



# BARON & GRANT INVESTMENT MANAGEMENT LIMITED

## CONFLICTS OF INTEREST POLICY

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### Version History

Date	Author	Details of Change
January 2021	Christopher Grant	V1.0
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Baron & Grant Investment Management Limited is a company registered in England and Wales.

Registration number: 12161169  
VAT number: GB332643517

Registered Office: 66 Lincoln's Inn Fields  
London, WC2A 3LH



[www.baronandgrant.com](http://www.baronandgrant.com)

Baron & Grant Investment Management Limited is authorised and regulated by the Financial Conduct Authority.

Reference number: 930300

Under FCA's Principle for Business, Principle 8 (Conflicts of interest) we are required to pay due regard to the interests of each client and to prevent or manage any conflicts of interest fairly, both between our firm and our clients and between a client and another client. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) rules which can be found at SYSC 10.

We will take all appropriate steps to identify and prevent or manage conflicts of interest, by:

- a) Identifying and preventing any potential circumstances which may give rise to conflicts of interest, and which pose a risk of damage to clients' interests;
- b) Establishing and maintaining appropriate mechanisms and systems to manage those conflicts; and
- c) Maintaining systems at all times in an effort to prevent actual damage to clients' interests through the identified conflicts.

The directors fully support this and are committed to ensure that all conflicts between our firm and our clients, and between clients, are managed fairly with no party disadvantaged.

At least on an annual basis, our senior management team will receive a written report providing details of the kinds of services or activities carried out by our firm in which a conflict of interest entailing a risk of damage to the interest of one or more client has arisen or, in the case of an ongoing service or activity, may arise.

In addition to complying with the FCA requirements, we recognise that handling conflicts fairly is a fundamental element of good business practice and is required to assist in maintaining and developing our firm's business.

## Identifying a conflict of interest

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When identifying the types of conflict that arise, or may arise, we will assess whether our firm, anyone connected with our firm or (if relevant) another client has an interest in the outcome of a service provided to the client which is distinct from the client's interest in that outcome and has the potential to influence the outcome to the detriment of the client.

As a minimum, we will consider whether our firm, anyone connected with our firm or another client:

- a) Is likely to make a financial gain, or avoids a financial loss, at the expense of a client;
- b) Has a financial or other incentive to favour the interest of another client or group of clients over the interests of a client;
- c) Carries on the same business as a client;
- d) Receives or will receive from a person other than a 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; or
- e) Is substantially involved in the management or development of policies in particular where they have influence pricing or distribution costs.

Conflicts of interest may therefore include but are not restricted to interests between:

- Our firm and our clients
- Our staff and our clients
- Two or more different clients
- Third parties and our clients
- New services / products and our clients
- Strategic changes and our clients

We have sought to identify and prevent conflicts of interest that exist in our business and have put in place measures we consider appropriate to the relevant conflict in an effort to prevent, monitor, manage and control the potential impact of those conflicts on our clients. The conflicts identified are:

**a) Client Orders**

In order to ensure as fair treatment as possible for clients, our Best Execution Policy requires us to take all sufficient steps to achieve the best overall trading result for clients.

On some occasion's client orders may have a material effect on the relevant securities price. In order to ensure our staff do not take advantage of the situation by dealing on their own account (Personal Account Dealing) or encourage a third party to deal, we operate a 'No front running' policy whereby client orders will always take priority. We regularly monitor business transactions in order to ensure we meet these requirements.

**b) Personal Account Dealing**

Our staff may buy, sell or hold the same investments as our clients. We control personal account deals by ensuring that all such deals are identified and where applicable approved by senior management prior to execution. All staff, irrespective of their position in the firm sign on an annual basis to confirm their understanding of our procedures.

Details of our procedures for this area are covered later in this document.

**c) Investment Managers and Advisors may also be clients of the Firm**

We believe "skin in the game" is important and we have faith in our investment philosophy and portfolios. We feel it is important to invest alongside our clients, depending on the objectives and risk profile of each Investment Manager/Advisor. To manage this potential conflict, we will implement the below:

- i. Each Investment Manager/Advisor is signed off as a client of the firm at the outset by a Senior Manager.
- ii. Their portfolio is managed and decisions in relation to their portfolio are made by the Investment Committee as a Group.
- iii. Decisions around their portfolio are aligned to the other models i.e. buys and sales / rebalancing for example, would apply across all relevant models. If they wanted, for any reason for their portfolio to deviate from the other models that would require specific sign off by the SMF16.
- iv. The situation will be kept under ongoing review by Senior Management.

**d) Inducements to Staff**

We have a policy on gifts and benefits which confirms when they can be accepted or given and the steps that should be taken.

If in doubt as to whether a benefit is allowable, all staff must consult SMF16 Compliance Oversight before accepting it or decline to accept it.

Staff are not permitted to accept gifts, entertainment or any other (allowable) inducement - - unless it enhances the quality of our firm's service and doesn't have a detrimental impact on the quality of service we provide

A record of all allowable benefits is made and retained on the firm's inducements register.

Similarly, our staff are not allowed to place undue pressure on clients to persuade them to trade through the firm to the extent that this gives rise to a conflict of interest between that client and another client.

**e) Segregation of Duties**

We strive to ensure that the performance of multiple functions by relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are laid out below.

We are aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also helps to ensure that the firm's senior management receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

We ensure that, in general, no single individual has unrestricted authority to do all of the following:

- i. initiate a transaction;
- ii. bind the firm;
- iii. make payments; and
- iv. account for it.

Where we are unable to ensure the complete segregation of duties due to a limited staff base, we have adequate compensating controls in place including the frequent review of an area by relevant senior managers. We also operate a "four-eyes" principle to ensure no individual has autonomy within the business. The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

#### **f) Remuneration Policy**

All relevant staff who are open to a conflict of interest are paid a basic salary including those who hold key support areas such as compliance, finance and operations. This salary is not dependent on business performance.

We have implemented monitoring which includes reviewing of advice given to clients, the frequency of transactions and portfolio performance.

#### **g) Disclosure**

There may be occasions where we are not, in our opinion, reasonably confident that the risks of damage to the interests of the client will be prevented. Therefore, as a last resort, where there is no other means of preventing or managing a conflict, we will disclose clearly, in writing, sufficient details, considering the nature of the client, to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest arises.

This disclosure will also:

- i. Clearly state our firm's arrangements to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interest of the client will be prevented;
- ii. Include specific description of the conflicts of interest that arise in the provision of providing our services; and
- iii. Explain the risks to the client that arise as a result of the conflicts of interest.

#### **h) Declining to Act**

Where we consider we are not able to prevent or manage the conflict of interest in any other way, we may decline to act for the client.

#### **i) Providing In-House Investment Products**

There is an inherent conflict of interest where your firm invests client assets into an in-house investment product (IHP). The FCA's thematic review, TR14/19: Wealth management firms and

private banks, looked at the risks associated with the use of an IHP that could arise from the firm's business model and that could cause client detriment. A TCF based approach to managing client expectations is built into our advice process. Relevant senior managers will sample review client service levels, and the compliance oversight will sample review team client service levels on a six-monthly basis. Systems are in place to make sure the ongoing suitability of the firm's services to clients through frequent dialogue with clients. We have a structured programme of client communications ensuring that all clients are kept abreast of relevant information to make sure standard service levels are in place. We do not have any remuneration structures or sales targets linked to investment recommendations into our IHPs.

An IHP will not be recommended unless it is deemed suitable for the client.

#### **j) John Baron Portfolios & Equi Limited**

John Baron is a director of Equi Ltd which owns the website [www.johnbaronportfolios.co.uk](http://www.johnbaronportfolios.co.uk). The website reports on the progress of nine real investment trust portfolios which John has successfully managed for over 10 years. No advice is provided through the website. If customers would like to employ the investment management skills of John Baron, they must do so through becoming clients of Baron & Grant Investment Management Limited.

John Baron's nine website portfolios are all at a different stage of development to the client portfolios within Baron & Grant (B&G) as John started his first website portfolio on 1st Jan 2009. As a result of this, there may be occasions when John's trades within the website portfolios may differ (both in terms of purchases and sales) from those undertaken within the various B&G client portfolios. B&G clients can, however, always be assured that policies are in place to ensure that their interests will always come ahead of those of any individual within B&G.

#### **k) Integritas Financial Planners Limited**

Integritas Financial Planners Limited provides independent financial advice and is owned and run by Mark Johnson. Mark is a qualified Chartered Financial Planner and he provides his services on a self-employed basis to Baron & Grant Investment Management Limited. In the event that a client wishes to consider a product or service not provided by Baron & Grant Investment Management Limited (please refer to client agreement), we will introduce the business to Integritas Financial Planners Limited who can provide further information and/or advice on the service or product. A client who wishes to pursue a particular product or service with Integritas Financial Planners will do so of their own volition. A product or service will not be recommended unless it is deemed suitable for the client. Baron & Grant Investment Management Limited will receive a fee from Integritas Financial Planners depending on the product or service.

## **Managing & disclosing conflicts**

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The measures for dealing with conflicts are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence, appropriate to the size and activities of the firm and of any group to which it belongs and to the of the risk of damage to the interests of clients.

Examples of procedures for managing conflicts include:

- 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;
- The separate supervision of relevant persons 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 the firm;
- We also prevent or manage conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information within the firm. This requires information

held by a person in the course of carrying on one part of our business to be withheld from, or not to be used by, persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a 'Chinese Wall' and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.

- Where, despite the above procedures we identify a conflict of interest which may present risks of damage to the interests of a client, we will clearly disclose, in writing, to the general nature and/or sources of conflicts and the steps taken to mitigate those risks, to the client before undertaking business with the client.

This disclosure will take place as follows:

- The individual who oversees compliance within our firm will be advised of the potential conflict of interest in writing;
- We will advise our client in writing, of the potential conflict of interest and ask them to provide their written consent to proceed;
- The client's written consent along with the request will be passed to the individual who oversees compliance within our firm who can then provide approval to proceed as appropriate;
- Copies of both letters, together with the written authorisation to proceed will be retained on the client file.

## Review of Conflicts of Interest Policy

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This policy will be assessed and reviewed on at least an annual basis. Any necessary changes will be made within 28 working days of any review.

## Personal account dealing

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It is an offence to profit from a financial transaction, either directly or indirectly, based on confidential information that someone is party to. This is often referred to as 'insider dealing' and is covered by the Market Abuse Directive. Whilst we may not deal in investments directly there may be occasions through the course of our business where a staff member may become party to confidential information.

Where this is the case, nobody within our firm (or third-party outsourced partners) will:

- a) Enter into a personal transaction which meets at least one of the following criteria:
  - That person is prohibited from entering into it under the Market Abuse Directive
  - It involves the misuse or improper disclosure of that confidential information
  - It conflicts or is likely to conflict with an obligation of our firm to a client under the regulatory system.
- b) Advise or procure, other than in the proper course of employment or contract for services, any other person to enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by (a);
- c) Disclose, other than in the normal course of employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
  - To enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by (a);
  - To advise or procure another person to enter into such a transaction.

## Personal account dealing process

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The following procedures have been implemented to assist in reducing the risks associated in this area:

- a) Any such situations identified, must immediately be notified to SMF16 Compliance Oversight.
- b) We will ensure that all staff are aware of our personal account dealing procedures and of any restrictions. Typically, this is done by asking staff to sign an annual staff declaration.
- c) We will ensure that any third-party outsourcer our firm uses that carries on activities that might give rise to a conflict of interest, has appropriate policies in place in relation to personal account dealing. Confirmation of this will be obtained in writing at the outset of any business relationship.
- d) Any business conducted by a member of staff, on their own account, will be recorded on a personal account dealing register. The personal account dealing rules do not apply to the following transactions:
  - a. Personal transactions undertaken through a discretionary management service where there's no prior communication between the investment manager and the person for whom the transaction is being affected.
  - b. Personal transactions in units or shares in collective investment schemes e.g. unit trusts, open-ended investment companies and exchange-traded funds (ETFs).
  - c. Personal transactions in life policies. This includes pension policies, investment bonds and long-term care insurance contracts.