

# Manulife Investment Management (Europe) Limited

## Conflicts of Interest Policy Statement

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## INTRODUCTION

This Policy relates to Manulife Investment Management (Europe) Limited ("Manulife IM Europe"). Manulife IM Europe manages portfolios of investments on a discretionary and advisory basis for investment funds, external segregated portfolio clients and other affiliates that are part of the Manulife Group of companies (together, "client" or "clients"). Manulife IM Europe also provides trade execution services to certain affiliated companies. Manulife IM Europe is authorised and regulated by the Financial Conduct Authority ("FCA") and is an investment firm subject to the requirements of the Markets in Financial Instruments Directive II ("MiFID II").

Any references to "we", "us" or "our" relate to Manulife IM Europe. References to "you" or "your" relate to clients of Manulife IM Europe. The requirements to identify, and to prevent or manage conflicts as set out in this Policy apply to all services provided by Manulife IM Europe, regardless of the status of the client to whom the service is provided.

## PURPOSE AND REGULATORY BACKGROUND

Principle 8 of the FCA's Principles for Businesses, which govern the way in which regulated firms manage their businesses states that a firm must manage conflicts of interest fairly, both between itself and its clients and between clients. In addition, Principles 1 and 6 require a regulated firm to conduct its business with integrity and to treat its customers fairly. These requirements are of fundamental importance in the way in which Manulife IM Europe conducts its business. This Policy sets out how Manulife IM Europe identifies and manages conflicts of interest that might arise within its business.

We are required to establish, implement and maintain a Conflicts of Interest Policy, under MiFID II and its implementing legislation contained in the Handbook of the UK's Financial Conduct Authority ("FCA Rules"). Accordingly, this Policy is designed in accordance with the FCA's Senior Management Systems and Controls ("SYSC") rules and associated guidance.

MiFID II requires that Manulife IM Europe establishes and implements effective arrangements for complying with the obligation to identify, prevent (where possible), escalate and manage circumstances that constitute or may give rise to a conflict of interest ("Conflict") as part of our commitment to make good decisions and deal fairly with all clients.

Our Policy is designed to protect the interests of our clients and ensure the service we provide is fair, as set out by the FCA Rules. In this respect, the Policy and our practice takes account of all relevant FCA Rules and guidance.

## WHAT IS A CONFLICT OF INTEREST?

A Conflict exists where Manulife IM Europe identifies a set of circumstances within its business where its own position has the potential to, or does disadvantage a client's interest, or where a position can disadvantage a client's interest against that of another client.

A Conflict can arise during the course of business with any of our clients when that business involves the provision of a MiFID investment service or activity to a client. The rules on preventing and managing conflicts of interest apply regardless of the type of client to which the MiFID service is being provided.

## IDENTIFICATION AND CONTROL OF CONFLICTS OF INTEREST

All of our employees are required to consider any situations where their activities or interactions with clients, vendors or other employees could present an actual, potential or perceived Conflict.

We must take all appropriate steps to identify, escalate, prevent and manage Conflicts between the Firm (including its managers, employees and any person directly or indirectly linked to them by control) and its clients, or between one client and another, that arise in the course of Manulife IM Europe providing services to its clients. As a member of the Manulife Group, we must also consider whether conflicts of interest may arise as a consequence of the group structure or business activities of other group companies. Our affiliates within the Manulife group are under similar obligations to identify Conflicts

In order to meet our obligations in relation to Conflicts, we will:

- identify circumstances which may give rise to Conflicts entailing a material risk of damage to clients' interests;
- establish appropriate mechanisms and systems to deal with Conflicts; and
- maintain those systems in order to prevent actual damage to clients' interests through the identified Conflicts.

The Conflicts can arise in our business in two distinct situations:

- between Manulife IM Europe and our client, which includes Conflicts arising between any director or employee of Manulife IM Europe and a client; and/or
- between two or more clients of Manulife IM Europe.

Manulife IM Europe maintains a Register of identified conflicts of interest for Manulife IM Europe and its group companies, together with more detailed guidance for employees on each of the specified areas.

## PROCEDURES FOR THE IDENTIFICATION, ESCALATION AND MANAGEMENT OR PREVENTION OF CONFLICTS

Manulife IM Europe adheres to detailed rules and to the general principles set out in this Policy in relation to all areas of our business. Employees are encouraged to discuss and disclose all and any Conflicts that they consider might arise in relation to any business practice or transaction to Compliance for further consideration.

Manulife IM Europe employees follow established policies and processes and are responsible for taking appropriate action when they become aware of potential or actual Conflicts in the execution of all business activities, including for example, new product approvals, decisions to undertake or continue business relationships or to offer products and day-to-day business activities with clients, vendors and third parties. Subjects covered include anti-bribery, inducements, remuneration and the use of dealing commission, information barriers and other related topics. In addition, employee related matters such as outside business interests, personal trading, expenses and gifts and entertainment are governed by specific controls to prevent any risk of personal considerations influencing business practices.

When a new conflict of interest is identified and there is no established policy or process in place for addressing it, for example, if it is unique or potentially significant, employees must escalate the conflict to Compliance who will review the conflict in accordance with an internal escalation process, following which the conflict will be appropriately addressed, either on an ad hoc basis or requiring a specific policy, as required.

## MANAGING, MITIGATING AND PREVENTING CONFLICTS

For each Conflict, Manulife IM Europe will ensure that there is a MiFID compliant solution for that conflict in place to prevent the risk of material damage to the interests of our clients.

Conflicts are identified and documented in Manulife IM Europe's Conflicts Register. This is an internal list of all identified circumstances which constitute or may give rise to a Conflict carrying a risk to the interests of one or more clients, and the controls in place to manage those identified Conflicts.

Manulife IM Europe may have information barriers in place to mitigate a potential Conflict by restricting the flow of certain information, such as material non-public information, or may otherwise manage the Conflict in a way that is appropriate to its facts and circumstances.

In cases where a conflict cannot be sufficiently mitigated through controls, including information barriers or disclosures, Manulife IM Europe may decline to enter into the transaction or relationship giving rise to the conflict.

## TYPES OF CONFLICTS

A Conflict may arise in ANY area of Manulife IM Europe's business and across all or any business areas. There must always be a linked cause and effect for a Conflict to arise in any given situation.

A Conflict might arise in situations where Manulife IM Europe, its affiliated companies or any of its employees:

- 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 interests 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;
- carries on the same business as the client; or
- receives or will receive from a person other than a client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard or commission or fee for that service.

Particular examples of situations where Manulife IM Europe has identified the potential for Conflicts to arise and where procedures have been established for the control of that risk include, but are not limited to, Personal Account Dealing, Gifts and Entertainment, Inducements (including the use of Dealing Commission), Outside Business Interests, Remuneration, Research, Marketing, Order Execution (especially if managing multiple funds or mandates), Material Non-Public Information and Product Governance and Distribution.

## DISCLOSURE

In exceptional circumstances, a Conflict may arise that Manulife IM Europe is not able to prevent or manage in such a way as to avoid the risk of damaging client interests. In such a case, Manulife IM Europe will not undertake business for the client unless it has disclosed the conflict or potential conflict to that client in advance. Such use of disclosure is a measure of last resort that is used only when other arrangements made by Manulife IM Europe to manage Conflicts are not deemed sufficient to ensure, with reasonable confidence, that the risk of damage to a client's interests will be prevented.

If such a disclosure is made, it will be in writing and will state clearly that Manulife IM Europe's organisational and administrative arrangements are not sufficient to ensure, with reasonable confidence, that they will prevent the risk of damaging the client's interests. It will contain sufficient information about the Conflict to enable that client to make an informed decision about the MiFID investment service or activity that is being provided, including a specific explanation of the nature and source of the potential Conflict(s), the risks to the client that may arise as a result of the Conflict(s) and the steps taken and to be taken to mitigate those risks. Such a disclosure will be in sufficient detail for the client to make an informed decision in relation to the investment or service where the actual or potential Conflict has arisen.

## ROLE OF COMPLIANCE

The Compliance Department is responsible for maintaining records of all Conflicts and potential Conflicts identified. The main contact point for the resolution and reporting of potential Conflicts will be the Head of Compliance, who maintains a Register of Conflicts applying to the whole of Manulife IM Europe's business.

## TRAINING

Training on this Policy forms part of the induction process for all new employees, all existing employees receive regular training on how to implement and adhere to the provisions in this policy as part of their regular training programme.

Failure to comply with this policy may be regarded as misconduct and lead to disciplinary action.

## APPROVAL AND INTERNAL REPORTING

The Board of Directors of Manulife IM Europe has approved this Policy and is responsible for its implementation. This includes defining and overseeing the governance arrangements that ensure effective and prudent management of Manulife IM Europe, including the segregation of duties and prevention of Conflicts.

A report on the identification, management and monitoring of Conflicts of Interest, the effectiveness of the Policy and the results of any analysis of risks and issues will be included in the Compliance Officer's regular reports to the Board.

## MONITORING THE POLICY

Manulife IM Europe will conduct a regular review of Conflicts and will monitor the effectiveness of this Policy and of its arrangements in respect to Conflicts to ensure that any risks or issues are identified. This obligation has been incorporated into Manulife IM Europe's general compliance monitoring process.

The results of this analysis and monitoring will be reported to the Board in accordance with the above.

## Important Information

Issued and Approved by Manulife Investment Management (Europe) Limited who is Authorised and Regulated by the Financial Conduct Authority. FRN: 165328. This document was prepared solely for informational purposes and does not constitute, and is not intended to constitute, a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Investment Management to any person to buy or sell any security or to adopt any investment strategy, and shall not form the basis of, nor may it accompany nor form part of, any right or contract to buy or sell any security or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting, tax or other advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Manulife Investment Management does not provide legal or tax advice, and you are encouraged to consult your own lawyer, accountant, or other advisor before making any financial decision.

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