



# WISE INVESTMENT

PLANNING FOR LIFE

## Conflicts of Interest Policy

### Introduction

Investment firms operating under the EU 'Markets in Financial Instruments Directive' (MIFID) have always been required to consider and manage potential conflicts of interest that arise between the firm and its clients that results in 'material risk'. In this regard, take steps to manage conflicts and where it is not possible disclosing them to the clients.

With effect from 3<sup>rd</sup> January 2018 MIFID II enhances the requirements above with the directive stating that a firm must consider 'all risks' rather than just 'material risks' and that a firm will take steps to identify, manage and prevent conflicts of interest and as a last resort disclose to the client if this is not possible.

### Identifying Conflicts of Interest

We must take all reasonable steps to identify conflicts of interest which may arise when we provide investment services to our clients.

### What is a conflict of interest?

Conflicts of interest arise where there is a mismatch of interests between:

- our own interests and those of a client;
- one client and another; or
- a Director or employee and a client and may arise at the start of a relationship or at any time during the relationship.

### The FCA requires us when identifying conflicts to take the following into consideration, as a minimum:

- 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 which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of one client over another client;
- Carries out the same business as a client;
- Receives an inducement from a third party in relation to a service provided to the client in the form of monies, goods or services, that is different from the standard commission or fee for that service

### Conflicts of Interest Policy

We take our responsibilities to our Clients very seriously and always treat our clients in a transparent and fair way. We will always consider if our action adversely impacts them. The MIFID rules around conflicts of interest apply regardless of the client type, be it, Retail, Professional or Eligible Counterparty.

## Regulated activities carried out by Wise Investment that may give rise to conflicts of Interest

- Execution of orders on behalf of clients
- Portfolio Management
- Independent Financial Advice

## Potential Conflicts of Interest

Taking into consideration all of the above, Wise Investment have identified the following areas that may give rise to a conflict of interest:

- **Inducements**
  - Gifts and hospitality –The giving or receiving of gifts or hospitality by or to our staff may create the appearance of partiality - We mitigate this risk by having a policy in place that all gifts and hospitality above £50 are logged and approved by the compliance officer
- **Offer a product that Wise Investment has a commercial interest in**
  - Recommend investment into Evenlode or Wise Funds, both entities are part of the same Group as Wise Investment and therefore benefit from a share of Management Fees – We mitigate this by continually surveying the market place and will only recommend these funds if their performance warrants the inclusion in the clients portfolio and the Target Market of these funds matches our clients interest
- **Personal account dealing**
  - Individuals may be in receipt of non-public information that should they trade in a personal capacity be to the detriment to the market and/or our clients. In addition, for more illiquid assets, a personal deal may impact on the ability of trades on behalf of our clients to complete in a timely manner –there is a policy in place for anyone in the firm that wishes to trade for personal purposes which includes recording the trade, providing a copy of the contract note and gaining prior approval of both the Portfolio Manager and the Compliance officer.
- **Order Execution and Allocation**
  - Wise Investment have 2 distinct client models ‘Discretionary’ where Wise Investment have the mandate to make investment decisions on behalf of the client and ‘Advisory’ where we need to gain explicit instruction from the client to deal on their behalf. Where portfolio changes are made, discretionary clients will be acted on immediately and therefore may receive a better price than the ‘Advisory client’ where the deal cannot be placed until authorisation is gained. Once authorisation is gained we will place the order as soon as possible.
  - Clients may be disadvantaged by using a Wise Investment favoured broker – Wise Investment do not directly trade with any broker instead the order is transmitted to Pershing who act as the Custodian to our clients who in turn will place the deal on our behalf. Both Wise Investment and Pershing have Best execution policies in place and these can be found on our website

- Order Allocation one client may be disadvantaged over another for a buy or a sell in the same asset on the same day. The conflict arises where different prices were gained on the different trades, therefore one or some clients may be disadvantaged due to receiving a less favourable price. – To mitigate this scenario should it happen, the trades would be aggregated at the point of placing the trade and then once the trades have been dealt in the market each client fund will receive a proportionate allocation with no favouritism to any client
- **Remuneration**
  - A client may be recommended services or products based on commission or sales targets set by the company rather than being in the best interest of the clients – To mitigate this no employee has sales targets or receives commission for the products or services the clients participate in. Staff are rewarded via a salary and discretionary bonuses based on the general profitability of the Group. It is the service to our clients that is important, and we therefore regularly monitor and supervise our staffs activities including advice given to clients, the frequency of transactions and the ratio of fees earned against value of assets under management
- **Receipt of non-public material information**
  - Wise Investment predominantly invests in Funds but from time to time will invest in other financial instruments. There are occasions where any member company of the group are made aware of information that is not public regarding an asset that is held in a fund or portfolio, there is a risk of conflict should Wise Investment or the person who is aware of the information use it inappropriately for personal gain or gain of the company or the funds it runs - We mitigate this risk by having physical and electronic information barriers in place preventing the exchange or misuse of the information that has been given. An individual wishing to undertake personal account dealing must first seek approval from the Fund managers and Compliance. All non-public information is recorded by the compliance officer and where possible a ban on trading across the firm is put in place until such time the information is made public.