal in principal for its client's accounts and does not match orders for clients buying and selling the same security. We may aggregate similar orders in the same security for multiple clients if it is in the interest of the clients. We have an order allocation process which requires portfolio allocation to be done at pre-trade level and an investment process which offers equitable treatment to all portfolios in a strategy

## **Gifts and entertainment**

We have adopted a policy which restricts employees from accepting or giving any gift over specified amounts, unless approved as having a legitimate business purpose. The policy equally applies where Pырford is offering gifts and entertainment to clients or third parties.

In addition to the above we are bound by BMO Financial Group's anti-bribery and corruption standard which sets out a framework to identify, manage, mitigate and report bribery and corruption risk.

## **Group structure**

As a policy we do not invest client assets in the equity of our parent company (BMO Financial Group – BMO CN) so avoid the potential conflicts which that would bring.

An affiliate in the BMO Financial Group and Pырford's immediate consolidation group provides investment and corporate banking services to public listed companies – some of which may be public listed companies that Pырford may invest in.

There is a Chinese Wall and physical separation of offices between Pырford and BMO Capital Markets. Pырford does not utilise any brokering or research services from its parent or an affiliate or subsidiary within the group structure. Directors discuss interests common to BMO Financial Group but do not discuss individual transactions or ongoing client activity between businesses.

Pырford utilises the services of affiliates in BMO Financial Group for distribution of investment products and strategies only.

## **Investment research**

Our policy on dealing commissions is to pay for investment research out of our own resources. We do not levy a separate research charge to any client so that there is no risk of cross-funding and subsidisation between client groups.

## **Remuneration**

Pырford's remuneration structure does not incentivise employees to prefer one client over another, or selling or managing one product over another. Remuneration for all staff consists of a competitive base salary and a performance related bonus based on the individual's contribution to the strategic objectives of the business.

## **Personal account dealing**

Our Code of Ethics and personal account dealing policy detail requirements to obtain pre-clearance for personal trades and quarterly shareholding attestations.

Personal transactions by employees are subject to pre-clearance and post-trade disclosure

## **Seed capital**

From time to time we may see an opportunity to launch a product or strategy where we see potential for demand or growth. As part of normal business practice, we may invest our own money into the product. In these circumstances Pырford becomes an investor in the product and is treated no differently to other investors and shareholders.

Seed capital is managed under the BMO Financial Group seed capital directive detailing the investment criteria, objectives, valuation and divestiture requirements of capital invested in own products. Seed capital is also subject regulatory requirements which restrict the use and tenure of investments in products using our own money.

## **Rebates and retrocessions**

Pырford does not have any arrangements where it receives rebates and retrocessions in the course of its activities. Fee rebates and retrocession arrangements paid by Pырford are validated to ensure compliance with applicable regulatory rules.

## BMO Investments Ireland plc

BMO Investments Ireland plc (the fund) is an independent company overseen by a board of directors. Pырford is the appointed investment manager to the fund. A number of directors in the fund are employees of Pырford or a BMO affiliate. The fund's board composition meets Irish regulatory requirements for the fund company to have at least two directors who are independent.

## 7. Disclosure to clients

We will disclose to clients the basis of this Policy prior to entering into any arrangements with them. The disclosure will be made in the Investment Management Agreement, and we also include a summary of the Policy on our website.

We will ensure that the disclosure of a conflict of interest is a measure of last resort that will be used only where the organisational and administrative arrangements put in place to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client shall be prevented. We will disclose the general nature and / or sources of the conflict to the clients as soon as the situation arises and provide sufficient detail to enable the client to take an informed decision with respect to the service we provide. We do not consider disclosure alone to constitute resolution of a conflict and may decline to act in circumstances where there may be a risk to managing the situation adequately.

## DISCLAIMER

This document is issued by Pырford International Ltd (Pырford), which is authorised and regulated by the UK Financial Conduct Authority (FCA). Pырford International Ltd is a wholly-owned subsidiary of BMO Financial Group, a company listed on the Toronto Stock Exchange (ticker BMO).

BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group that provide investment management, trust and custody services. Certain of the products and services offered under the brand name BMO Global Asset Management are designed specifically for various categories of investors in a number of different countries and regions and may not be available to all investors. Products and services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations. BMO Financial Group is a service mark of Bank of Montreal (BMO).

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