

## **Ashmore Investment Management Limited and Ashmore Investment Advisors Limited**

### **Conflicts of Interest Policy Statement**

**August 2016**

#### **Introduction**

A conflict occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of a client.

This document summarises the policy of Ashmore Investment Management Limited and Ashmore Investment Advisors Limited and its affiliated companies<sup>1</sup> (collectively “Ashmore”) for managing conflicts of interest<sup>2</sup>. It is not intended to provide an exhaustive account of the processes and procedures we adopt in connection with the management of conflicts of interest, but is instead intended to be a statement of principles through which Ashmore seeks to manage potential and actual conflicts. It also provides information designed to enable Ashmore’s clients to understand the key measures we take to safeguard their interests.

Ashmore’s principal activity is the provision of investment management and advisory services to a range of funds and to large institutional clients. Ashmore does not offer the services of market making or underwriting, nor does it provide investment research to external third parties, and in the UK there are no soft commission arrangements in force. Furthermore, Ashmore does not hold client money or assets. Except in strictly controlled circumstances where only senior fund managers have limited discretion, investment decisions are made by Ashmore’s Investment Committees.

#### **1. UK and European regulations**

Our regulator in the UK, the Financial Conduct Authority (“FCA”) requires us to conduct our business in accordance with its eleven Principles for Businesses. The following Principles apply in the context of Ashmore’s conflicts policy:

- Principle 1 - A firm must conduct its business with integrity.
- Principle 2 - A firm must conduct its business with due skill, care and diligence.
- Principle 6 - A firm must pay due regard to the interests of its customers and treat them fairly.
- Principle 7 - A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
- Principle 8 - A firm must manage its conflicts of interest fairly, both between itself and its customers, and between a customer and another client.

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<sup>1</sup> Affiliated companies comprise the ultimate holding company Ashmore Group plc and all other active companies the majority of whose equity interests are directly or indirectly majority owned by Ashmore Group plc.

<sup>2</sup> Subject to local laws applicable in jurisdictions where affiliated companies are located.

In accordance with the above Principles, the requirements of the European Markets in Financial Instruments Directive (“MiFID”) and Alternative Investment Management Directive, (“AIFMD”) and with our fiduciary obligations, Ashmore has policies and arrangements in place to identify and manage conflicts of interest that may arise between us and our clients or between our different clients.

Ashmore or any other party to whom it may have delegated certain functions, may in its absolute discretion effect transactions in which we have, directly or indirectly, a material interest. We may also at our discretion enter into a relationship of any description with another party which may involve a potential conflict with our duty to our clients. We will ensure that such transactions are effected on terms which are not materially less favourable to the client than if the potential conflict had not existed.

## **2. Identification of conflicts**

Ashmore is required to take all reasonable steps to identify conflicts of interest that arise or may arise in the course of providing any regulated activity.

Conflicts of interest can arise where:

- 2.1.1 The interests of Ashmore conflict with those of a client (firm vs. client conflicts);
- 2.1.2 The interests of one client of Ashmore conflict with those of another of our clients (client vs. client conflicts);
- 2.1.3 The obligations of investment advisers within Ashmore differ (each of whom owe duties to their respective clients); or
- 2.1.4 Ashmore has obtained confidential information relating to listed securities, or to a transaction or arrangement, or to an existing or former client, which could be of value to other parts of Ashmore, or to our clients, or to certain third parties.

Examples include:

- 2.2.1 A client of Ashmore is disadvantaged or makes a loss when Ashmore or an employee of Ashmore is advantaged or makes a gain;
- 2.2.2 A client of Ashmore makes a gain or avoids a loss when another client of Ashmore thereby makes a loss or is disadvantaged;
- 2.2.3 Ashmore or an employee of Ashmore has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client which is different from the client’s interest in that outcome;
- 2.2.4 Ashmore or an employee of Ashmore has a financial or other incentive or inducement to favour the interests of one client over another client; or
- 2.2.5 Ashmore or an employee of Ashmore receives or will receive from a third party other than the client an inducement in relation to a service provided to clients, in the form of monies, goods or services, other than the standard commission or fee for that service.

Ashmore's Senior Management is responsible for determining what amounts to a 'material risk of damage'. Furthermore, Ashmore's policies and internal procedures are designed to assist in identifying and mitigating possible conflicts of interest.

### **3. Management of conflicts**

Each conflict of interest identified will be managed and monitored. Ashmore may adopt the following types of procedures and measures when managing conflicts of interest:

- 3.1.1. Pre-clearance. The performance of certain transactions (such as dealing in personal securities), or holding or taking up positions of responsibility (such as directorships), that may conflict with knowledge or duties to clients may be subject to pre-clearance.
- 3.1.2. Control of information. Preventing or controlling the inappropriate exchange of material non-public information by adding the information to the Restricted List.
- 3.1.3. Separate supervision. Ensuring that individuals within Ashmore on opposite sides of a conflict of interest are subject to separate supervision or reporting lines.
- 3.1.4. Segregation of duties. Preventing or controlling the simultaneous or sequential involvement of individuals in separate tasks or services.
- 3.2. Ashmore Senior Management will give consideration to whether the potential for a conflict for interest may exist and, where this is the case, arrangements will be made to manage the conflict in the most appropriate manner. There are a number of committees that review Ashmore's internal organisation, for example the Audit and Risk Committee and the Systems and Controls Committee, and will make any necessary changes as necessary.
- 3.3. It is not enough merely to implement one, or a combination, of the above types of control. At all times, consideration must be given as to whether an appropriate level of independence has been achieved between the opposing sides of a conflict of interest. It may be necessary to adopt alternative or additional measures if appropriate to a particular circumstance.
- 3.4. In order to ensure that conflicts are managed appropriately, internal procedures will be followed where they are already in place; should it be found that no internal procedures exist, then that particular conflict will be referred to the Group Head of Compliance and Senior Management in order to reach a conclusion or establish a suitable procedure or process to resolve or manage the conflict.

### **4. Disclosure of conflicts**

Where the measures implemented to manage conflicts described above are insufficient to ensure, with reasonable confidence, that risk of damage to the interests of clients will be prevented, then the nature of the conflict of interest arising must be disclosed to those clients prior to undertaking further business with them subject to the following:

- 4.1.1. Any disclosures should be clear, fair and not misleading;
- 4.1.2. Disclosures should be made in writing by letter or E-mail once sufficient information is available to prove any responsibilities have been properly managed or mitigated;
- 4.1.3. The amount of detail which must be disclosed depends on the nature of the client. Sufficient detail must be given to enable the client to take an informed view; and

4.1.4. Merely disclosing conflicts without attempting to manage them will not be sufficient.

Disclosure is for conflicts that cannot be managed or adequately managed by other measures.

4.1.5 In the event that the reasonable steps Ashmore has made to manage conflicts of interest are not sufficient and may potentially damage the interests of a client, we will consider whether disclosure is appropriate or whether, bearing in mind the risks involved, we should refrain from acting for the client.

## **5. Monitoring**

Potential and actual conflicts of interest will be overseen by Senior Management and / or the Conflicts of Interest Officer who shall be responsible for the supervision and monitoring of the conflicts identified under this Policy. Where considered appropriate, Internal Audit may be requested to review the handling or management of a conflict to determine whether the internal procedures applicable to the conflict were followed.

## **6. Record of conflicts**

Any person who identifies a potential or actual conflict of interest should report it to their line manager or the Conflicts of Interest Officer (who is also the Group Head of Compliance)

A Conflicts Register is maintained by the Compliance department containing details of routine and non-routine conflicts of interest.

Relevant records relating to all conflicts, regardless of whether they are recorded in the Conflicts Register, must be kept for a minimum period of 5 years.

## **7. Awareness and Training**

All Ashmore employees are required to have an understanding of conflicts of interest. By so doing any conflicts of interest that arise in the ordinary course of business can be dealt with in accordance with established procedures or escalated through line management or the Compliance department. Training will be provided periodically to all staff either face-to-face or by computer-based training.

## **8. Review of the Policy**

This Policy is subject to a formal review on an annual basis and it will also be reviewed in line with business changes and changes to regulation.