

## CONFLICTS OF INTEREST POLICY

### 1. Introduction

- 1.1. FATHOM WEALTH MANAGEMENT ADVISORS LTD is a Cyprus Investment Firm registered with the Registrar of Companies in Nicosia under the number HE 348759 and authorized and regulated by the Cyprus Securities and Exchange Commission under the license number 306/16 (hereinafter called the "**Company**").
- 1.2. The Company is required to take all reasonable steps to detect and avoid conflicts of interest. The Company is committed to acting honestly, fairly and professionally and in the best interests of its Clients.

### 2. Purpose

- 2.1. The purpose of this Policy is to set out the Company's approach to identify and manage conflicts of interest between itself, including its directors and employees, or any person directly or indirectly linked to the Company, and its Clients or between one Client and another, which may arise during the course of providing any investment services or combination thereof, including those caused by the receipt of inducements from third parties or by the Company's own remuneration and other incentive structures.
- 2.2. The Company may offer one or more of the below listed investment services to its Clients:
  - a. Reception and transmission of orders in relation to one or more financial instruments;
  - b. Portfolio management;
  - c. Investment advice, either on an independent or non-independent basis.

### 3. Scope

- 3.1. The Policy applies to all Company's directors, employees, any persons directly or indirectly linked to the Company (hereinafter called "**relevant persons**") and refers to all interactions with all Clients.

### 4. General Principles

- 4.1. For the purposes of identifying the types of conflict of interest that arise in the course of providing investment services, performing investment activities or a combination thereof and whose existence may damage the interests of a Client, the Company takes into account, whether the

Company or a relevant person, is in any of the following situations, whether as a result of providing investment services or investment activities or otherwise:

- (a) the Company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- (b) the Company or a relevant person 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;
- (c) the Company or a relevant person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- (d) the Company or a relevant person carries out the same business as the Client;
- (e) the Company or a relevant person 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.

## 5. Potential Conflicts of Interest

5.1. Taking into consideration the services the Company may offer to its Clients, we present below the circumstances in which a conflict of interest may arise between the Company or a relevant person and its clients:

- (a) Combination of supervisor functions with departments responsible for the provision of investment services (i.e. revenue-producing departments);
- (b) Personnel of the Portfolio Management or Investment Advice Departments to concentrate their attention to a Client or group of Clients who have a higher fee level when compared with other Clients or group of Clients;
- (c) Receipt or granting of gifts and hospitality;
- (d) Personal account dealing by the relevant persons;
- (e) External professional activities/interests of relevant persons;
- (f) Receipt of inducements from the banking or financial institutions to which the Company transmits and/or places orders for execution;

- (g) Remuneration and/or inducements paid to third parties (i.e. business introducers) based on referral/introduction of new clients;
- (h) Performance based remuneration and/or inducements paid to employees of the Company.

## **6. Prevention and Management of Conflicts of Interest**

### **6.1. Independence**

- 6.2.1. The Company takes measures for the separate supervision and the segregation of functions of different departments of the Company which provide services to Clients, whose interests may conflict with those of other Clients or with the interests of the Company.
- 6.2.2. Where deemed necessary, the Company takes measures for the separate supervision and segregation of functions of relevant persons, in order to prevent and/or control the simultaneous or sequential involvement of a relevant person in separate services or activities, where such involvement may lead to situations of conflicts of interest or may impair the proper management of such situations.

### **6.2. Information Barriers**

- 6.2.1. The Company established effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- 6.2.2. The Company established Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of the Company's Departments.

### **6.3. Three Lines of Defence Governance Model**

- 6.3.1. The Company uses the three lines of defence governance model which promotes transparency, accountability and consistency through the clear identification and segregation of roles.
- 6.3.2. The first line of defence consists of the management of business lines. It is the responsibility of first line management to identify and manage risks which may give rise to conflicts of interest.
- 6.3.3. The second line of defence consists of the risk management and the compliance functions whose responsibilities include the monitoring and

reporting of the Company's procedures and policies, as well as the identification of potential conflicts of interest whilst making recommendations for their management/limitation. The Compliance Function is further responsible for the monitoring of the Company in relation to its governing legislation, as well as preventing the misuse of insider information and market manipulation.

6.3.4. The third line of defence provides independent and objective assurance to the Board of Directors and Senior Management of the Company on the effectiveness of the first and second lines of defence. This responsibility lies with the internal audit function.

#### **6.4. Remuneration of Employees**

6.4.1. The Company established a remuneration policy in accordance with the legislative requirements. Employees are not eligible to receive any commissions-based remuneration. All employees are remunerated with a fixed salary and may also receive an annual discretionary bonus, subject to their annual performance appraisal.

6.4.2. The Company ensures that any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity are removed, where a conflict of interest may arise in relation to those activities.

#### **6.5. Personal Account Dealing**

6.5.1. The Company established a personal transactions policy which applies to all of the Company employees and their related persons. The policy prohibits employees from undertaking transactions on their own without obtaining prior approval from the Company's Compliance Officer.

#### **6.6. Inappropriate Influence**

6.6.1. The Company takes measures to prevent or limit the exercise of inappropriate influence over the way in which a relevant person provides services.

#### **6.7. Gifts and Hospitality**

6.7.1. The Company does not prohibit its employees from receiving small gifts and minor hospitality from other parties with which we do business but only where in the opinion of a Director or Senior Manager it is at a level that is not lavish or excessive and only where it will not impair the

employee's duty to act in the best interests of the Clients or other legal or regulatory obligations.

6.7.2. All gifts and hospitality given and received must be reported to the Compliance Officer who holds a log file including this information.

6.7.3. Cash and cash equivalent gifts are prohibited.

## **6.8. Equal Service Quality**

6.8.1. Where a portfolio manager or investment advisor manages accounts on different fee levels, they are expected to follow the same standards of diligence, oversight and adherence to Client best interests rather than favour accounts that provide a higher income.

6.8.2. In the event of an expression of dissatisfaction from a Client, the Company's Compliance Officer, who is independent, assesses the complaint as per the Company's complaint handling procedure and provides detailed guidance on the investigation process, as well as how any damage incurred should be calculated and refunded.

## **6.9. Inducements Received**

6.9.1. The Company does not receive any fees, commission, or non-monetary benefit (hereinafter called the "remuneration") from the banking or financial institution(s) for placing or transmitting orders to them for execution.

6.9.2. In case such remuneration is paid to the Company by any banking or financial institution(s), the Company shall transfer the remuneration received to the relevant Client(s) as soon as reasonably possible after receipt.

6.9.3. Notwithstanding the provisions of Point 6.8.2 hereinabove, the Company shall not be required to transfer to the Client any remuneration received which is in line with the inducements regime as per the applicable provisions of the Law L.87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets.

6.9.4. The Company established an inducements policy in accordance with the legislative requirements in order set the controls and procedures which are required to be followed when receiving inducements and deciding as to whether such inducement needs to be transferred to the Client(s) or kept by the Company.

## 6.10. Inducements Paid

6.10.1. The Company established an inducements policy which governs the process of paying remuneration to third parties.

## 6.11. Training

6.11.1. The Company provides continuous training and information to all relevant persons in relation to conflicts of interest issues.

## 6.12. External Interests

6.12.1. The Company retains a register of all external directorships and other associations held by its employees and Directors. This information is requested upon joining the Company, and annually thereafter. However, the Company's employees and Directors are required to make such disclosure when an external interest arises, or seek prior approval before accepting an external interest appointment.

## 7. Disclosure

7.1. Where the Company's arrangements to manage conflicts of interest are not or cannot be sufficient to be reasonably confident that risks of damage to a Client's interest will be prevented.

7.2. The disclosure shall include specific description of the conflicts of interest that arise in the provision of investment services, taking into account the nature of the Client to whom the disclosure is being made. The description shall explain the general nature and sources of conflicts of interest, as well as the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that Client to take an informed decision with respect to the investment service in the context of which the conflicts of interest arise.

7.3. Where we consider that there are no means to manage a particular conflict of interest, we may decline to act for the Client(s) in question.