



Punter Southall  
Financial Management

# **CONFLICTS OF INTEREST POLICY**

PSFM Limited

May 2016

# Conflicts of Interest

## 1. *Introduction*

This policy aims to uphold PSFM's reputation for integrity and Treating Customers Fairly, meeting FCA expectations (as outlined under Principle 8 and SYSC 10), as well as maintaining the trust and confidence of our clients. This document aims to summarise the key aspects of that policy.

## 2. *What is a conflict of interest?*

A conflict of interest arises where there is a reason within PSFM's control that prevents it from putting the interests of its clients before those of the firm and its employees, or the interests of one client or group of clients ahead of another client. In such a situation, the firm must pay due regard to the interests of each client and manage any potential conflicts of interests accordingly. The test is an objective one; namely, not what PSFM or its employees thought at the time, but what an independent outsider looking into the firm would have thought.

The underlying principle that must be followed at all times is that the interests of a client must always be put before the interests of the firm and/or its employees.

A conflict may exist, or be perceived to exist, if an employee's activity is, or may reasonably give the appearance of being, inconsistent with the best interests of PSFM's clients.

## 3 *Types of conflicts*

- 1) PSFM make a financial gain, or avoid a financial loss, at the expense of a client;
- 2) PSFM has an interest in the outcome of a service provided to a client, or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- 3) PSFM has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client;
- 4) PSFM carries on the same business as the client; or
- 5) PSFM receives 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 monies, goods or services, other than the standard commission or fee for that service.

#### **4 Procedures to reduce the chance of a conflict of interest occurring**

Conflicts are unavoidable in an integrated financial services business. PSFM undertakes a number of activities and provides a number of services where there is a risk that the interests of one or more clients could be compromised.

The following practices should be adopted to mitigate against potential conflicts of interest occurring:

##### **4.1 Recommending PSigma's Discretionary Management Service or Managed Portfolio Service**

Before recommending Discretionary Fund Management (DFM) or a Managed Portfolio Service (MPS) for a client we need to ensure that it is suitable for their circumstances and fits in with their investment objectives and realistic risk tolerance in accordance with the PSFM Conflicts of Interest procedures.

Only once a clear need for DFM or MPS has been identified, and evidence that the additional benefits outweigh any additional costs of DFM/MPS, should the choice of Discretionary Fund Manager (DFMgr) then be considered.

PSigma's DFM and MPS services should only be recommended by PSFM where it is the most appropriate provider of either of these services to meet the client's needs and objectives and where the client's circumstances deem that DFM/MPS is appropriate. If there is any doubt this should be discussed with the Head of PC.

Clients must be made aware of the relationship between PSigma and PSFM prior to the arrangement of the transaction. This should be evidenced on the client file and also confirmed in a clear, fair and not misleading manner within the suitability report.

##### **4.2 Recommending the PSFM SIPP or PSFM Simple SIPP.**

PSFM SIPP Limited's SIPP or Simple SIPP should only be recommended where it is the most appropriate provider of this service to meet the client's needs and objectives.

Clients must be made aware of the relationship between PSFM SIPP and PSFM prior to the arrangement of the transaction. This should be evidenced on the client file and also confirmed in a clear, fair and not misleading manner within the suitability report.

### **4.3 Power of Attorney and mandates**

Clients may ask an employee to act as a Power of Attorney or hold a mandate on their behalf. Such requests should be politely refused, unless previously approved by either the PSFM Head of Compliance or a PSFM Director.

### **4.4 Business with clients**

Wherever possible, employees should refrain from doing business with their clients.

Examples of business which should not be undertaken with a client include, but are not limited to:

- (a) purchasing goods and services from a client at less than full retail price;
- (b) selling goods or services to a client outside the normal course of business as an employee of the firm;
- (c) using a client's home when travelling or on holiday;
- (d) participating in investments where the client or employee has a controlling interest in the investment; or
- (e) employees using their own funds to transact on behalf of clients.

All employees and self-employed agents must follow the PSG Anti-Bribery and Corruption policy at all times and conduct business in an honest and ethical manner. PSG takes a zero tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates which means bribery can never be acceptable.

### **4.5 Gifts & Entertainment Policy**

(To be read in conjunction with the PSFM Gift & Entertainment policy)

#### **4.5.1 Receipt of gifts and entertainment**

All employees and self-employed agents are prohibited from soliciting, receiving or accepting a gift, gratuity, favour (such as borrowing a car or holiday home), loan or entertainment either directly or indirectly, from persons or organisations engaged in business, or in competition, with the Firm.

#### **4.5.2 Giving gifts or entertainment**

All employees are prohibited from giving a gift or making a payment to any person or organisation that engages in business with the Firm, except with the permission of a PSFM Director.

#### *4.5.3 Occasions where an unsolicited gift or entertainment may be accepted:*

Employees may only accept unsolicited gifts where the gift has a nominal value of less than £50 or its foreign currency equivalent or with the approval of PSFM management.

Employees may only accept unsolicited entertainment where the entertainment has a nominal value of less than £150 or its foreign currency equivalent or with the approval of PSFM management.

#### **4.6 Personal Account Dealing**

The firm's PA Dealing Rules prohibit any employees from dealing in or holding securities, or their derivatives in any company for whom PSFM acts as an adviser.

### **5 Management of Conflicts of Interest**

It may not be possible to prevent conflicts of interest from occurring. In that case, PSFM will endeavour to manage the conflict of interest by:

1. Disclosure to the client
2. Establishing an information barrier (Chinese Wall)
3. Declining to provide the service.

If PSFM or an employee finds itself in a situation that gives rise to a possible conflict of interest, then the correct course of action available to it will depend, to a large extent, on the circumstances. Any decision relating to a conflict of interest must be made by a PSFM Director.

#### Disclosure to the client

PSFM will clearly disclose the general nature and source of the conflict of interest to the client before undertaking business for the client. The disclosure will be made in writing and include sufficient detail to enable the client to take an informed decision about the service in the context of which the conflict has arisen.

#### Chinese walls

Essentially this requires the information held by PSFM to be withheld, or not used by another part of PSG. The use of the Chinese wall will be established and enforced by the Compliance Department. It will include the segregation of data (e.g. data held by the PSFM being withheld from PS Aspire or PSHP).

## Declining to provide the service

If it is not possible to avoid or manage a conflict of interest PSFM may have no choice but to decline the service requested by the client.

### **6. *What to do if you suspect that a conflict of interest has arisen or may arise***

- 6.1 Each employee has a duty to report promptly any possible conflict of interest situation by notifying his or her line Manager or the PSFM Head of Compliance.
- 6.2 Best practice always dictates that it is better to seek guidance early on any situation that may give rise to a possible conflict of interest rather than to wait until the conflict of interest arises. Management in the firm are always willing to look at any particular situation and give advice on whether they consider that there is a possible conflict of interest.

### **7. *Recording conflicts of interest***

PSFM management is aware of the importance of taking conflicts of interest into account when developing our business. Any significant issues concerning conflicts are recorded and reviewed at Board level.

### **8. *Review***

PSFM will review this Conflict of Interest Policy at least annually, and where appropriate, on an ad hoc basis, to ensure it adequately reflects the types of conflicts that may arise, and how PSFM manage those conflicts.