

VAR CAPITAL

VAR Capital Limited

Firm's FRN: 718558

Conflicts of Interest Policy

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1 Introduction

VAR Capital Limited ("VAR") is authorised and regulated by the Financial Conduct Authority ("FCA") for the activities of investment management and investment advice.

The FCA has a series of overarching principles that set out at a high level how firms are expected to operate. Under the FCA's Principle for Business, Principle 8 (Conflicts of Interest) VAR are required to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between itself and its clients and between a client and another client¹. VAR are also bound to follow the specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) section of the FCA rules.

Under MiFID II² regulated firms such as VAR are required to consider all risks rather than material risks associated with conflicts of interest. MiFID II places a greater emphasis on the management of/elimination of conflicts rather than disclosure.

VAR believes the success of its business depends on clients' confidence in the integrity and professionalism of its personnel. Integrity requires, among other things, being honest and candid. This policy sets out in summary how VAR identifies, seeks to eliminate and where elimination is not possible to effectively manage and disclose conflicts.

This policy is a public document and supplements further internal policies and procedures such as the Gifts and Entertainment Policy and Personal Account Dealing Policy.

2 What does our conflict of interest policy aim to achieve?

Identify any potential circumstance which may give rise to conflicts of interest, and which pose a material risk of damage to clients' interests:

- (i) establish and maintain procedures that whenever possible prevent conflicts of interest arising;

¹ The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) section of the FCA rules.

² Directive EU2014/65EU

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- (ii) if a conflict exists consider whether it is possible to eliminate the conflict;
- (iii) if a conflict exists, establish appropriate mechanisms and systems to manage those conflicts;
- (iv) maintain systems in an effort to prevent actual damage to clients' interests through the identified conflicts; and
- (v) where conflicts cannot be avoided to make sufficient disclosure to the client such that the client is able to make an informed decision based on the conflict.

3 What is a Potential Conflict of Interest at VaR?

VaR's regulated activities are centred on portfolio management services, and the Firm does not manage either regulated or unregulated funds and is not a manufacturer of its own products. Its portfolios are predominantly focussed on "large cap" stocks and bonds.

Therefore, given there is no potential conflict in regards cross referring clients to our own products we have identified the following potential or theoretical situations where a conflicts of interest could occur:

- (i) where the firm is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (ii) where the firm has 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;
- (iii) where the firm has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (iv) VaR's management or staff trade in the same or similar financial instruments as our clients;
- (v) VaR 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 What do we do about conflicts?

VAR has sought to identify conflicts of interest that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on its clients. VAR monitors and regularly evaluates the adequacy and effectiveness of its systems, internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies

4.1 Dealing on own account

VAR does not deal on its own account. The firm is never a counterparty to any trade with a client. VAR never has any positions in financial instruments we are trying to exit by selling them to a client nor are we ever trying to build up a position in financial instruments for our own benefit by buying shares or other instruments from a client.

4.2 Client Orders

VAR does not take orders from clients.

4.3 Personal Account Dealing

VAR operates a personal account dealing regime and the rules are signed off as understood by all relevant employees regardless of their position within the company. The policy is designed to properly avoid/manage conflicts of interest between trading by staff and trading by the firm on behalf of clients.

4.4 Investment Research and Advice Given

VAR takes reasonable care to ensure that any research recommendation produced or disseminated by it is fairly presented and that all authors remain objective and impartial in all written communications. VAR does not deal on the financial markets on its own account.

4.5 Receipt of services from brokers including investment research

VAR assesses all services that it receives from brokers, including investment research against the FCA's inducement rules. [VAR operates a research payment account ("RPA") that is fully disclosed in the offering memorandum.]

4.6 Gifts and Entertainment

VAR has strict rules regarding the receipt of gifts and entertainment. Employees are not allowed to accept gifts, entertainment or any other inducement from any person which might lead them to benefit one client at the expense of others when conducting investment business. In order to achieve this, we have a policy whereby all gifts and entertainment above pre-set limits have to be approved by the compliance officer. The compliance officer will only sanction occasional items above the pre-set limits if he is satisfied that the acceptance of the gift or entertainment does not generate a conflict.

4.7 Regulatory Walls

Where appropriate VAR will manage conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information within the Firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from (or not to be used by) persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a Regulatory Wall (formerly “Chinese Wall”) and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.

4.8 Remuneration Policy

We have a remuneration policy that is designed to reward staff for their performance. We regard the fair treatment of clients as critical to our success and when deciding how to reward staff. The compliance of staff with our compliance processes and their commitment to the fair treatment of client are a key part of the remuneration decision.

4.9 Outside Interests

A conflict of interest could potentially arise where an individual’s ability to apply judgement or act in one role is, or could be, impaired or influenced by a secondary interest. To prevent this conflict arising from outside interests senior management are required to declare outside interests and these are assessed to ensure they are

not competing interests or would impair judgement or unduly influence decision making.

4.10 Mortgage Activities

VAR also has the permission to carry out mortgage activities. Again, the FCA Principles for Business apply, and the Firm has an obligation to ensure that there is no conflict of interests which arise and result in unfair treatment of the customer.³

VAR does not receive any material inducements or any other such benefits of a kind or value that is likely to impair the ability of a firm to act in compliance with any rule in FCA rules set out in their MCOB rule book.

4.11 Disclosure

As a last resort, where there is no other means of managing the conflict, or where the measures in place do not, in VAR' opinion, sufficiently protect the interests of the client, the conflict of interest will be disclosed to the client to enable an informed decision to be made by the client as to whether they wish to continue doing business with VAR in that particular situation.

4.12 Declining to Act

Where VAR considers it is not able to manage the conflict of interest in any other way, it may decline to act for the client.

³ MCOB 2.3

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