

# Conflicts of Interest Policy

Morningstar Wealth International Limited

Version 3.4

22 October 2024

# 1. Introduction

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This Policy applies to Morningstar Wealth International Limited (WIL) who are authorised and regulated by the Jersey Financial Services Commission (JFSC) and will take all appropriate steps to identify and prevent or manage actual or potential conflicts of interest. To help us do this, we have put in place this Policy to safeguard our clients' interests.

The purpose of this policy is to:

- Summarise the potential conflicts of interest that could arise during business between WIL, its employees and clients; and
- Outline the controls put in place by WIL to mitigate the risk of adverse outcomes for clients because of such conflicts of interest.

## 1.1 Regulatory Background

It is a requirement of the Financial Services (Jersey) Law 1998 ("FSJL") and the Code of Practice for Investment Business ("IB Code") that WIL identifies and manages all actual and potential conflicts and where possible to avoid any conflict of interest arising. In situations where a conflict does arise, WIL must ensure that effective policies and procedures are in place to manage the conflicts by:

- Disclosure;
- Applying internal rules of confidentiality;
- Declining to act; and/or
- Other measures as appropriate.

# 2. Conflicts of Interest

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## 2.1 What is a Conflict of Interest?

A conflict of interest occurs where a situation arises in which the interests of one party could be given unfair precedence over the interests of another party. The conflict may arise between WIL and Morningstar Inc; WIL and its clients or between one client and another.

A conflict of interest includes, but is not limited to the following:

- Passing client orders to a particular broker because they are a friend, regardless of whether this might impact on providing best execution;
- Investing in a particular fund because the salesperson offered a substantial gift or entertainment;
- Engaging a new Financial Adviser firm (client because WIL offered them a substantial gift or entertainment; or
- Purchasing external research from a third-party provider, where the price may be reduced to induce further business from WIL.

## 2.2 Key Considerations

Consideration of the following questions has formed the basis of the controls outlined in this policy:

- Is WIL likely to make a financial gain, or avoid a financial loss, at the expense of the client?
- Does WIL have financial or other incentives to favour the interests of one client or group of clients over the interests of another?
- Does WIL engage in the same business as the client (i.e. as a competitor)?
- Has an inducement been offered to WIL from a person other than the client in relation to a service provided to that client, in the form of monies, goods or services (other than the standard commission or fee for that service)?

## 2.3 Limitations

WIL has a limited range of activities which reduces the possibility for conflicts to arise, namely:

- It does not provide any corporate financial advice nor does it supply financing to other companies;
- WIL does not act as market maker in any investment;
- WIL does not undertake any proprietary investment research into any directly quoted security; and
- WIL does not undertake any proprietary trading.

## 3. Identifying and Managing Conflicts of Interest

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WIL has a clear policy on conflicts of interest to ensure that:

- Conflicts of interest should be avoided, wherever possible;
- All employees must disclose actual or potential conflicts of interest to the Compliance Director;
- No employee is permitted to exploit, or appear to exploit, to their personal advantage any personal or professional relationships with a client;
- All employees must adhere to the Morningstar Inc. Code of Ethics which makes specific reference to the importance of managing conflicts of interest; and
- Potential conflicts of interest must be recorded and monitored.

### 3.1 Our Measures

The measures we have adopted to prevent or manage conflicts are summarised below. We consider that these measures allow us to take appropriate steps to identify and prevent and/or manage actual or potential conflicts of interest. WIL seeks to ensure its employees act impartially to avoid a material risk of harming clients' interests and always adopt relevant measures to mitigate conflicts.

#### 3.1.1 Policies and procedures

We have adopted policies and procedures throughout our business to prevent and/or manage potential conflicts of interest, as well as to ensure client documents and data always remain safe and secure. All employees are provided with the appropriate level of guidance in relation to these policies and procedures, and our senior managers are responsible for ensuring that the systems and controls in place are robust and remain adequate to identify and prevent or manage any conflict that may arise.

We maintain an up-to-date register of all conflicts and how these are managed so we control potential conflicts and provide an effective way of preventing clients' interests being unfairly affected. This Register receives regular input from the Board and senior management team.

These policies and procedures are reviewed on a regular basis or when changes are made to local regulations or rules.

#### 3.1.2 Information barriers

All employees must respect the confidentiality of client information and not disclose it or use it inappropriately. In the general course of business. WIL employees are not likely to come into possession of price-sensitive information.

#### 3.1.3 Separate functions

We have a division of duties to ensure a separation of tasks between specific administration functions that could contain a potential conflict. Related tasks are undertaken by different team members and receive the appropriate supervision and approval.

#### 3.1.4 Remuneration

WIL recognises that remuneration is a factor that may influence the conduct of employees. All employees are paid by basic salary. Pay and bonuses are linked to a range of relevant factors that form part of our performance management process. The Board and senior management ensures any incentives are consistent with the provision of fairness and do not create conflicts. Senior management and the Board are subject to the Morningstar, Inc. compensation policy.

Morningstar Wealth International Limited is authorised and regulated by the Jersey Financial Services Commission. Registered in Jersey under company No. 107624 with a registered office address of 3rd Floor East, Salisbury House, 1-9 Union Street, St Helier, Jersey, JE2 3RF. Morningstar Wealth International Limited is part of Morningstar, Inc.

### 3.1.5 Inducements

An inducement could create a conflict of interest where a payment or receipt of the inducement would hinder WIL's obligation to act in the client's best interest. WIL may only accept or pay inducements from or to third parties if:

- the inducement enhances the quality of the service provided to the client and does not impair our ability to act in the best interests of our clients; and
- the inducement is disclosed to the client.

### 3.1.6 Personal Account Dealing

To prevent conflicts arising from the use of information obtained from clients, or market abuse in general, all employees are subject to personal account (PA) dealing rules which govern the process they must follow if they wish to make personal investments.

### 3.1.7 Outside Business Interests

All employees are subject to an Outside Business Interests Policy designed to avoid conflicts of interest with activities they undertake outside WIL.

### 3.1.8 Gifts

As part of our commitment to avoiding conflicts of interest, WIL will only permit employees to accept or offer gifts and benefits in accordance with our Gifts and Benefits policy.

### 3.1.9 Confidentiality

In line with our Data Protection Policy and our operational procedures, all information is treated as confidential. Some information (i.e. sensitive data) may only be disclosed to employees where this knowledge is required for the performance of their duties.

### 3.1.10 Disclosure

If there is no other way of managing a conflict, or where the measures in place do not sufficiently protect the client's interests, the conflict will be disclosed to the client to allow for an informed decision on whether the client wishes to continue using our service despite the conflict.

Where we are required to make such a disclosure, we will ensure it is provided to the relevant client in writing, and that the disclosure contains sufficient detail of the conflict, considering the nature of the client in question and the specific risk to the client that may arise. The disclosure will explicitly state that WIL's administrative arrangements are not sufficient to ensure, with reasonable confidence, that the potential risk of damage to the client will be prevented.

### 3.1.11 Declining to act

WIL may decline to act for a client in cases where it believes that the conflict of interest cannot be managed in any other way.

### 3.1.12 Review

This policy is subject to review on a bi-annual basis and Board approval is required where material changes are made by the Compliance Director.