



# Stewardship: Potential conflicts of interest

2022

## Asset classes

Mirabaud Asset Management's investment teams trading different asset classes may hold securities, including stocks and bonds, of the same company. As we continue to integrate ESG factors in the investment process across our funds, equity and fixed income portfolio managers may communicate different expectations around an investee company's business strategy, capital allocation policy, and financial and non-financial material issues.

Managing conflicts across funds is a key priority for Mirabaud Asset Management, which always acts in the best interest of clients. In instances where the same security is held across fixed income and equity funds, individual portfolio managers would take independent decisions and engage separately to reflect the interests of their clients.

The SRI team holds regular training sessions with investment and sales teams to ensure that:

1. A consistent ESG approach, which is defined across the entities of Mirabaud Asset Management, is communicated
2. Specificities in ESG approaches, which may differ for asset classes and funds, are clearly defined and distinguished

The ESG training sessions allow for a level of consistency to be maintained when meetings with investee companies and clients are held.

Mirabaud Asset Management also subscribes to a published Best Execution and Fair Allocation Order Management Policy to ensure fair and consistent treatment and which imposes a positive duty to act in clients' best interests at all times - [https://www.mirabaud-am.com/fileadmin/user\\_upload/legal/Copyright\\_and\\_Legal/Order\\_execution\\_policy\\_-\\_MiFID\\_II\\_v\\_site\\_web.pdf](https://www.mirabaud-am.com/fileadmin/user_upload/legal/Copyright_and_Legal/Order_execution_policy_-_MiFID_II_v_site_web.pdf).

## Proxy voting

The independence of shareholder votes filed at general meetings and annual general meetings (AGMs) may be undermined if the following situations present themselves:

- i. Mirabaud employees and senior executives hold personal relationships with each other, and
- ii. Portfolio managers own securities of a company in personal account holdings.

Portfolio managers are held to high standards of independence and objectivity to ascertain that securities managed under their remit are appropriately governed. Importantly, portfolio managers are not allowed to invest in the securities which are held in the funds they actively manage, unless these securities are mid or large caps.

Compliance also requires all MAM-Group employees to disclose any directorships or outside business activities, which are approved by the Chief Operating Officer (COO) and the Chief Compliance Officer (CCO) for the Mirabaud Asset Management entity. Periodically, compliance will require that employees certify that records are correct.

As per Mirabaud Asset Management's Personal Account Dealing Rules Policy, the CCO for each Mirabaud Asset Management entity requires all members of staff "covered persons" (and "connected persons" thereof) at Mirabaud to submit a statement of account for all the personal account positions held at the start of their employment concerning "covered securities" for themselves and requires pre-clearance in relation to each subsequent acquisition or disposal in accordance with the Policy.

A conflict of interest may also arise if MAM-Group's proxy voting guidelines are not aligned with institutional clients' voting rules. To this end, MAM-Group formalises the balance of responsibilities for stocks and voting rights during the acceptance process with institutional clients.

## **Mergers and Acquisitions (M&As)**

In the event of proposed M&A transactions, conflicts of interest may arise when voting rights are exercised, in the event that equity portfolio managers hold shares of acquirers and target companies across different funds.

Where a conflict of this nature occurs, portfolio managers would act independently in the best interests of individual funds. Furthermore, Mirabaud Asset Management would openly address this conflict with clients and disclose it.

## **Material non-public information**

Investment and SRI teams may, unintentionally or knowingly, obtain confidential information about companies during engagement meetings. MAM-Group employees always treat material non-public information including price sensitive information (PSI) as confidential which is governed by strict internal protocols concerning anti-market abuse provisions and related personal conduct. The Policy *inter-alia* mandates capture and recording of user groups, internal information barriers, related dissemination incorporating pro-active application of "stop" and "watch lists", permitted use and cleansing. Any market communications or other material that is disseminated publicly will also be pre-cleared by compliance before publication in accordance with internal directives.

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