

SCOPE:

Our Conflicts of Interest Policy applies to those who are considered, or would reasonably be considered, **Professional Clients or Eligible Counterparties**, hereinafter referred to as "Client(s)", of Barmac Asset Management Limited ("*our*", "*we*", "*the firm*"). Professional Clients or Eligible Counterparties are defined by the Markets in Financial Instruments Directive ("*MiFID*"). Should you be in any doubt as to your classification, please refer to the Financial Conduct Authority (*the "FCA"*) Handbook or seek independent advice.

INTRODUCTION:

The purpose of this document is to set out our policy to effectively identify and manage conflicts of interest that may arise when we provide services to Clients, in the course of carrying on regulated activities. Our policy complies with our Regulators, the FCA, rules, which in turn, implements MiFID. It is not intended to create third party rights or duties or form part of any contractual agreement between the firm and any Client.

IDENTIFYING CONFLICTS OF INTEREST:

To identify the types of conflicts of interest that may arise and which may entail a material risk of damage to a Client's interest, we take into account whether the firm, (or an employee of the firm):-

- Is likely to make a financial gain (or avoid a loss) at the expense of its Client;
- Has a financial or other incentive to favour the interests of one Client over those of another Client or Clients;
- Has a financial or other incentive to favour the firm's (or an employee of the firm) own interest over that of one or more Clients;
- Carries on the same business as the Client;
- 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 fee or commission for that service.

THE MATERIAL AND RELEVANT POTENTIAL CONFLICTS OF INTEREST IDENTIFIED BY THE FIRM ARE AS FOLLOWS:-

a) Inducements and gifts

No employee of the firm may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all the circumstances.

An employee may not accept gifts from, or provide gifts to, an individual or firm with whom they conduct, or intend to conduct, business on behalf of the firm, unless it can be demonstrated that no conflict of interest is created by doing so.

Entertainment provided by an employee must fall within the expenses policy of the firm and should not create any conflict of interest. Entertainment accepted by an employee should be appropriate and the acceptance of such entertainment should not create any conflict of interest.

This rule applies even if the direct recipient of the gift or other benefit is the spouse, partner or a child of the employee. The provision or acceptance of gifts and entertainment should be consistent and proportionate with the corporate relationship.

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b) Bribery

Bribery is the offering, promising, giving or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

If we become aware that an activity or conduct has taken place which we suspect is a bribe (or corrupt) we have a duty to report this. Any such incidents will be reported to the Compliance Director. If for any reason the event cannot be reported to the Compliance Director then it will be reported to Robert Brook, Finance Director on tel no. 0113 395 5323 or by email r.brook@barmacuk.com

The firm will investigate seriously any actual or suspected breach of this policy and employees may be subject to disciplinary action which may result in their dismissal.

In the case of third parties found to be bribing or attempting to bribe the Company's employees, they will be informed in writing, business dealings will be ceased and appropriate authorities will be informed.

c) Personal account dealing

The market abuse regime was introduced in December 2001 and has been updated to take account of the requirements of the Market Abuse Directive. The main provisions of the regime are set out in the Financial Services and Markets Act 2000 ("*FSMA*"). The FCA have set out in more detail the sorts of behaviour that may amount to market abuse in the Code of Market Conduct, which forms chapter 1 of the Market Conduct Sourcebook.

One of the categories of market abuse defined in FSMA is the misuse of information where that information is relevant and not generally available. It is an offence to both deal on the basis of such information and to require or encourage someone else to deal. One factor to be considered when assessing whether behaviour amounts to market abuse is whether the person concerned has acted in accordance with the standards expected of them given their position in relation to the market. The firm expects all staff to observe the highest standards in relation to their personal dealings. The market abuse regime is a civil regime and in cases where market abuse has occurred, the FCA can impose an unlimited financial penalty.

The UK also has a criminal insider dealing regime, which is set out in the Criminal Justice Act 1993 ("*the Act*"). This makes it a criminal offence for an individual who has information as an insider to deal in securities (including shares, debentures, warrants and options) on a regulated market. The FCA may decide, in concluding investigations into a potential misuse of information or insider dealing case, that the behaviour is sufficiently serious to justify a criminal prosecution. An offence under the Act is punishable by up to seven years imprisonment and/or a fine of up to £5,000.

It is important that proper arrangements are in place, which allow the firm to show that individual investment decisions have not been influenced by information made available to it, confidentially, in the course of the firm's business.

Under the FCA "personal account dealing rules", firms are required to monitor staff dealings in securities, derivatives and shares. The rules exclude units in collective investment schemes, life policies, endowments, pensions and some exchange traded funds which can be regarded as collectives. It is the policy of the firm that any business conducted by a member of staff on their own account (excluding pensions and life policies) should be recorded on the firm's personal account dealing register. Accordingly all relevant staff dealings need to be notified to the Compliance Oversight Function.

d) Investment management

The firm is the investment manager an Open Ended Investment Company, namely the Castleton Growth Fund and receives remuneration for its services in this respect. The firm will only purchase the Castleton Growth Fund on its investment merits and in accordance with the Client's Discretionary Managed Model Portfolio Service Terms of Business Agreement. No double charging takes place where the Castleton Growth Fund is purchased.

The firm may receive commission or fees from the provider of a third party collective investment scheme (typically a Unit Trust, Open Ended Investment Company or Investment Trust) in which the firm makes an investment. Investing in a third party fund is made strictly on its investment merits and is totally independent of any consequential remuneration benefit.

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e) Commission or Fees to third party brokers

The firm has a wide range of relationships with other broking firms who execute trades on our behalf. Broker selection is determined primarily by the need to achieve best execution for our Clients. Commission or fees (either explicit commission or a charge bundled into the price per share) paid to other brokers on behalf of Clients may in some cases effectively be paying not only for trade execution but also for research received from those brokers which is likely to be of use to us and our Clients in supporting the stock selection process.

Because the value to any individual client of research services received from these other brokers may not directly correlate with the commission or fees element paid by that Client attributable to that research, it is appropriate for us to disclose these arrangements to Clients. Commission rates and the proportion attributable to research, vary between markets and it is not possible in many cases to attribute commission clearly between trade execution and research. The commission rates for Clients are those direct from the broker and therefore no charge is taken by us for dealing. Research costs are currently included within the annual management charge on the funds invested.

f) Commission and/or fee sharing agreements

The firm may pay a share of the dealing commission and investment management fees charged to the Client to a person or persons who introduced the Client to our firm. Information relating to any commission and/or fee sharing arrangements can be provided on written request.

RECORDING CONFLICTS OF INTEREST

Where such conflicts arise, they will immediately be reported to the firm's Compliance Officer, who will record them and decide the appropriate course of action. In no circumstances will the firm or any given Client be favoured to the detriment of another Client and in all instances the conflict of interest will be managed fairly.

MANAGING CONFLICTS OF INTEREST:

a) Procedure for disclosure and managing conflicts

All Approved Persons are required to disclose any other business interests they may have when they join the firm. These will be recorded on the firm's application form and reviewed on an annual basis. All staff registered with the FCA are subject to an annual "fit and proper" check which includes a review of other business interests.

It is the responsibility of each member of staff to bring potential or actual conflicts of interest to the attention of the Compliance Oversight Function as soon as they become aware of them.

The firm will ensure that if any Approved Person, or any other of its customers, has a material interest in a transaction to be arranged, the firm will not arrange or enter into the arrangement unless it can be demonstrated that the firm has dealt with the customer fairly.

All staff must adhere to the following procedure in cases where a potential conflict of interest exists:-

- i.** the staff member must advise the Compliance Oversight Function of the potential conflict of interest in writing;
- ii.** the firm will advise the Client, in writing, of the potential conflict of interest;
- iii.** the Client must provide the firm with their consent to proceed, in writing;
- iv.** a copy of both letters will be retained by the Compliance Oversight Function, who will authorise the Approved Person (where relevant) to proceed with the normal business process; and
- v.** copies of both letters, together with the Compliance Oversight Function's written authorisation to proceed with the normal business process will be retained on file.

The firm's senior management will maintain a conflicts of interest register which will be kept under regular review.

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b) Chinese walls

When the firm establishes and maintains a Chinese wall, it is creating an information barrier. Essentially this requires information held by one part of our business to be withheld from, or not used by, persons in another part of the business. The use of a Chinese wall will be established and enforced by the firm's Compliance Officer.

c) Independent Review

Where a conflict of interest arises as a result of the day to day management of Clients' portfolios, we are required to document the rationale for the investment decision taken and, where relevant, the allocation between Clients' portfolios.

d) Declining to provide the service

In the event of being unable to avoid or manage a conflict of interest, the firm may have no choice but to decline to provide the service requested.

MONITORING AND REVIEW:

We monitor regularly and review at least annually our Conflicts of Interest Policy and whenever a material change occurs we will adjust our Policy as necessary.

QUESTIONS:

Should you have any questions relating to our Conflicts of Interest Policy, please contact:-

The Compliance Officer
Barmac Asset Management Limited
27a Lidget Hill
Pudsey
Leeds
LS28 7LG



0113 395 5323



info@barmacuk.com

(This document is current as at 1st April 2013)