

# Conflicts of Interest Policy

November 2011

## 1 Introduction

JPMAM is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. Policies and procedures are in place in order to safeguard our clients' interests. Set out below is a summary of key information.

## 2 Our Policy

JPMAM is part of the JPMorgan Chase Group ("JPMC Group") which is a multi-service banking group, providing to its clients all forms of banking and investment services. As a result, like any financial services group, conflicts of interest may exist or arise in relation to various activities. However, the protection of our clients' interests is our first concern and so our conflicts policy sets out how:

- we identify circumstances which may give rise to conflicts of interest including a material risk of damage to our clients' interests; and
- we have established and will maintain appropriate mechanisms and systems to manage those conflicts.

## 3 Conflicts of interest

Generally, a conflict of interest may exist between the members of the JPMC Group or its employees and its clients or between the clients themselves as a result of the intended or actual activities of the JPMC group or its employees and which may result in detriment to clients or a group of clients.

There is a "conflict of interest" in two situations:

- first, if we are providing a service and, beyond that, we or another member of our JPMC Group (an "Affiliate") may have a material interest, relationship or arrangement in the transaction or product or service; or
- second, we or an Affiliate are acting for clients whose interests materially conflict.

We have worked to identify such conflicts of interest that exist in our businesses. These include:

### 3.1 Conflicts principally resulting from the fact that JPMAM is a member of larger group of companies in which an affiliate may have a financial or other business interest;

JPMAM may from time to time;

- effect transactions in securities issued or placed by an Affiliate or in which an Affiliate plays a role (manager, custodian) or in the issuance of which an Affiliate may have a financial or other business interest at any time within the previous 12 months;
- effect transactions in placings and/or new issues and/or corporate actions with an Affiliate who may be acting as principal or receiving agent's commission or other fees or where the proceeds may be used to pay a debt to an Affiliate;
- use an Affiliate for placing deposits, pricing or valuation of securities and investments, execution and clearing of transactions or stock lending (e.g. Custodian);
- use research provided by an affiliate;
- be prevented from dealing in certain securities which are on a banned or restricted list. Securities may be recorded on such lists where we or an affiliate may be holding non public price sensitive information on such securities or for regulatory reasons;
- effect transactions in securities in respect of which we or an Affiliate may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the Client, and/or we or an Affiliate may also be remunerated by the counterparty to any such transaction;
- deal on behalf of a Client with an Affiliate (subject to applicable laws, regulations and investment restrictions);
- effect transactions in units, shares or other securities of an in-house Fund or of any life policy, company or trust or any other investment vehicle of which we or an Affiliate may be the manager, issuer, operator, banker, adviser, transfer agent, depository, custodian or trustee;

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- (ix) or its affiliates, receive remuneration or other benefit by reason of acting in corporate finance or similar transactions involving a company whose securities are or may be held by the Client;
- (x) effect or arrange transactions on the Client's behalf in life policies, the issuer of which is an Affiliate or a company managed or advised by us or an Affiliate.
- (xi) use an electronic communication network or trading system where an affiliate maintains an interest or may receive remuneration on such trades;

## 3.2 Conflicts principally resulting from the fact that JPMAM has other clients.

- (i) JPMAM or an Affiliate undertakes investment business for other clients;
- (ii) JPMAM may execute trading strategies in relation to the Client which may conflict with the trading activities of other clients of ours, and notably, a client or an Affiliate of ours may have a long or short position in an investment that is used within the portfolio of the Client;
- (iii) JPMAM may aggregate orders. In other circumstances such as client restriction on the use of brokers, trades may not be aggregated and this could result in trades being executed on behalf of one client followed by a related transaction by us or our affiliates on our behalf or on the behalf of another client;
- (iv) JPMAM may match or cross an order executed on a Client's behalf with an order from another person (who may be an Affiliate), and receive commission from, a Client and/or each such person.

## 3.3 Conflicts arising in relation to the management of UCITS

- (i) The Authorised Corporate Director ("ACD"), the Investment Adviser and other companies within J.P. Morgan Asset Management may, from time to time, act as investment managers or advisers to other companies or funds which follow similar investment objectives to those of the UCITS. It is therefore possible that the ACD and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Company or a particular Fund. The ACD and the Investment Adviser will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Advisory Agreement respectively and, in particular, to its obligation to act in the best interests of the UCITS, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.
- (ii) The Depositary may, from time to time, act as the depositary of other companies or funds, may provide banking or other services to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the regulations.
- (iii) Functions which may be delegated, such as fund administration, may be delegated to service providers who may provide their services to other companies or funds.
- (iv) Directors of the Board of the UCITS may serve as directors on the board of other UCITS or other public or private companies.

## 3.4 Conflicts principally resulting from the fact that JPMAM may have an own account dealing conflict;

- (i) a director or employee of JPMAM, or of an Affiliate, is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of a Client;
- (ii) we may be trading proprietary assets on our own account or assets of an Affiliate as well as fiduciary assets
- (iii) while most frequently acting as agent, JPMAM or an Affiliate may also act as principal when carrying out investment business for a Client or any other investor;
- (iv) JPMAM's employees may invest in their own personal account in securities that are traded in Client portfolios;

## 3.5 Other situations

- (i) Employees of JPMAM may from time to time, serve as a director, advisory board member or other oversight capacity for a public or private company;
- (ii) We may be prevented from dealing or required to act on behalf of certain clients or in certain securities/currencies at the same time as when we deal on behalf of other clients where those clients have imposed a restriction or other constraint on the portfolio. Such restrictions may include (but are not limited to);

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- A restriction on trading with an Affiliate
- A restriction on trading with one or more of its approved counterparties
- A restriction on entering into cross trades
- A security is required to be sold from a client account as soon as it falls below investment grade

In such circumstances we may delay or hold back such trades, and if applicable execute them following the trades for clients that have not imposed restrictions or constraints on dealing. Such action taken may operate to the advantage or disadvantage of the client.

- (iii) Gifts and inducements may be given to or received from a service provider or other business relationship in return for business although the JPMAM Code of Conduct which is a collection of rules and policy statements intended to assist employees and directors in making decisions about their conduct in relation to the firm's business, requires employees to abide by the firm's policies in respect of Gifts and Entertainment; and
- (iv) JPMAM may outsource or delegate certain functions (such as valuation, pricing, transfer agency, fund administration) to outside third party providers who may seek to engage in other activity that conflicts with JPMAM or its clients.

## Management of Conflicts

### 4 Measures adopted

Some of the measures we have adopted to manage identified conflicts are set out below. We consider them appropriate to our efforts to take reasonable care that, in relation to each identified conflict, we act independently to avoid material risk of damage to your interests.

There is a "conflict of interest" in two situations:

#### 4.1 Policies and procedures:

We and our Affiliates have adopted policies and procedures throughout our businesses to manage conflicts of interests. These policies and procedures will be subject to our normal monitoring and review processes.

#### 4.2 Information Barriers

The JPMC Group has established physical and electronic Information Barriers which are designed to prevent the exchange or misuse of material, non-public information obtained by various "insider" businesses of JPMC Group. Employees within an "insider" business unit are prohibited from inappropriately passing on sensitive information to those in an "outside" business unit who cannot access the information. An Information barrier means that employees sit in separate premises with access and security control and Compliance Department monitoring.

#### 4.3 Separation of functions

If a business with two functions within the JPMC group would lead to conflicts of interest, it may separate the functions into two separately managed businesses or ensure that they are managed by different senior members of staff.

#### 4.4 Pay

Pay and bonuses will often be linked to the profits of the JPMC Group or the business or department in which the member of staff works without resulting in a conflict of interest. In some cases, however, there would be a conflict and so we avoid such staff payments.

#### 4.5 Gifts and Inducements

The giving and receiving of gifts or inducements has the potential to create conflicts of interest. JPMAM employees must not solicit or provide anything of value directly or indirectly to or from anyone, except under limited circumstances, which would impair the JPMAM's duty to act in the best interest of the client.

#### 4.6 Personal account dealing and Outside Business Activity

To prevent conflicts arising from the use of information obtained from clients, and market abuse generally, all employees are subject to personal account dealing rules. In addition, employees are required to pre-clear their outside business activities which are only permitted in limited circumstances.

## 4.7 Declining to Act

Where we consider that the conflict of interest cannot be managed in any other way, we may decline to act for a client..

## 4.8 Disclosure

Additional conflicts that are identified by JPMAM in the future will be included within appropriate mechanisms or systems in order to manage those conflicts. Where we consider that there are no other means of managing the conflict or where the measures in place do not sufficiently protect your interests, the specific conflict will be disclosed to enable you to make an informed decision whether to continue with our service in that particular situation.