

# William Blair: Conflicts of Interest Policy

December 2017

## Introduction

This Conflicts Policy is operated by William Blair International, Limited (“William Blair International”) pursuant to the requirements of the Financial Conduct Authority (“FCA”) and MiFID II meaning the EU Markets in Financial Instruments Directive (EC/2014/65/EU) and the EU Markets in Financial Instruments Regulation (EC/600/2014).

This policy covers conflicts which exist at group as well as firm level and therefore it also includes information on William Blair & Company, LLC (“William Blair & Company”), the parent company of William Blair International. William Blair & Company is regulated by the Securities and Exchange Commission and is not subject to the rules of the FCA or MiFID II. It does, however, operate under equivalent principles which apply where it is providing a fiduciary service and has a duty to act in the client’s interests, and William Blair & Company’s own interests or those of another client are potentially in conflict with that duty. William Blair & Company and William Blair International, together with any other relevant William Blair group affiliate, are together hereafter referred to as “William Blair.”

William Blair must conduct business according to the principle that conflicts of interest must be managed fairly, both between itself and its clients, and between one client and another and take all appropriate steps to identify, prevent and manage conflicts or potential conflicts which could damage client interests. Any conflicts which arise will be managed in accordance with this policy and William Blair’s overriding objective of treating its clients fairly and avoiding a benefit to one client or to William Blair being obtained by unfairly disadvantaging another client or clients. William Blair’s compliance systems operate on both a group wide and local business unit basis with a view to ensuring to achieving these aims. The William Blair & Company and William Blair International Boards are responsible for the systems, controls and procedures relating to conflicts of interest management. Business area specific procedures are in place to address conflicts management.

## Identifying Conflicts

William Blair is involved in a wide range of activities including the provision of corporate advice, sales and trading of financial instruments, the production of investment research and asset management. Conflicts of interest are a key consideration when developing business areas.

On an ongoing basis William Blair individuals are responsible for ensuring they are aware of actual and potential conflicts of interest identified in their business area, identifying and reporting new conflicts, obtaining express permission to proceed with a new activity where a new actual or potential conflict has been identified and reporting any actual or potential conflict of interest to Compliance. William Blair provides training to staff on their responsibilities to their clients with this regard.

The following are a number of examples of actual or potential conflicts and their management at William Blair.

### Principal Trading and Proprietary Activity

William Blair may enter into transactions for clients as principal for its own account by selling the investment concerned to a client or buying it from a client. Additionally, William Blair occasionally engages in proprietary trading in equities, bonds and other investments in which William Blair may also do business for clients. This trading is carried out separately from the broking services conducted on behalf of clients and brokers are required to act in the best interests of clients irrespective of any proprietary trading or positions. Where there are a number of client orders outstanding these are executed in accordance with William Blair’s order execution policy, under which client orders are not to be given less favourable treatment than proprietary orders.

### **Personal Interests of Staff**

William Blair staff may have their own personal investments and business interests. All William Blair staff are subject to a personal account dealing procedure monitored by William Blair compliance which governs any personal investment activity. Procedures exist to ensure any personal investments and outside business interests are declared and confirmed to William Blair on a regular basis. Records of such investments and interests are monitored to ensure that any conflicts of interest are properly dealt with. William Blair also operates a policy on the receipt and giving of gifts and business entertainment, and on outside business interests and appointments such as directorships, designed to avoid any improper influence or conflicts at the individual staff level.

### **Inducements**

From time to time the provision by William Blair of services to a client may involve William Blair receiving a payment or other benefit from someone other than the client. For example, William Blair may receive a selling concession from an issuer on shares it sells to clients pursuant to an offering. William Blair has in place arrangements designed to ensure that any such third party benefits do not conflict to any material extent with any duty that William Blair owes to its clients.

### **Delegation to Third Parties**

When acting for clients William Blair may delegate certain functions including execution to other businesses in which William Blair or other clients of William Blair may have a financial interest. Any such delegation or utilisation is conducted on an arm's length basis and subject to William Blair's ongoing supervision and compliance policies.

### **Publication of Research**

William Blair from time to time makes available investment research material to its clients. This material may relate to investments in which William Blair is also advising or acting for another client or in which it is itself investing. William Blair has in place arrangements relating to research personnel designed to ensure that the contents of such research is objectively and impartially produced and is not improperly influenced by William Blair's other activities. Research reports contain appropriate disclosures of any potential conflict of interest to enable a client to make an informed decision. Marketing material and other material which is not intended as investment research will not be presented as such.

### **Providing Services to More Than One Client**

William Blair provides services to a range of clients, and knowledge and skills made available to one client will often be utilised in providing services to other clients. William Blair has in place policies and processes designed to ensure that all clients are treated fairly. Various aspects of William Blair's services, such as personal advice, discretionary investment management and identifying investment opportunities, may be developed and operated for the benefit of a number of different clients, rather than for one client exclusively. In such cases William Blair's policy is that personal advice and discretion should be exercised in a manner which is suitable to the personal circumstances of the client, and that investment opportunities are allocated on a fair basis between clients. William Blair may have business relationships with a company whose securities a client is purchasing or selling. Additionally, as a result of its relationship with other clients and with connected companies, William Blair may in exceptional circumstances be unable to advise clients with respect to particular investments.

### **Confidential Information**

The use of confidential information belonging to one client, such as information on a client's investment activity or the contents of its investment portfolio, will be controlled with a view to ensuring that it is not improperly disclosed or used in a manner which is contrary to the client's interests.

### **Order Execution and Allocation**

When broking for a number of clients at the same time, or executing orders on an aggregated basis, William Blair & Co operates policies for the execution of different client orders and allocation of investments between clients on a fair basis and according to pre-established criteria. Where one client is buying at the same time as another is selling William Blair may arrange for

the two transactions to be crossed with each other. A cross trade of this sort may be easier to execute than a market trade, save on brokerage commissions, and be beneficial in terms of market impact and bid/ask spread transaction costs. Any such transaction will be monitored to ensure that the transaction is in the interests of both parties and executed in accordance with William Blair's best execution obligations. Where a market price is available this usually means that the transaction will be crossed at the current market price. It is possible that from time to time William Blair may recommend or execute an investment for one client in investments issued or originated by another client. In such cases William Blair's investment decision will be guided by what it regards as the best interests of the investing client.

### **Corporate Finance**

William Blair's Corporate Finance division provides a range of corporate finance and corporate advisory services to issuers and other corporate clients. Merger-and-acquisition advisory services include representing companies interested in divesting and acquiring other companies and businesses. Equity and debt financing services are provided for both private and public companies. These activities are operated as separate businesses from other William Blair businesses, including broking, research and investment management services, and Chinese walls are in place to restrict and manage the flow of information between Corporate Finance and any other business within the firm. This includes physical restrictions on staff allowed access to the Corporate Finance department, and restrictions on access to the data held in that department.

### **Disclosure**

Where William Blair does not believe that the organisational and administrative arrangements established by William Blair are sufficient to manage a conflict, William Blair shall elect to disclose specific conflicts to clients before undertaking any business, and to ask for their informed consent to act, notwithstanding the existence of any such conflict. However William Blair may decline to act if arrangements to prevent or manage a conflict are insufficient to ensure with reasonable confidence that a material risk of damage to the interest of a client cannot be avoided.

### **Policy Changes**

The arrangements described here may be amended from time to time as William Blair sees fit, consistent with the overall principle that clients should be treated fairly and equitably.