

## **Prodigy - Conflicts of Interest Policy**

This document sets out the policy of Prodigy Capital Partners LLP (“Prodigy” or “the Firm”) with respect to the identification and management of its conflicts of interest in compliance with the Firm’s regulatory obligations including, inter alia, the Financial Conduct Authority’s Handbook (SYSC 10) the Markets in Financial Instruments Directives, the Market in Financial Instruments Regulations and the Undertakings for Collective Investment in Transferable Securities Directives.

### **The Firm’s Business**

Prodigy’s sole business activity is discretionary investment management. This is undertaken on behalf of one UCITS (the Prodigy Japan Special Situations Fund). The same investment approach, that of long-term investment in undervalued traded equities based on detailed fundamental research, is applied across all accounts. The Firm is risk-averse and seeks to preserve capital while allowing for reasonable growth over the medium to long-term.

### **Regulatory Requirement**

Prodigy is required to take all appropriate steps to identify and to prevent or manage conflicts of interest between:

- (1) the Firm, including its managers and employees, or any person directly or indirectly linked to them by control, and a client of the firm; or
- (2) one client of the Firm and another client;

that arise or may arise in the course of the Firm providing its services, including those caused by the receipt of inducements from third parties or by the firm’s own remuneration and other incentive structures.

Prodigy has deliberately organised its business to give rise to as few conflicts of interest as possible. Prodigy seeks to act in the best interests of its clients at all times. In the event that a conflict does arise, Prodigy will always put its clients’ interests before its own.

### **Identification of Conflicts of Interest**

In order to identify the types of conflict of interest that arise, or may arise, in the course of the provision by the Firm of its services and to identify those conflicts of interest which may entail a material risk of damage to the interests of a client, Prodigy has taken into account whether the Firm or a relevant person, or a person directly or indirectly linked by control to the Firm:

- (1) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (2) 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;
- (3) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (4) carries out the same activities for more than one client
- (5) carries out the same business as any client; and/or
- (6) 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.

## **Management of Conflicts of Interest**

Senior management is responsible for ensuring that the Firm identifies and manages its conflicts of interest. In managing the firm's conflicts of interest, senior management will:

- (1) ensure that all staff are aware of the critical importance of the Policy in carrying out the Firm's business, and the need to report any perceived conflict of interest promptly;
- (2) review any actual or potential conflict of interest as soon as it is identified and identify appropriate steps to manage the conflict as necessary; these steps shall have the aim of preventing the risks of damage to the interests of a client;
- (3) communicate to all relevant staff the procedures to be followed in order to manage the conflict of interest; and
- (4) document the conflict of interest and the measures so undertaken in the Policy.

## **Identified Conflicts between the Firm and its Clients**

Prodigy has taken measures to eliminate as far as possible those conflicts of interest which could arise between itself and its clients. These measures include:

### **Agency Capacity**

Prodigy acts only in an agency capacity. Under the terms of its authorisation, it is prohibited from dealing as principal and will not do so under any circumstances. The Firm therefore cannot have any interest in any securities which may be held in client portfolios.

The Firm may, on occasion, make an investment on its own behalf in a recently - launched fund or, potentially, a new share class and may do so in the future. Such an investment will be of an amount needed to establish the fund's viability and be sold after the fund has reached a sustainable size.

**Fees and Charges** Prodigy aims for full disclosure of fees and charges and will always agree all fees and other charges in advance with its clients. Prodigy never accepts remuneration other than fully disclosed management fees from third parties. Prodigy pays a flat rate of commission for execution across all accounts. This is kept under regular review. The amount paid by each account is fully disclosed. Prodigy pays for all expenses incurred during trips to Japan by the fund managers (including travel and accommodation) from its own resources.

### **Personal Account Dealing**

Prodigy heavily restricts personal account dealing by all staff in listed equities and requires prior permission before personal account dealing is undertaken.

### **Remuneration**

Prodigy's policies on remuneration and equity participation are designed to encourage long-term decision making both in investment management and in the development of the business. All employees are paid a basic salary plus they may receive a performance bonus. The award of such a bonus (if any) is based on the profitability of the firm as a whole and on the individual's contribution to the growth and integrity of the business.

### **Gifts and Entertainment**

Prodigy does not offer nor accept hospitality or gifts from third parties, other than those of a very nominal amount. All gifts or hospitality, even those of a nominal amount, must be declared to the Compliance Officer.

### **Inside and Proprietary Information**

It is unusual for the Firm or any employee to be put in possession, either voluntarily or involuntarily, of inside or proprietary information. If any member of the Firm is approached to be made privy to such information, it is the Firm's standard policy to decline. Nevertheless, the Firm takes extremely seriously its obligation only to make proper use of such information and has established written procedures (Inside Information and Stop List Policy)

to ensure that this is the case should the situation arise. These procedures include the use of a stop list which is under the control of the Compliance Officer.

#### Trade Errors

Were a loss to arise to a client portfolio through the act or omission of the Firm or any employee, such as a loss arising from a dealing error or a breach of mandate, then it is the Firm's policy that the client is always compensated in full.

#### Delegation

Prodigy does not delegate or outsource any of its responsibilities for managing client portfolios

### **Identified conflicts between clients**

Prodigy seeks to achieve equal treatment between its clients. Measures to achieve this include:

#### Conformity with mandate or prospectus

All investment decisions are taken in the light of the mandate agreed with the client or set out in the fund prospectus. Adherence to the mandate is regularly reviewed by the Investment Committee.

#### Team basis

All investment decisions are taken by the fund managers on a collective basis. All accounts are managed on a team basis. No manager is assigned to a particular fund or client and no employee is remunerated according to the investment performance of any account or accounts.

#### Pre-allocation

All orders are pre-allocated to their intended accounts in advance of being sent to a broker for execution. This is checked by administrative staff and the Compliance Officer. Where the bargain is not executed in full it is automatically allocated between clients on a pro rata basis by the Firm's dealing and management system (rounding up or down as appropriate for odd lots).

#### Cross trades

Securities are never transferred directly between client accounts. Where one client is a seller of a security (e.g. because of a liquidation) which may be suitable for other client portfolios, the cross trade is always executed through a broker (at reduced commission) in order to ensure a fair market price to both parties.

#### Investment for segregated accounts in the firm's own funds

Prodigy never invests segregated accounts into the firm's own collective investment vehicles.

### **Disclosure**

Potential conflicts of interest which are inherent in the firm's business operations (e.g. acting for more than one client) are disclosed to the client in advance either through the relevant fund prospectus or investment management agreement in the case of segregated accounts. If the Firm considers that the arrangements made under this Policy are not sufficient to ensure with reasonable confidence that material risks of damage to the interests of a client will be prevented, and that appropriate additional arrangements cannot be put in place, then the Firm will disclose the general nature and sources of the relevant conflict of interest to the client before undertaking further business for the client. Such disclosure will be in writing and will include sufficient detail to enable the client to take an informed decision with respect to the service in the context of which the conflict of interest arises. Any disclosure, like all other communications to the client, will be fair, clear and not misleading, irrespective of the categorisation of the client. In the event that such a conflict is identified, the Compliance Officer will be responsible for ensuring that proper disclosure is made to the client and that any other appropriate steps, including whether it is appropriate to decline to undertake the business, are properly considered by senior management.

**Record Keeping and Review**

A record of this Policy, and any subsequent updates to it, will be maintained for a period of 5 years. The on-going relevance of, and compliance with, this Policy will be reviewed on at least an annual basis, or more frequently if required, as a result of the Firm undertaking any new kind of service or activity, of regulatory change or of any perceived deficiencies in the Policy. The Compliance Officer is responsible for ensuring that required disclosures and record keeping requirements are complied with.

**Definition**

In this document, “client” refers equally to the collective investment funds and to any individual segregated institutional accounts.

Prodigy Capital Partners LLP

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