

SUMMARY OF THE POLICY FOR MANAGING CONFLICTS OF INTEREST

INTRODUCTION

Itau BBA International plc and its branches located in the European Union (hereafter referred as "Itau BBA UK") are required and committed to take all reasonable steps to identify and manage conflicts of interest and/or the perception of conflicts of interest that may arise when providing services.

Therefore, Itau BBA UK has established a Conflict of Interest Policy which sets out its overall approach in properly identifying and managing conflicts of interest. This policy applies to all employees and activities conducted by Itau BBA UK. The purpose of this summary document is to set out Itau BBA UK's approach for identifying and managing conflicts of interest which may arise in the ordinary course of its business activities.

What is a conflict of interest?

A conflict of interest is a conflict that arises when Itau BBA UK provides services to its clients, benefits (or benefits another client) to the detriment of its client. Conflicts are likely to arise in the following circumstances:

- the interests of Itau BBA UK conflict with those of a client;
- the interests of one client of Itau BBA UK conflict with those of another client of Itau BBA UK;
- the interests of any employee, director or officer of Itau BBA UK conflicts with a client;
- Itau BBA UK interests conflict with the interests of a service provider;
- The interests of Itau BBA UK conflict with its shareholders and controllers.

In determining whether a conflict exists, it is necessary to take into account whether Itau BBA UK:

- is likely to make a financial gain, or avoid a financial loss, at the expense of or to the detriment of the client or in connection with any transaction involving 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 interest of the client;
- carried on the same business as the client; 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.

MANAGING CONFLICTS OF INTEREST

Itau BBA UK seeks to identify circumstances which might give rise to a conflict of interest through periodic review of business activities and specific transactions. The Executive Committee of Itau BBA UK is ultimately responsible for the implementation of appropriate procedures to ensure that potential conflicts are identified and managed.

Itau BBA UK maintains and operates effective organisation and administrative arrangements with a view to taking reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients. Itau BBA UK keeps records of circumstances in which a conflict of interest may arise or has arisen and updates these records regularly – the conflicts register is kept in the Compliance Department.

Examples of potential conflicts of interest include:

1. Itau BBA UK engaging in proprietary trading based on the confidential information of a client and/or trading using the confidential information of a client to the disadvantage of a client ;
2. Itau BBA UK placing the interests of one client ahead of another client to the detriment of one or more of the clients;
3. Itau BBA UK employees trading for their personal accounts based on the information of client transactions;
4. Itau BBA UK employees engaging in outside business interests that may be to the disadvantage of Itau BBA UK or its clients;
5. Itau BBA UK issuing investment research which is in conflict with the manner in which it is engaged in its own proprietary trading;
6. Itau BBA UK employees providing wrongful inducements to employees of clients in order to increase the business activities of Itau BBA UK to the disadvantage of the client.

The following are examples of measures and controls adopted by the Itau BBA UK to prevent and mitigate conflicts of interest:

- Treatment of Information

Information is considered restricted when is relating to a client, a potential client or publicly traded securities or other investment instruments, which is not in the public domain. Itau BBA UK has adopted a policy which applies to all employees and addresses the use of restricted information. Employees are prohibited from disclosing restricted information and from using such information for their own interests.

Where appropriate, Itau BBA UK imposes information barriers that may include physical separation, electronic segregation and wall crossing procedures, in order to prevent the use of confidential information. Information barriers are intended to prevent conflicts of interest by limiting access to certain types of confidential information;

- Ethics Code

All business dealings with Itau BBA UK are defined and governed by core principles that are set out in the Ethics Code. These principles set standards of behaviour that apply to each member of staff. Four principles form the bedrock of the Ethics Code and following these principles ensures the management of conflicts of interest and to safeguard the interests of clients.

- Internal Conflicts of Interest Policy

Itau BBA UK has adopted a Conflicts of Interest Policy which applies to all employees and includes identification, prevention and management of conflicts of interest. The Policy identifies certain activities that may present conflicts and provides guidance on how to effectively manage;

- Personal Account Dealing Policy

Itau BBA UK has adopted a Personal Account Dealing Policy which applies to all employees. Employees are required to identify personal trading accounts and are prohibited from engaging in certain types of transactions for their personal accounts;

- External Interests

Itau BBA UK has adopted a policy with respect to outside business activities which applies to all employees. Employees are required to identify and obtain approval to engage in certain types of outside business interests;

- Escalation

Itau BBA UK has in place escalation procedures for employees to notify Senior Management of instances of non-compliance with regulatory requirements and Itau BBA UK policies. Escalation is intended to provide employees the ability to highlight issues in a timely manner to enable the Executive Committee to effectively address the issue. Itau BBA UK also has a Whistleblower Policy enabling its employees to make confidential disclosures relating to any incident or event which s/he does not believe meets the required standards of Itau BBA UK.

- Inducements

Itau BBA UK has in place a Gifts and Entertainment Policies which applies to all employees. Wrongful inducements are prohibited. Employees are further prohibited from giving or receiving gifts above a certain amount;

- Remuneration

A Remuneration Policy and Remuneration Statement are in place and identify Remuneration Code staff, provide information relating to remuneration structures and deferral plans. The Remuneration Policy and Remuneration Statement are reviewed by the Board Remuneration and Nominations Committee.

- Out-sourcing

Itau BBA UK might outsource certain function or services that will require the in-sourcing firm to receive and hold information relating to clients in order to provide the appropriate service. The data protection laws of the country that the in-sourcing firm is located may not offer the same protection to clients as it receives from Itau BBA UK. An Out-sourcing policy is in place to ensure that outsourcing arrangements are appropriately managed.

- Purchasing Policy

Itau BBA UK has a policy that establishes that staff engaged in the purchasing function are expected to be free of interests or relationships that are actually or potentially unfavourable or detrimental to the best interests of Itau BBA UK and shall not engage in any commercial transaction involving Itau BBA UK in which they have a financial interest.

The above summary reflects our detailed Conflicts of Interest Policy that is in place to ensure fair treatment for our clients through the effective management of potential conflicts. Further information about this summary document is available upon request.