

## CONFLICTS OF INTEREST POLICY

### I. Purpose, Overview and Scope

Commensurate to the activities of Morningstar Wealth International Limited ("WIL"), the Conflicts of Interest Policy ("Policy") sets the parameters for managing and mitigating conflicts of interest.

The Policy summarises the potential conflicts of interest that could arise during business between WIL, its employees and clients and outlines the controls put in place by WIL to mitigate the risk of adverse outcomes for clients relating to those conflicts of interest. Application of the requirements and restrictions, documented in section II, also intends to appropriately mitigate relevant regulatory exposures.

### II. Requirements and Restrictions

This Policy outlines the critical requirements and restrictions that must be followed in order to:

- identify and clearly document conflicts of interest; and
- appropriately define and establish arrangements to prevent, manage, and report conflicts of interest.

A conflict of interest generally occurs when the interests of an employee or a firm compromises professional judgement, decisions, or actions.

A conflict of interest may occur where the entity/entities and/or an employee has an interest (personal or professional) that conflicts with the interests of any of WIL's clients.

Conflicts may arise between WIL and its clients, between WIL and other members of the Morningstar group, between an employee and WIL, and between clients of WIL.

Such conflicting interests may make it difficult for WIL or the employee to fulfil their duties impartially and can create an appearance of impropriety that may undermine confidence in WIL or the individual, even if no unethical or improper act results from the conflict.

A conflict can be potential, apparent, or actual:

- A potential conflict of interest exists where the current scenario indicates a possible conflict may arise but it has not developed into an actual conflict at the present time.
- An actual conflict of interest exists where the current scenario gives rise to a current risk that a decision or action towards a client may not be taken impartially due to undue influence.
- An apparent conflict of interest exists when an external party, with incomplete or inaccurate information, reasonably views WIL or its employees as being affected by a set of circumstances and subject to a conflict of interest.

For the purposes of this Policy, a conflict of interest generally arises when any employee or WIL itself:

- Is likely to make a financial gain or avoid a financial loss at the expense of the client.
- 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.
- Has a financial or other incentive to favour the interest of one client or group of clients over the interests of another client(s).
- Carries on the same business as the client.

- 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 monetary or non-monetary benefits or services.
- Agrees to act in any capacity for a client that might conflict with WIL's primary business obligation to provide custody and transmission of order services to that client.

The following requirements and restrictions apply:

#### **A. Client Disclosure**

If circumstances arise where a conflict of interest is identified which impacts a client arrangement and cannot be prevented or managed, that conflict of interest must be disclosed to the client.

Disclosure of a material interest or conflict of interest to a client must only be made in writing and WIL must demonstrate it has taken reasonable steps to ensure the client does not object to the item identified.

#### **B. Exchange of Information and Employee Supervision and Oversight**

To ensure appropriate exchange of information and employee oversight, WIL must:

- i. Prevent, or appropriately control, the exchange of information between employees engaged in activities involving a risk of conflict where the exchange of that information may harm the interests of one or more clients.
- ii. Separately supervise employees whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of WIL.
- iii. Prevent any person from exercising inappropriate influence over the way in which an employee carries out investment services or activities.
- iv. Prevent the simultaneous or sequential involvement of an employee in separate investment service or activity where such involvement may impair the proper management of conflicts of interest.

#### **C. Remuneration**

WIL must remove any direct link between the remuneration of employees principally engaged in one activity and the remuneration of, or revenues generated by, different employees principally engaged in another activity where a conflict may arise.

#### **D. 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.

#### **E. 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.

#### **F. 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.

**G. Identifying and Registering**

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.

**H. 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.

**I. Directors**

Upon appointment, Directors of WIL must disclose details of any potential conflicts of interest to their fellow Directors and Compliance.

Those Directors are also required to disclose to their fellow Directors and Compliance, any changes to those arrangements, and any additional conflicts of interest identified.

**J. Policy Breaches**

Any suspected breaches of the Policy are required to be reported to Compliance immediately.