

CONFLICTS OF INTEREST DISCLOSURE STATEMENT

INTRODUCTION

As a firm regulated by the Financial Conduct Authority (FCA), Royal London Asset Management (RLAM) is required to take appropriate steps to identify and prevent or manage conflicts of interest. RLAM is fully committed to professionalism and integrity in doing business and to treating all customers fairly and in a consistent manner. It seeks to safeguard its clients' interests in the course of providing any service in relation to any activities it carries out on behalf of its clients. This is aligned to the business values in earning the trust of clients. RLAM seeks to avoid acting or behaving in a manner that has the potential for an adverse effect on a client. This includes its approach to dealing with conflicts of interest.

Scope and Overview

Conflicts of interest can affect all RLAM staff in the course of their duties and may arise in the course of providing any service. RLAM also acts as agent to its clients and owes a fiduciary duty to them.

RLAM is a member wholly owned subsidiary of the Royal London Mutual Insurance Society, (the Royal London Group). This may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group. In addition, RLAM is the outsourced investment manager for a number of Royal London Group entities.

In accordance with FCA requirements, RLAM maintains and operates effective organisational and administrative arrangements, with a view to taking all appropriate steps to identify and to prevent or manage conflicts of interest that could arise :

- Between RLAM (including RLAM staff, or any entity/person directly or indirectly linked to them by control) and its clients; or
- Between RLAM clients (i.e. one RLAM client and another client).

RLAM will always act in the best interest of its clients, so that transactions are effected on terms which are not less favourable to the client than if the conflict of interest had not existed.

If we are unable to prevent conflicts of interest, we will take specific steps to mitigate and manage risks, and to provide appropriate disclosure to clients. RLAM will assess, on a regular basis, situations in its products and services that may give rise to actual or potential conflicts of interest, and assess whether our policies are effective and adequate for resolving any such issues, were they to arise.

Types Of Conflicts

Conflicts of interest take various forms. They may be 'actual', where there is a direct conflict between current duties and/or interests. They may be 'potential', where a future conflict of interest is likely to materialise. Finally, they may be 'suspected' or 'perceived', where the appearance of a conflict of interest has been created. Conflicts of interest fall into one of three types: business-related, personal, or between clients.

The circumstances that should be treated as giving rise to a conflict of interest include instances where:

- there is a conflict between the interests of RLAM (or entity or an individual connected to RLAM or the Royal London Group), and the duty RLAM owes to a client; or
- there is a conflict between the interests of two or more RLAM clients, to whom RLAM owes in each case a fiduciary duty.

Examples of activities which can give rise to conflicts include, but are not limited to:

- the order and execution of trades;
- side-by-side management of portfolios and funds;
- access to material non-public information;
- management of client accounts and confidential client information;
- additional employment or consulting activities;
- new product launches;
- execution and research costs, e.g. inducements (see separate section below); and

Identification, Management and Mitigation of Conflicts Of Interest

RLAM staff must consider, in identifying conflicts, all of the factual circumstances. They must also take into account whether RLAM or a relevant person or a person directly or indirectly linked by control to RLAM:

- is likely to make a financial gain or avoid a financial loss at the expense of a client;
- has an interest, distinct from the client, in the outcome of a transaction or service provided to or on behalf of a client;
- has a financial interest or incentive to favour a client or group of clients over the interest of others;
- carries on the same business as the client; or
- receives or will receive from a person (other than the client) an inducement in relation to a service provided to the client. This may take the form of monies, goods or services, other than the standard commission or fee for that service.

RLAM strives to obtain a high level of awareness among all employees. The circumstances set out above provide only examples of conflicts. Any circumstances that may be considered to give rise to an actual or potential conflict of interest must be disclosed and recorded internally.

Inducements

RLAM is not regarded as acting honestly, fairly and professionally in accordance with clients' best interests if it pays or paid a fee, commission or non-monetary benefit for providing investment or ancillary services to its clients in exchange for investment or ancillary services, unless RLAM can rely on an exemption.

Exemptions include, but are not limited to:

- paid or provided to or by the client;
- fees necessary for the provision of investment services, e.g. custody; and
- where the benefit is designed to enhance the quality of the relevant service to the client and the fee does not impair RLAM's compliance with its duty to act in the client's best interests.

With regards to the last exemption, RLAM is required to keep records evidencing that any fees, commissions or non-monetary benefits paid or received by RLAM are designed to enhance the quality of the relevant service to the client, and the steps taken in order not to impair RLAM's duty to act honestly, fairly and professionally, in accordance with the best interests of the client.

Research by third parties to investment firms providing portfolio management (such as RLAM) shall not be regarded as an inducement, provided that this research is paid for by direct payments by the investment firm, out of its own resources.

Monitoring and Oversight

RLAM's Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective management for the prevention of conflicts of interest.

Members of staff are required to identify and report conflicts of interest, which are then recorded internally. The senior management at RLAM are responsible for ensuring that its systems, controls and procedures are adequate to identify, manage and monitor conflicts. They are also responsible for ensuring that staff is aware of the aspects of the Policies relevant to them.

Failure of a member RLAM staff to adhere to its policy on conflicts of interest may be viewed as a breach of that member's contract. Failure of a member of RLAM staff to declare an interest will be regarded as misconduct and may lead to disciplinary action being taken against that individual.

Disclosure

Disclosure is a measure of last resort. Where a conflict of interest cannot be avoided, RLAM will disclose this to its customers. Disclosure will be used only where the effective organisational and administrative arrangements established by RLAM to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.



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