

Conflicts of Interest Policy

Introduction

Edinburgh Partners Ltd (EPL) has a duty to take all reasonable steps to identify and manage conflicts of interest which can arise between the firm, its employees and its clients as well as those conflicts which exist between different clients of the firm.

This Policy is designed to meet the firm's regulatory requirements in relation to the identification and management of conflicts of interest and to ensure the firm always acts in the best interests of its clients.

The FSA sets out in SYSC 10 areas where conflicts may arise.

Where the firm or any employee:

1. Is likely to make a financial gain, or avoid a loss, at the expense of the client;
2. Has an interest in the outcome of a service or transaction conducted on behalf of a client which is distinct from the client's interest;
3. Has an incentive to favour one client over another;
4. Carries on the same business as a client; or
5. Receives an inducement from a person other than the client.

Responsibility

All members of staff are responsible for considering the business activities within their area and the possibility for conflicts to arise. Where a possible conflict of interest arises, staff should report this immediately to the Regulatory and Operational Risk Department who will consider what action (if any) requires to be taken. Depending on the situation this could require the disclosure of the conflict to clients, refraining from taking a course of action or documenting the potential conflict in the firm's conflicts matrix.

EPL has identified a number of possible areas for conflicts to arise and these are documented in the firm's conflicts matrix. The matrix is reviewed annually by the Operational Management Committee. In addition, the Regulatory and Operational Risk Department conducts monitoring activity over a number of potential conflicts and their controls.

Management of Conflicts

EPL is an independent investment management firm. It is 75% owned by its employees. It has one subsidiary (Edinburgh Partners North America Inc a services company) and concentrates solely on institutional investment management. It has no other businesses. EPL does not hold any client money or assets.

As potential conflicts of interest can arise in a number of EPL's activities the firm has a series of policies and procedures designed to manage conflicts of interest. The policies and procedures in place include:

1. Insider Dealing and Market Abuse

EPL has an Insider Dealing and Market Abuse policy which is set out within EPL's Compliance manual which all members of staff attest to at least annually. It is also included in Regulatory and Operational Risk training for new staff and is further enforced via EPL's Personal Account Dealing policy and the use of a restricted list.

2. Personal Account Dealing

EPL has a Personal Account Dealing policy, and these rules are signed off as understood by all staff on at least an annual basis. Permission has to be sought for any deal prior to dealing and permission is only

granted for a limited time period. EPL maintains a list of restricted stocks, at no time may any employee place a personal trade any stock from this restricted list.

3. Inducements

EPL has a Gifts and Entertainment policy which is monitored by the company's Regulatory and Operational Risk area on a regular basis. With the exception of very minor amounts, no entertainment or gifts may be accepted from companies or brokers without permission. All relevant items of gifts or hospitality are required to be recorded in a central log.

4. Anti-Bribery

EPL has a zero tolerance policy towards bribery and has a commitment to provide business in a fair, open and honest manner. An Anti-bribery policy is in place which prohibits all staff from offering, promising, giving, requesting or accepting a bribe.

5. Trade execution

EPL also has in place strict procedures for dealing with clients which are designed to ensure that each client is dealt with fairly. The Regulatory and Operational Risk area within EPL monitors deals on behalf of clients to ensure that they are undertaken in line with in house procedures and in accordance with regulatory requirements.

6. Broker Research

EPL carries out research, but this is solely for the benefit of clients and is not published or distributed in any way (other than to existing clients). Client commissions will only be used to pay for 'permitted' research as defined by the UK Financial Services Authority, Canadian regulatory authorities and by the SEC safe harbor rules.

7. Portfolio turnover

The Performance Department of EPL monitors turnover within each of the portfolios. The Regulatory and Operational Risk area undertakes sample reviews of turnover as part of the compliance monitoring programme. This enables excessive turnover to be relatively easily identified and an explanation sought.

8. Aggregation and allocation of client orders

In order to ensure as fair treatment as possible for clients, EPL's Execution policy ensures that a strict order priority system is utilised. No portfolio manager may place an order for a stock which is already being worked until the first order is completed unless there are exceptional circumstances which are closely defined. The allocation of a deal is undertaken on a pro rata basis with the only exceptions being for de minimis orders for clients. In these circumstances the random allocation facility within the front office system is utilised.

9. Confidentiality

EPL has in place processes and procedures to ensure that any information disclosed to it are kept both confidential and secure.