ASSET VALUE INVESTORS LIMITED

CONFLICTS OF INTEREST POLICY

December 2016

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1. INTRODUCTION

The Firm conducts its business in accordance with FCA Principle 8 which requires the Firm to manage conflicts of interest fairly, both between the Firm and its clients as well as between one client and another client.

SYSC 10.1 requires the Firm to take all reasonable steps to identify conflicts of interest that arise in the course of the Firm providing its services, between:

- the Firm including its managers, directors, partners, employees or any person directly or indirectly linked to them by control (collectively "**Staff**"), and a client of the Firm; or
- one client of the Firm and another client.

In addition, where the Firm acts as the Alterative Investment Fund Manager ("**AIFM**") to an Alternative Investment Fund ("**AIF**"), this obligation is extended to managing conflicts in such a manner to prevent them from adversely affecting the interests of the AIF or its investors and to ensure that the AIFs managed by the Firm are fairly treated.

For AIFs in respect of which the Firm acts as AIFM, the Firm is required to identify conflicts of interest between:

- the Firm, including its Staff, and the AIF or its investors;
- the AIF or its investors and another AIF or its investors;
- the AIF or its investors and another client of the Firm; and
- the AIF or its investors and a UCITS managed by the Firm or its investors.

The Firm's policy is to take all reasonable steps to maintain and operate effective organisational and administrative arrangements to identify, and adequately manage potential and actual conflicts of interest in the Firm's business.

This document constitutes the Firm's Conflicts of Interest Policy (the "**Policy**"). The Policy applies to all Staff of the Firm. It aims to identify the circumstances which constitute or may give rise to a conflict of interest and specifies procedures to be followed and measures to be adopted in order to manage such conflicts.

The Firm maintains a Conflicts Register (see Appendix A) which contains a summary of the Firm's conflicts and the procedures in place to manage them. The Conflicts Register is updated whenever a new conflict is identified.

2. IDENTIFYING TYPES OF CONFLICTS OF INTEREST

For the purposes of identifying the types of conflict and potential conflicts that arise which may entail a material risk of damage to the interests of a client, the Firm must take into account whether the Firm or a member of Staff:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client, the AIF or an AIF investor;
- has an interest in the outcome of a service provided to the client, the AIF or an AIF investor or of a transaction carried out on behalf of the client or AIF, which is distinct from the client's or AIF's interest in that outcome;
- has a financial or other incentive to favour the interest of one client or group of clients or another AIF over the interests of the client or of the AIF or to favour the interest of one investor over the interest of another investor or group of investors in the same AIF;
- carries on the same business as the client or carries out the same activities for the AIF as for another AIF or client; or
- receives or will receive from a person other than the client or AIF or its investors an inducement in relation to a service provided to the client or the AIF, in the form of monies, goods or services other than the standard commission or fee for that service.

3. MANAGING CONFLICTS

3.1 GOVERNANCE

The Firm has robust governance arrangements and senior management oversight of the business. Key business decisions are taken by the Governing Body which understands the Firm's obligations to manage and mitigate conflicts of interest. The Firm's senior management are responsible for ensuring that the Firm's systems and controls and procedures are robust and adequate to identify and manage any conflicts of interest that may arise.

It is the on-going responsibility of all Staff to identify potential and actual conflicts of interest as they arise in the Firm's business and to notify the Compliance Officer immediately. The Compliance Officer is responsible for implementing appropriate procedures to manage and monitor those conflicts and reports directly to the Governing Body on a regular basis. Management information relevant to identifying conflicts is reviewed by the Compliance Officer (including risk reports, monitoring of account and position statements produced by the Firm's third-party administrators for client assets and other risk scenarios).

3.2 SEGREGATION OF FUNCTIONS AND INDEPENDENCE

The Firm has a clear organisational structure with well-defined, transparent and consistent lines of responsibility.

The Firm has structured its senior management to appropriately segregate duties so as to avoid conflicts of interest wherever possible.

The Firm also has external compliance consultants to advise on the Firm's compliance programme, to undertake independent review of the Firm's satisfaction of its regulatory obligations, including its management of conflicts of interest and its on-going monitoring requirements.

3.3 INFORMATION BARRIERS

The Firm has effective procedures to prevent or control the exchange of information between Staff engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.

3.4 REMUNERATION

The Firm has a documented Remuneration Policy detailing the Firm's approach to remuneration and compensation arrangements.

The Firm's interests and the Staff's interests are aligned with those of the Firm's clients. Pay and bonuses are linked to numerous factors and the Remuneration Policy ensures that incentives are consistent with the provision of fairness and do not create conflicts.

3.5 PERSONAL CONFLICTS OF STAFF

All Staff are required to disclose in writing any conflicts of interest upon commencement of employment with the Firm and on a periodic basis. Staff shall disclose any potential or actual conflicts of interest directly to the Compliance Officer.

3.6 DISCLOSURE TO CLIENTS

If the Firm's arrangements to manage a potential conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to a client's or AIF investor's interests is prevented, the Firm will disclose the conflict to the client or AIF investor in writing. The disclosure will provide sufficient detail to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest has arisen.

3.7 DECLINING TO ACT

The Firm may decline to act for a client in cases where the Governing Body believes the conflict of interest cannot be managed in any other way.

3.8 POLICIES & PROCEDURES

In addition to this Policy, the Firm has comprehensive policies and procedures which are designed to establish consistent controls to manage and mitigate conflicts. These policies cover areas such as Insider Dealing and Market Abuse, Gifts, Inducements and Business Entertainment, Fraudulent Practices and Money Laundering and Whistleblowing.

4. RISK MANAGEMENT FUNCTION: SAFEGUARDS AGAINST CONFLICTS OF INTEREST

The Firm has established a permanent risk management function in accordance with its regulatory obligations. The Firm is required to ensure that certain mandatory safeguards against conflicts of interest relating specifically to the risk management function are in place. These mandatory safeguards are set out in the Checklist at Appendix B of this Policy. The Firm periodically reviews its procedures to ensure that the mandatory safeguards against conflicts of interest, together with any additional safeguards that the Firm identifies as being required, are properly implemented.

5. STAFF TRAINING

Upon joining the Firm, Staff receive guidance and training in respect of this Policy to ensure they are aware of the importance of the Policy and the need to report any potential or actual conflict of interest immediately to the Compliance Officer.

6. UPDATING AND REVIEW OF THIS POLICY AND CONFLICTS REGISTER

This Policy and the Firm's Conflicts Register will be updated at least annually and whenever new services or products are provided by the Firm, new conflicts are identified either by Staff or as part of the Firm's compliance monitoring programme, or new procedures to manage conflicts are put in place.

[NOTE TO CLIENT: Not all conflicts described in this template conflicts register may apply to your business. Furthermore, additional conflicts may arise in your business that should also be documented here. Our consultants are available to assist in your review of this register against your business if you wish.]

APPENDIX A

EXAMPLE: CONFLICTS REGISTER

Potential & Actual Conflicts	Mitigating Controls / Applicability
Valuation – Where the Firm may exercise a significant amount of influence over valuations of hard to value securities in its favour, which may increase fees and/or assets under management. The ability of the Firm to influence the reported valuation of a fund that it manages could be to the detriment of investors entering or exiting the fund.	• The Firm has procedures and controls documented in its Valuation Policy • Independent Administrator, on behalf of the Fund
Trade Allocation – A potential conflict exists if the Firm gives priority in trade allocation to one client over other clients.	• The Firm has procedures and controls documented in its Aggregation and Allocation Policy
Proprietary Trading – Where the Firm trades on its own account potentially to the detriment of a client.	• The Firm does not undertake proprietary trading
Different strategies and mandates – Where different objectives and mandates might lead to a conflict between the Firm and its clients. For example, a potential conflict arises when portfolio managers are simultaneously long and short in the same security in different portfolios due to different strategies, objectives or time horizons.	• The Firm's portfolio management team does not manage conflicting strategies • The Firm's portfolio management team ensures compliance with the investment guidelines of each of the funds and / or segregated account mandates that it manages
Trade execution / use of dealing commissions – Conflicts may arise with the Firm's duty of best execution when the Firm executes with brokers who do not provide the best result or execution quality and/or do provide the Firm with research as well as execution services.	• The Firm has procedures and controls documented in its Order Execution Policy • The Firm has procedures and controls documented in its Use of Dealing Commissions Policy • The Firm does not enter into any commission sharing or 'soft dollar' arrangements • The Firm undertakes ongoing monitoring of execution
Independent performance of risk management function – the risk management function should operate independently from other	• The Firm employs a dedicated Risk Officer who does not perform a front office

Potential & Actual Conflicts	Mitigating Controls / Applicability
business functions, in particular, portfolio management.	role and whose variable remuneration is based upon the performance of his duties
Delegation – Where the Firm delegates key functions to third parties that have other clients and/or competing obligations.	• •The Firm enters into written agreements with third parties • Where applicable, third parties are required to disclose conflicts to the Firm
Liquidity profile – Where the level of redemption requests are not aligned with the liquidity profile of the fund due to investment in illiquid assets – investors who have not redeemed may be disadvantaged if the Firm uses liquid assets to satisfy a redemption request of another investor.	• The Firm has procedures and controls in its documented Liquidity Management Policy • Alignment of liquidity profile, liquidity limits and stated investment objective/strategy • Liquidity stress testing
Side Letters – Where one client receives information that could place other clients who do not receive the information at a material disadvantage or where one client is given preferential terms over another client.	• Disclosure of the existence of side letters and the ability of the Firm to grant other investors preferential terms in offering memorandum (for funds) • Written disclosure to all clients affected
Remuneration – Where portfolio manager remuneration is performance based, there may be an incentive to manage funds in a more speculative and risky manner. Care needs to be exercised to ensure that managers do not seek to improve performance by taking on overly risky positions close to a valuation date in the hope of reaching any performance target.	• Trading strategy focuses on the long term and complies with the investment mandate set out in the offering memorandum or investment management agreement. • Compliance with the investment restrictions is monitored on a regular basis • The Firm has a documented Remuneration Policy • The Firm does not performance fees from any of the Funds / Accounts it manages
Trade Errors – Where the Firm benefits from a trade error to the detriment of the client.	• All trade errors are resolved fairly and in the best interest of the client. • The Firm has a documented Trade Errors Policy
Cross Trading – Where crossing is not in the best interests of both clients.	• Any cross trading is only permitted if it is in the best interests of all clients to the trade • Trades executed at market price • The Firm has procedures and controls documented in its Order Execution Policy
Proxy Voting – Where the Firm is not voting proxies in the best	• The Firm has procedures and controls documented in its Proxy Voting Policy

Potential & Actual Conflicts	Mitigating Controls / Applicability
interests of its clients.	
Personal Account Dealing – Where staff undertake personal securities transactions while potentially in receipt of material non-public information or front run client accounts.	• The Firm has procedures and controls documented in its Personal Account Dealing Policy • Pre-approval of trade requests required for personal dealing • The Firm maintains a Restricted List • Strict prohibition and documented procedures and controls on use of inside information • The Firm undertakes on-going trade monitoring
Gifts, Inducements and Entertainment – Where any gift, inducement or other entertainment is given to or received from brokers/service providers to influence the business relationship between the Firm and its service providers.	• The Firm has documented procedures and controls in its Gifts & Entertainment Policy and Register • The Firm has documented its policies and procedures with regard to Bribery within its Compliance Manual
Outside Business Activities & Directorships – Where staff undertake outside business activities which may conflict with the interests of the accounts and funds managed by the Firm.	• Disclosure and pre-approval of all outside business activities • No known conflict between the owners/staff of Goodhart Partners LLP and the owners/staff of the Firm
Different fee structures – Conflicts may arise from differing funds and clients with differing fee structures. Due to the different fees, there is a potential conflict as portfolio managers might favour those clients that generate higher fees.	• Documented Aggregation and Allocation Policy

APPENDIX B

RISK MANAGEMENT FUNCTION: SAFEGUARDS AGAINST CONFLICTS OF INTEREST: MINIMUM REGULATORY REQUIREMENTS CHECKLIST

Safeguard	Firm's Response	Compliant (Y / N / N/A)
Decisions taken by the risk management function are based on reliable data, which are subject to an appropriate degree of control by the risk management function.	The risk management function has independent control over the risk management related systems. Data is sourced from external service providers and other departments of the Firm and analysed by the risk management team for consistency, reliability and accuracy.	
The remuneration of those engaged in the performance of the risk management function reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.	The staff members engaged in the risk management function are awarded a combination of fixed and variable remuneration. Fixed remuneration is determined in accordance with prevailing market rates. Variable remuneration is determined with reference to the individual's performance vis-a-vis the duties they perform, including any duties related to the risk management function, but is not primarily determined by reference to the performance of the portfolio management function.	
The risk management function is subject to an appropriate independent review to ensure that decisions are being arrived at independently.	The risk management function is subject to a comprehensive regular review by the Firm's Board of Directors. Risk management reports are regularly reviewed by the Firm's outsourced compliance advisers.	
The risk management function is represented at senior management level, at least with the same authority as the portfolio management function.	The Firm considers that members of senior management act in an executive capacity, regardless of their other day-to-day responsibilities within the Firm. Senior management are aware of the requirement for the risk management function and portfolio management function to have equal authority at senior management level, and that executive decisions that affect the respective functions should reflect this.	
Any conflicting duties are properly segregated.	Personnel engaged with the risk management function may perform other operational related functions. However, personnel do not have risk related duties in respect of the operational functions they perform.	