

# Ruffer Protection Strategies conflict of interest policy



80 Victoria Street, London SW1E 5JL

## Introduction – policy purpose and summary

This document describes the conflicts of interest policy of Ruffer Protection Strategies, an investment company with variable capital (*société d'investissement à capital variable – fonds d'investissement spécialisé*) authorised by the *Commission de Surveillance du Secteur Financier* (CSSF) under the Law of 13 February 2007 on Specialised Investment Funds, as amended (the Law of 2007) and domiciled at 15, avenue J.F. Kennedy, L-1885 Luxembourg, acting for itself and on behalf of its sub-funds (referred to as the 'Fund').

In compliance with article 42bis of the Law of 2007 the present document sets out the rules validated by the board of directors of the Fund (the 'Board') on 27 June 2014 aiming at minimising the risk of investors' interests being prejudiced by conflicts of interest between the Fund and, where applicable, any person contributing to the business activity of such Fund or any person linked directly or indirectly to such Fund such as Ruffer AIFM Limited, incorporated as a private limited company under UK law, being the alternative investment fund manager of the Fund and in the event a potential conflict of interest would arise, ensuring that investors' interests are safeguarded (the 'Conflicts of Interest Policy'). Ruffer AIFM Limited is a wholly owned subsidiary of Ruffer LLP, an investment manager whose clients are invested in the Fund.

This Conflicts of Interest Policy consists of depicting the circumstances for the identification of potential conflicts of interest (cf section I), setting out the rules and procedures to be followed and measures adopted in order to take all reasonable steps to identify and prevent or manage and monitor such conflicts aiming at minimising the risk of investors' interests being prejudiced and ensuring that investors' interests are safeguarded in case a conflict would arise (cf section II) as well as addressing record keeping of the conflicts of interest met in the course of the Fund life span (cf section III).

## Section I: Circumstances with potential conflicts of interest

The following circumstances constitute or may give rise to a conflict of interest which may adversely affect the interests of the Fund or one of its investors (in particular clients of Ruffer LLP).

- 1 The interests of Ruffer AIFM Limited as the alternative investment fund manager of the Fund may conflict from time to time with the interests of the Fund.
- 2 The interests of other clients of Ruffer AIFM Limited or clients of Ruffer LLP may conflict from time to time with the interests of the Fund.
- 3 One of the directors of the Fund is also a director of Ruffer AIFM Limited.
- 4 Ruffer AIFM Limited is offered an inducement by an investor or prospective investor in the Fund to grant that person preferential treatment which conflicts with the interests of the Fund or other investors in the Fund.

- 5 Any member of staff of Ruffer LLP or Ruffer AIFM Limited undertakes a personal transaction which may entail a conflict of interest.

Procedures and measures to manage these conflicts of interest are noted in section II below.

## Section II: Identification and management or prevention of conflicts of interest

### Conflicts between Ruffer AIFM Limited's interests and those of the Fund

A description of the conflicts that may arise between Ruffer AIFM Limited's interests and those of the Fund and how they are managed by Ruffer AIFM Limited, is included in Ruffer AIFM Limited's conflicts of interest policy, which is attached to this document as Schedule 1.

A further conflict of interest may arise due to the fact that the remuneration of Ruffer AIFM Limited in relation to the Fund is determined by the valuation of the net assets of the Fund; although Ruffer AIFM Limited does not take a fee directly from the Fund, the Fund forms part of a portfolio of investments in relation to which Ruffer LLP charges the relevant client an investment management fee. This fee is then transferred in whole or in part to Ruffer AIFM Limited pursuant to transfer pricing arrangements between Ruffer AIFM Limited and Ruffer LLP. Ruffer AIFM Limited may therefore have an incentive to ascribe a higher valuation to certain investments in the portfolio of the Fund in order to boost fees. In this regard, FundPartner Solutions (Europe) S.A. is responsible for the valuation of the assets held within the Fund. For unlisted derivative products, FundPartner Solutions (Europe) S.A. independently prices the investment. Ruffer AIFM Limited does perform internal pricing verifications and can contest a price provided by FundPartner Solutions (Europe) S.A., however, Ruffer AIFM Limited cannot change the price alone. Furthermore, the valuation of the Fund is verified by the board of directors of the Fund and, at the end of each accounting year of the Fund, by the independent auditors of the Fund as part of their annual audit.

A further conflict of interest may arise when a vote arises on the shares in the Fund, particularly if the matter being voted upon is supported by Ruffer AIFM Limited as alternative investment fund manager of the Fund. Ruffer LLP, as investment manager of clients invested in the Fund, is able to exercise the votes of clients who are invested in the Fund, and does so. In doing so, Ruffer LLP will disregard its own interests as owner of Ruffer AIFM Limited and disregard Ruffer AIFM Limited's interests as alternative investment fund manager of the Fund and will exercise votes solely in the best interests of its clients as a whole.

It is not expected that any investments held by the Fund will generate voting rights.

## Conflicts between the interests of clients of Ruffer LLP and those of the Fund

A description of the conflicts that may arise between the interests of other clients of Ruffer AIFM Limited or clients of Ruffer LLP and those of the Fund, and how they are managed by Ruffer AIFM Limited, is included in Ruffer AIFM Limited's conflicts of interest policy, which is attached to this document as Schedule 1. In relation to the Fund, the risk of those conflicts of interests identified in Ruffer AIFM Limited's conflicts of interest policy arising in this regard are further mitigated by the fact that the investment portfolio of the Fund is unlikely to hold any investment (a) in which any member of staff of Ruffer LLP or Ruffer AIFM Limited has an interest; (b) comprising a security where a member of staff of Ruffer LLP or Ruffer AIFM Limited is a director or other officer of the issuer; or (c) comprising a collective investment scheme managed by Ruffer LLP or Ruffer AIFM Limited.

### Conflicts arising from the fact that one member of the board is also a director of Ruffer AIFM Limited

There is potential for conflicts of interest to arise in the event that

- 1 The director of the Fund who is also a director of Ruffer AIFM Limited is responsible for the day-to-day supervision of the individuals involved in the investment management or risk management of the Fund by Ruffer AIFM Limited or
- 2 Directors of the Fund are remunerated by reference to how much profit Ruffer AIFM Limited earns from its activities as alternative investment fund manager of the Fund through the transfer pricing arrangements with Ruffer LLP as noted above.

Each of these potential conflicts of interest is addressed below.

*The individual who is simultaneously a member of the board of directors of the Fund and also a director of Ruffer AIFM Limited comprises the General Counsel of Ruffer AIFM Limited.*

The General Counsel of Ruffer AIFM Limited is not responsible for the day-to-day supervision of the individuals involved in the investment management of the Fund by Ruffer AIFM Limited, or plays any direct part herself in the investment management of Ruffer AIFM Limited in relation to the Fund. Those who are responsible for the day-to-day supervision of such individuals are other directors of Ruffer AIFM Limited who do not form part of the board of directors of the Fund.

The individual who is on the board of directors of the Fund and is also a director of Ruffer AIFM Limited will not receive any fee for acting as a director of the Fund. The remuneration of this individual, as a member of Ruffer LLP consists of a share of the profits of Ruffer LLP and not the amount paid to Ruffer AIFM Limited in its role as alternative investment fund manager of the Fund.

### Conflicts arising from inducements being offered to Ruffer AIFM Limited or any member of staff of Ruffer AIFM Limited

By 'members of staff' of Ruffer AIFM Limited, it is meant the member of the board of directors of the Fund who is also a director of Ruffer AIFM Limited, or any of the members of staff

of Ruffer LLP seconded to Ruffer AIFM Limited involved in the investment management or risk management of the Fund.

As part of the policies of the Ruffer Group (comprising both Ruffer LLP and Ruffer AIFM Limited, amongst others), no staff member of Ruffer AIFM Limited is permitted to accept any gift, inducement or benefit in kind of such significance that it could be considered to affect that staff member's decision as to where and how the firm undertakes its business, including in relation to the Fund. The definitions of gift, inducement and benefit in kind are taken in the broadest terms and includes, amongst other things, entertainment, other hospitality and work undertaken for a staff member (rather than for Ruffer AIFM Limited) on preferential terms.

The application of the inducements policy of the Ruffer Group relies heavily on the Compliance Department and Board of Ruffer LLP, being the principal employer in the Ruffer Group. All members of staff of Ruffer AIFM Limited are required to exercise great care before accepting any apparently extravagant or inappropriate hospitality. If members of staff of Ruffer AIFM Limited have any doubts in this regard, they are required to consult an executive member of the Board of Ruffer LLP or the Compliance Department of Ruffer LLP. Prior to accepting any gift, inducement or benefit in kind with an apparent cost of more £150 per head, or

£500 in aggregate if provided to more than three staff members, the details must be entered by the potential recipient in the register maintained by Ruffer LLP's Compliance Department. The entry is reviewed and noted by Ruffer LLP's Compliance Department. Management information is included in the quarterly committee papers. Any offer or inducement made to a member of staff of Ruffer AIFM Limited which could be construed as excessive is reported to the Finance Director of Ruffer LLP, or in his absence the Chief Executive, without delay and is noted in the register as 'refused'. Ruffer AIFM Limited will inform the Board in the event that its processes in relation to inducements change substantively in the future.

### Conflicts arising from any member of staff of Ruffer AIFM Limited undertaking a personal transaction which may entail a conflict of interest

The nature of the investments to be made by the Fund is such that it is extremely unlikely that a member of staff will have an interest in any investment purchased by Ruffer AIFM Limited for the Fund. The only transactions that are permitted in shares in the Fund are those undertaken by Ruffer LLP as investment manager for its clients. The only circumstance when a member of staff may have an interest in shares in the Fund are when those shares are purchased for that member of staff under a discretionary investment management agreement with Ruffer LLP.

### Section III: Record keeping of the conflicts of interest met in the course of the Fund life span

A record of any actual situation where conflicts of interest have arisen or potential conflicts of interest may arise as well as any actual management and/or remedial measures taken in application of this Conflicts of Interest Policy shall be kept at

the registered office of the Fund and shall be reviewed regularly and updated as required.

The board of directors of the Fund will review the status of the present policy and will take any measures permitting to protect the interests of the Fund and of its shareholders if administrative and organisational procedures put in place by the Fund are not sufficient to protect the interests of the Fund and of the shareholders. The Fund will inform accordingly the shareholders of the Fund of any such measures.

January 2024

## Schedule 1

### Conflicts of interest policy of Ruffer AIFM Limited – summary

Ruffer AIFM Limited (AIFM) will take all appropriate steps to identify conflicts between the firm and a client of the firm or one client and another. When identifying such conflicts Ruffer will take into account whether the firm or a member of staff

- 1 is likely to gain financially, or avoid loss, at the expense of the client
- 2 has an interest in the outcome which is distinct from the client's interest in the outcome
- 3 has a financial or other incentive to favour one client over another
- 4 carries out the same business as the client, or
- 5 will receive or pay an inducement in relation to the service provided to the client

The AIFM will keep records of the kinds of service in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise.

The AIFM has set out above the conflicts that might arise during the management of a Client's portfolio and how the AIFM will try and mitigate or manage the conflict.

The AIFM may without prior reference to its clients effect transactions for the portfolio of those clients (the 'Portfolio') which may involve (either directly or indirectly) a conflict between those clients' interests and the AIFM's interests or the interests of another client of the AIFM or its parent entity, Ruffer LLP. The AIFM considers that the organisational and administrative arrangements it has established to prevent or manage conflicts of interest are sufficient to ensure, with reasonable confidence, that the risks of damage to the clients' interests will be prevented. However, there are some examples of conflicts which we want to draw to your attention, so that you are aware of the sort of conflicts which we are preventing or managing. These may arise for example because –

- a the AIFM or Ruffer LLP acts as investment manager for another client or clients with interests in investments in which the AIFM may effect transactions for the portfolio
- b the AIFM itself, or staff members of the AIFM, may have an interest in investments in which the AIFM may effect transactions for the Portfolio
- c the Portfolio includes securities where a staff member of the AIFM or Ruffer LLP is a director or other officer of the issuer

- d the transaction is in a collective investment scheme or investment trust whose assets are managed by the AIFM or Ruffer LLP
- e the AIFM may on occasion reallocate stock between clients
- f only limited quantities of a particular investment may be transacted for client portfolios, for instance because of a shortage in the market, because there is a limit on the amount of a particular investment that the AIFM can sell, or because there is a limit to the amount of an investment that it would be prudent for the AIFM to take on for its client base as a whole or
- g the AIFM is correcting a dealing error.

As concerns items (a) to (d) and (g) above, the AIFM will always take appropriate steps to ensure fair treatment for the relevant clients by disregarding any interest it may have when dealing on the clients' behalf, and by maintaining procedures preventing members of staff from gaining an unfair advantage from the holding of or dealing in investments on behalf of its clients. As concerns items (e) and (f) the AIFM operates the overriding principle that any allocation of an investment to or from a client is that it must be fair and appropriate to all the AIFM's clients concerned, be it those to whom the investment is allocated or those from whom it is allocated. The AIFM will disregard any differential portfolio performance of clients of the AIFM or of Ruffer LLP involved in allocation decisions and will ensure that no client is intentionally advantaged or disadvantaged vis-à-vis another, though on occasion the effect of allocation may be to favour one client over another.

As concerns item (e), where the reallocation occurs due to a restriction or liquidity constraint that should have been apparent to the AIFM at the time that the original transaction was entered into, the AIFM will bear all dealing costs suffered by the client to whom the investment was originally incorrectly allocated to ensure that such client is placed in the position as if the allocation never took place.

As concerns item (f), the AIFM ensures fair treatment by ensuring that all relevant clients of the AIFM and Ruffer LLP participate in the transaction up to a minimum trade value before any further allocations are made; these further allocations are made pro rata across clients according to portfolio size subject to a minimum amount to ensure that any further allocations are meaningful. Where there is a clawback, the AIFM will scale back the allocation of the investment to client portfolios pro rata, though where an allocation on a client portfolio is scaled back to the extent that makes the unit of investment inappropriate, this may be reallocated to other client portfolios.

The ability of the AIFM or one of its Associates to retain any income or revenue in circumstances involving a conflict as contemplated by this clause or otherwise proceed in circumstances involving a conflict shall be subject to its compliance with the FCA rules on conflicts and inducements in all relevant respects.