

## Conflicts of Interest Policy Disclosure

### Introduction

At Herald Investment Management Limited (“Herald”), it is central to our culture and therefore an expected behaviour that we always seek to do the right thing by our clients. This disclosure document is designed to provide our existing and potential clients with a summary of the detailed policy given to employees (including consultants and directors) which explains what a conflict is, how we deal with conflicts as and when they arise, and to explain their responsibility as an employee in relation to identifying and dealing with conflicts of interest.

### Sources of Conflicts of Interest

Conflicts of interest arise when there is a mismatch between the interests of two parties, and a conflict may arise at the start of a new relationship or at any time during the relationship. All firms must consider potential and actual conflicts and give thought to how a situation may be perceived by a third party, such as a regulator.

At Herald, the frequency of conflicts of interest is expected to be low for the reasons outlined below. However, we do have our own particular set of conflicts that may be relevant to our business activities and, as a result, we have made arrangements to manage them. Possible examples of conflict situations may include:

- When we or our connected companies or other connected persons have a position in an investment which a client has the same investment in. As a result, a conflict of interest may arise.
- When we, our connected companies or some other person connected with us has a relationship with any other client, issuer, investment manager, broker, counterparty or any other person or entity which could place us or our connected companies in a position where its duty to the client may conflict with the duty to such other persons.

### Likelihood of Conflicts of Interest

At Herald, conflicts of interest have been infrequent and are expected to remain so because:

- We only have two clients and although they target the same sectors each client has a different investment remit; the Herald Investment Trust invests in smaller companies with market capitalisation generally below \$3bn at the point of purchase, whilst the Herald Worldwide Technology Fund invests in companies with no market capitalisation limit. Where there may be overlap between the market sectors in which they specialise, our policy on trade aggregation and allocation ensures potential conflicts are managed;
- We do not engage in proprietary trading, a source of potential conflicts;
- We are engaged only in investment management; there are no competing business streams, such as investment research or corporate finance, with different clients and divergent interests, which might generate conflicts;

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- Although we are part of a group, no other group entity is engaged in designated investment business; it is therefore improbable that conflicts will arise from the activities of other members of the group;
- Our policy on inducements ensures that the possibility of inducements affecting our conduct in a way that would impact clients is considered negligible;
- A comprehensive policy on personal dealing ensures that situations where our staff and our clients might have conflicting interests are not allowed to develop;
- Our fee structure is transparent and straightforward;
- Our remuneration policy ensures that staff do not have perverse incentives to achieve targets and increase their variable remuneration by putting our clients' and their underlying investors' investments at risk; and
- We are a signatory of the FRC Stewardship Code therefore, as required, due consideration and disclosure is given to conflicts that may have arisen in the context of stewardship, as detailed in our annual Stewardship Code Reports.

### Identification and Conflict Management

Where a potential or actual conflict is identified, it will be reported to the Compliance Officer. Following due consideration on materiality, the Compliance Officer will document the relevant details in a conflicts of interests register including any action taken as a result. A summary of all conflicts during a relevant period are reported to the Board. At Herald, we will always seek to organise our business activities and arrangements in a manner to prevent the crystallisation of the conflict.

Whilst we will take all reasonable steps to avoid material conflicts of interest arising, we recognise there may be circumstances where it may not always be possible to do so. Material conflicts that are not resolved internally by us, will be clearly disclosed in writing to a client. This disclosure will include the general nature and source of the conflict, along with an explanation as to why the conflict could not be prevented. The disclosure will also contain sufficient detail for the client to evaluate any loss or damage it has suffered or may suffer as a result, and allow the client to make an informed decision as to what action to take.

Please note this Conflicts of Interest Policy Disclosure and the Conflicts of Interest Policy is reviewed on an annual basis.