



FUNDHOUSE

Code of Conduct

As at:

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Introduction from the CEO

Fundhouse Bespoke provides model portfolios to clients which is considered a regulated activity by the Financial Conduct Authority. Therefore, we need to uphold the requirements of the regulator, which we discuss further on. But we also have our own standards, which surpass those required of us by the regulator. These standards are high because we are an organisation that places the end client first and accordingly, we set ourselves a high bar. We should also know that although only one service is regulated, we need to uphold these values and conduct rules across our entire business in the UK.

Ultimately, we exist to improve the financial welfare of the end customer. In plain English, this means we do what we can to enable as many end customers to retire with dignity and this is our core mission. Although we usually give advice to sophisticated institutions, the metaphorical person looking over our shoulder when we give advice or evaluate an investment strategy is that end customer or pensioner. It could be you, your mum or dad, your brother or sister or your grandparents.

Doing the right thing for the end client is simply the way we do business and I urge you to read our customer pledge letter every so often. Below we lay out what this means within the context of the code, but essentially it means we must act honestly, with integrity and transparency and ensure that we build strong bonds of trust with our clients and colleagues. We also aim to reduce conflicts of interest.

Please take time to read and understand this Code. It aims to set out how we can all demonstrate our values, protect our clients, avoid conflicts of interest, respect and trust each other and ensure we build a great, honest and fair business at Fundhouse. You will be asked to confirm your acceptance of and adherence to this Code each year. If anything worries you at all, please do speak up. You have so many channels other than coming to me, if that is more comfortable to you. You will not be punished for speaking up and raising concerns in good faith.

We do have clients in jurisdictions that are not regulated by the FCA and therefore we also carry on unregulated activity – from the FCA’s perspective. We need to be sure that we are able to evidence the separation of regulated from unregulated activity.

Finally, this guidance may not cover every eventuality and in such instances we ask that you follow a simple rule. When it comes to your/our actions or behaviours, ask yourself some basic questions, like: What is the best thing for the client? How would you feel if you were the client? Would you buy this service yourself? How would this look if it was headlines in a newspaper? How would the regulator respond if they knew? How proud are you of the action? If you're in any doubt you should speak to your manager before you act.



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Rory Maguire, CEO

Please speak up

As you can hopefully see, we have a culture that is designed to be open and honest and encourage people to speak up on any issue. We welcome criticism, particularly because it likely pushes us towards a more thoughtful and considered outcome for the end investor. If you see any behaviour that you believe goes against our values or this code (or the law), you have an obligation to speak up and you must know that you can do this without fear of any negative consequences to you. You have numerous channels you can pursue. You may wish to come to me, the CEO. Or, you may wish to go to the non-executive directors, Peter Foster and Ian Jones. You can also speak to Nadeema Levy, our compliance officer. Or you can speak to colleagues who can then speak to others on your behalf.

Culture and Awareness

At Fundhouse, we have a very open and flat structure. All staff deal directly with management (and founders) on a day to day basis. Staff should note:

- All colleagues should behave in a way that supports an inclusive culture, embracing all forms of diversity. We have a culture of accountability and admitting mistakes.
- Everyone and anything can be criticized.
- Our values and ethics are what drives us, always.
- And, above all else, we are here to improve outcomes for the end client and to fight their corner.

Our Values

- At all times, act with integrity, honesty, high ethical standards and respect: we need to build strong working relationships with our clients, our colleagues, our stakeholders and any external parties like regulators and industry bodies. While people can challenge our findings, they should not be able to question our integrity.
- Stewardship Mindset: We need to uphold the value that we are stewards of our clients investments and we must behave in a way that embodies the trust our clients place in us. We do this in a few notable ways. We are championing industry transparency by being ambassadors for the Transparency Task Force. We accept no fees from fund groups. We stand alone with the number of negative fund ratings we give. We were the first to publish our fund selection (and asset allocation track records, although the asset allocation track record is for clients only). Our research is known for its independence and unsurpassed detail and rigour.
- Make good choices. We believe in making good choices and taking responsibility and accountability for them, so that we can become one of the world's most respected, best performing and trusted investment organisations, and positively impact the lives of our adviser clients and their end investors. It goes beyond simply following laws and rules.
- Courage: this means setting high ambitions, setting an accelerated pace, making decisions even when it's difficult and speaking up when we see an opportunity to improve.
- Accountability is about taking ownership, prioritising work that supports our strategy and delivering what we promise.
- Development encourages us to bring the outside in and learn from others, and to ask for and give feedback, so we can continually grow as individuals, teams and as an organisation.
- Teamwork is about all of us working better together on aligned objectives, understanding how our work contributes to our goals.
- We aim to be transparent in all we do and encourage our partners and clients to do the same.
- We also admit mistakes and are comfortable making these public.
- Actions and words must be the same and when these become different, our reputation comes under pressure. Our reputation is our most trusted asset and is, in the end, all we have.

- We think long term. We expect fund managers to take a long term view. We need to do the same. Our business needs to encourage us to forgo short term earnings if that means we can enhance the outcome for our customers. We all buy into an ethic of long term pay off, with the potential to earn little or nothing in the short run.
- Zero tolerance for any form of harassment, abuse, discrimination or bullying of clients, colleagues, contractors, suppliers, or anyone we deal with.
- Treating customers fairly and placing their needs first: We have a duty to act with due care, skill and diligence to ensure that we treat all customers fairly. That means our products and services are appropriate to meet the needs of our customers and we provide information which is accessible, clear, fair and not misleading. We should ensure that no customer or group of customers is treated favourably at the detriment of other customers. Where customer claims and complaints arise we deal with these in an independent, timely and efficient manner.
- Managing conflicts of interest: We discuss this further on. There may be examples where a conflict of interest arises between Fundhouse, our colleagues, customers or suppliers, or between different businesses within the Fundhouse group. These conflicting interests could lead to behaviours, actions and decisions which are improper, unethical or not impartial. Ideally we avoid conflicts of interest but where this isn't possible you have a duty to identify and declare these so they can be managed in a fair and transparent manner.
- Fair and sensible market conduct: We are strong believers in fair competition and in developing relationships with the motives that align us with this and the end client. When building relationships, we must do this without inducement or any anti-competitive practices or unfair advantage. We also avoid any market manipulation by avoiding making any misleading claims in our public and client communications. Where we have access to inside information - which is material, non-public and could affect or influence investor behaviour were it known publicly - you should not pass this information to anyone who does not legitimately require it for work purposes. If you have access to inside information relating to other companies - for example, in the course of managing investments - you must ensure good market conduct and not use this information for financial or other gain.
- Information, data and communications: It is critically important that we all protect customer and employee data. We must all take care to ensure its proper collection, use, storage and transmission. You should never share or pass on customer or employee data to external parties unless it is explicitly and contractually agreed. You must take precautions to avoid loss or theft of hard copy documents or company equipment, such as phones or laptops, which could lead to uncontrolled release of data.
- Press and Social Media: We only allow designated spokespeople to engage with journalists or other media representatives. Although we respect the use of personal social media accounts, you should be respectful of the privacy of others, including your colleagues and customers, avoid any unauthorised release of company information, content or intellectual property and make clear that views expressed are personal and not those of Fundhouse.
- Responsible use of company assets and expenses: As can be expected, we all need to protect company resources and assets, be it money, property or other physical assets such as vehicles, phones and laptops. Company property should be used responsibly and reasonable steps taken to protect it from damage, loss or misuse. We must ensure expenses are legitimate and reasonable and expense claims are made accurately and honestly. This applies to routine business expenses, such as travel costs, as well as higher value products or services.
- Managing the risk of financial crime: Financial crime incorporates bribery and corruption, money-laundering, fraud, the facilitation of tax evasion, terrorism financing and sanctions. Fundhouse takes very seriously any act of financial crime, undertaken by, or through its businesses, colleagues, customers, advisers, suppliers or other external parties. In accordance with the 2010 Anti Bribery Act, it is illegal to offer, promise, give, request, agree, receive or accept bribes at Fundhouse. We aim to implement and maintain appropriate systems and controls to prevent financial crime and reduce the potential for financial loss, regulatory fines and/or censure and damage to reputation. As a responsible business we recognise, endorse and support compliance with all our financial crime prevention obligations. We have detailed policies in place to help manage the risk of financial crime to which all colleagues must adhere. If you suspect any acts or attempts of financial crime you are required to report this immediately.
- Working with regulators, political parties and governments: If your role involves contact with regulators, law enforcement agencies or government officials you must act honestly, openly and constructively in your dealings with them. You must assist with all inquiries and investigations in a responsive manner and

not withhold information. In a personal capacity, you are free to support political parties; however this must be at your own expense and in your own time. Company funds or gifts in kind, should not be used to support political parties, elected officials or election candidates.

Be Aware of Conflicts

It is the responsibility of all staff to familiarise themselves with this policy and to report conflicts of interest to their line manager/Compliance Officer as appropriate. Failure to adhere to this policy may be considered to be a breach of an employee's contract with Fundhouse. Overall responsibility for Fundhouse's conflicts of interest lies with the Board. The Compliance Officer is responsible for the day-to-day administration of this policy.

First, let's state what the regulation says on this matter. SYSC 10.1.4 R sets out that, for the purpose of identifying the types of conflict that arise in the course of providing a service and where there may be a material risk of damage to the interests of a client, Fundhouse must take into account, as a minimum, whether Fundhouse or a Relevant Person, or a person directly or indirectly linked by control to Fundhouse:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- 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;
- has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- carries on the same business as the client; and/or 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 commission or fee for that service.

How we manage conflicts at Fundhouse:

- **Conflicts of Interest Register:** We have set out in the Conflicts of Interest Register specific conflicts of interest that could arise entailing a material risk of damage to the interest of one or more clients for each business line.
- **Personal Account Trading Rules:** We have set out the personal account trading rules and what you and any connected parties to you are able to do (to avoid conflicts).
- **Gifts and inducements:** We have policies around this and each staff member should be aware of these.
- **Governance:** Fundhouse has robust governance arrangements. Key business decisions are taken by the Board and are recorded in Board minutes. The Compliance Officer reports directly to the Board and Fundhouse Bespoke has a non-executive Chairman and two non-executive directors.
- **Reporting Lines:** Fundhouse has defined and clear reporting lines. We appreciate that Rory Maguire has many roles and this may, in the near term, create some conflicts of interest (Rory is both compliance officer and CEO). The longer term plan is for Julia Drell to become the compliance officer.
- **Segregation of Functions:** The rules in SYSC 5.1 requiring segregation of functions are met by segregating duties as appropriate to avoid conflicts of interest wherever possible. These duties are set out via job descriptions, procedure manuals and the Staff Organisation Chart. Within a small business, we appreciate that we may have a few roles that are combined. But where possible, we have separated roles out.
- **Remuneration Arrangements:** Remuneration policies are designed to avoid rewarding behaviour that could lead to the disadvantage of clients. We have a remuneration policy in place designed to reduce any conflicts.
- **Disclosure of Personal Conflicts:** Relevant Persons are required to disclose their conflicts of interest to their line manager who in turn informs the Compliance Officer. The Compliance Officer records any such conflicts in the Conflicts of Interest Register and informs the Board of any actions taken.

- **Recruitment:** When recruiting individuals, we consider their fitness and propriety, technical and, where required, managerial skills. Suitable background checks are made and references are sought for new employees.
- **Training:** Compliance training relevant to conflicts of interest forms part of Fundhouse's annual training programme. The Compliance Officer and CEO ensure that appropriate training is devised and delivered.
- **Compliance and Procedures Manuals:** Systems and controls are documented in the compliance and procedures manuals, which are reviewed at least once a year to ensure they are fit for purpose.
- **Annual Compliance Review:** The principal means of verifying that these policies have been complied with is an annual compliance review undertaken by the Compliance Officer.
- **Disclosure to Clients:** If our arrangements to manage a conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the client's interests is prevented, we will inform the client.

Further Requirements for Approved Persons

Currently Rory Maguire, Ian Jones and Peter Foster are approved persons. Fundhouse operates in numerous jurisdictions and must comply with local regulatory requirements. In the UK the Financial Conduct Authority has introduced the Senior Managers and Certification Regime (SMCR) to govern how people working in financial services are regulated. The aim of SMCR is to reduce harm to consumers and strengthen market integrity by making individuals more accountable for their conduct and competence. The Principles for business are supplemented by 7 Principles for Approved Persons, which are supported by this Code of Practice. These Principles will only apply to an approved person when he is carrying on a controlled function in relation to a regulated activity:

- An approved person must act with integrity in carrying out his controlled function.
- An approved person must act with due skill, care and diligence in carrying out his controlled function.
- An approved person must observe proper standards of market conduct in carrying out his controlled function.
- An approved person must deal with the FSA and with other regulators in an open and cooperative way and must disclose appropriately any information of which the FSA would reasonably expect notice.
- An approved person performing a significant influence function must take reasonable steps to ensure that the business of the firm for which he is responsible in his controlled function is organised so that it can be controlled effectively.
- An approved person performing a significant influence function must exercise due skill, care and diligence in managing the business of the firm for which he is responsible in his controlled function.
- An approved person performing a significant influence function must take reasonable steps to ensure that the business of the firm for which he is responsible in his controlled function complies with the regulatory requirements imposed on that business.
- You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.
- You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

Updating this Code

All employees are required to confirm they understand the requirements of the Code once a year and complete Code of Conduct training. If you are unsure about any of the content of the Code you must ask for further clarification.

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About FUNDHOUSE

Fundhouse was founded in 2007 by professionals from the investment management industry. We currently operate from offices in South Africa and the United Kingdom, where we cover the local and global fund industry first hand. Our business is 100% independent and owner managed which means we can offer objective advice and services in the best interests of our clients. Fundhouse specialises in investment consulting services, such as manager research, portfolio construction and asset allocation. Our experienced team understands the complexities of the investment management world and we apply this knowledge alongside a client-first mindset to improve the outcome for the end investor. Our client base includes many blue chip UK institutions.

Legal Information

Fundhouse is the name under which Fundhouse Bespoke operates and is incorporated and registered in England and Wales under the registration number 10893119. Fundhouse's formal address is 7 Chapter House, 33 London Road, Reigate, RH2 9HZ, UK. Fundhouse is also regulated by the Financial Conduct Authority to give advice, under reference 786601. Fundhouse's ratings do not constitute investment advice and should not be seen to represent investment advice to your particular circumstances or financial plan. It is important to note that no investment decision should be made based on this information and that - where applicable - appropriate professional, independent advice should be considered first. Report is not for distribution to retail clients. Equally, this document is not an offer or any form of solicitation to endorse this product. This document contains confidential and proprietary information to Fundhouse. It is intended for the exclusive use of our registered clients who have agreed to terms of confidentiality. The information and content cannot be changed, shared, sold or forwarded to any person or entity without the written permission of Fundhouse. The research, ratings, evidence and/or opinions expressed herein are the intellectual property of Fundhouse although track record and benchmark information may have been sourced via external providers. The contents, ratings and opinions are subject to change and can be changed without notice. Importantly, the content and rating offered is not intended to convey any guarantees or increased probability of any future performance of the underlying investment products (including the asset class and benchmark). Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Fundhouse has not sought to verify it independently. As such, Fundhouse makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.