thesharecentre:
simply easier

November 2020

investment research policy

The purpose of this research policy is to ensure that retail investors understand the way in which we arrive at our view on an investment. This includes how we rate funds which are included in our Platinum 120 and preferred range of tracker funds, investment trusts and exchange traded products.

The views and opinions given on our website should not be seen to be direct personal recommendations as investments and/or services may not be suitable for every investor. If in doubt you should contact a financial adviser.

The policy initially outlines the key risk and investment factors to be considered and understood within each asset class, before outlining the material used to arrive at those views and finishes by outlining the 'conflicts of interest' policy in place.

Contents

Sector View

We publish views on market sectors. Each individual sector is classified under one of the following risk categories. It should be noted that the classification is primarily based on the underlying FTSE 100 constituent members (if appropriate) and not those outside of that listing.

Low Sectors attributed this rating are deemed to be of a more defensive nature and less prone to violent market movements.

Medium Sectors attributed this rating generally have constituents with share price movements in line with the daily movement of the FTSE All Share index.

High Any sector attributed this rating is likely to contain underlying constituents that are felt to be of a higher risk investment nature.

Please note, at any given time, and in times of economic and market volatility, some sectors may have their risk categories changed and this will be indicated in the commentary.

Unit Trusts & Open Ended Investment Companies (OEICs)

Our views on investments within a unit trust or OEIC (funds) are based on a time horizon, of generally 3 to 5 years or longer.

We publish an opinion and risk rate those funds within our Platinum 120 range and our preferred range of trackers.

We also publish opinion on a monthly basis on our 'Fund of the month'. These funds do not have to appear on our preferred list however to be recommended we will have followed the same robust assessment process applied to these lists.

Where reference is made to the word 'funds', the statement and/or description is applicable to whether it is an actively managed fund or an index tracker fund.

Risk Categories

Funds can hold a much broader spread of underlying asset classes including cash, bonds and equities. Therefore we use different classifications when assessing the risk profile of a fund. Within each category there are varying degrees of risk depending upon the size and nature of the underlying investments. Funds given a rating of L1 are classified as having the lowest risk, whilst those rated H10 are classified as having the highest risk and potential to be the most volatile.

L1 – Cash/Money funds: these have the lowest level of risk and funds within this category will display low volatility.

L2 – UK Gilt and Sovereign Debt Funds: these will be funds which predominantly contain UK Government Gilts of varying maturity.

L3 – Corporate Bond Funds: these types of funds invest in companies that issue debt to raise capital. The overall risk of these funds needs to be considered in conjunction with their underlying assets. Those funds that primarily invest in 'Investment Grade' debt will tend to be less volatile and at risk to company defaults compared to those that focus on 'Non-Investment Grade' debt.

M4 – Property Funds: these types of funds can invest either directly into bricks & mortar or property company shares. Investment may include overseas holdings.

M5 – UK Equity and Global Managed Funds: UK equity funds will generally focus on UK companies with investments from large FTSE 100 companies through to small AIM/Fledgling FTSE companies. Funds classified as globally managed must be diversified by geographic region, even where a style or theme exists, e.g. a focus on a single industry sector.

M6 – European Funds: these funds will generally look to invest across the European spectrum excluding the UK.

M7 – North American: these funds will generally focus on North America, however there may be occasions when they invest outside of this geographical arena.

H8 – Asia: funds within this risk profile will include countries such as Japan, Australia and developed economies from the Asian basin, excluding China.

H9 – Emerging Markets: funds within this risk profile will predominantly contain those that focus on developing and emerging economies such as those within BRIC (Brazil, Russia, India and China).

H10 – Specialist: funds within this risk profile will focus on those that are specialist or specific to an industry or physical asset such as Commodities or Technology but excluding property which has its own risk rating.

Investment objective

We don't stipulate on our opinions the overall investment objective of the funds, however, as an indication, they will generally fall into one of the three following groups.

Balanced Funds categorised as providing a balanced return will generally provide a dividend yield of between 2-4% gross along with some capital growth.

Growth Funds categorised as providing growth aim to increase the capital value of an investment over time with very little if any dividend yield provided.

Income Funds categorised as providing income are those that generally have a dividend yield of 4% gross or greater. There is likely to be little capital growth in the investment.

How we arrive at our recommendations

In arriving at our recommendations our investment research analysts firstly filter the full universe of funds in various asset classes such as equity, fixed income and alternatives. Filters include:

- Funds must be tradeable on The Share Centre platform.
- Exclude funds that are experiencing capacity issues or which are sub-scale.
- GBP share classes are chosen.
- Funds must have a minimum track record of three years – one year to be considered if the manager has a proven record running the same mandate elsewhere.
- Funds must be sufficiently liquid to allow for daily dealing.

Our analysts then undertake quantitative analysis which consists of, but is not limited to, the following:

- Performance: Our views on investments are generally based on a timeline of 3 to 5 years or longer. We aim to identify strategies that consistently deliver superior returns compared to their benchmark or relevant peer group.
- Style: It is appreciated that sometimes the manager's style i.e.; growth or value, may not be favoured by the current market environment. These funds will be considered as 'contrarian' choices if our analysts maintain conviction in their strategy and understand the reasons behind the manager's positioning within the economic cycle.
- Risk: All funds undergo rigorous risk analysis in which we identify the manager's appetite for risk and how aggressive their approach might be. Studying the risk adjusted returns of a fund forms a fundamental part of our process as this information can be used as solid evidence of the manager's skill and talent.
- Fundamental data analysis: This includes, but is not limited to, beta, alpha, sharpe ratio, treynor measure, performance comparative to benchmark and sector, positive and negative periods, r2, tracking error, VaR (Value at risk) and downside risk.

Research

Our investment research analysts draw on a range of news, analysis and research tools to provide the base data for their views.

The primary source is Financial Express Analytics, available directly to each team member.

News is also sourced from the wide variety of external publications and publications made directly available to the team from the Fund Houses.

In addition, the team undertake qualitative analysis regularly meeting with the relationship managers and directly with fund managers from the various Fund Houses. Interviewing fund managers sits at the core of our due diligence process. The team have a standard questionnaire that we use when meeting with portfolio managers, which is further complemented with questions depending on the specifics of the strategy. In addition we use an in-house built scoring system that helps us identify quality managers for our preferred range. Some of the questions we ask include, but are not limited to:

- Resources and team structure.
- Investment process.
- Portfolio construction.
- Buy and sell disciplines.
- Examples of stock selection.

Each manager included or removed from our preferred list undergoes a documented appraisal process before being evaluated in regular quarterly reviews.

Updating our views

Our views will be updated on our website as required and the date of the latest update will be included within the text.

Our preferred lists of Platinum 120 and Index Trackers are continually reviewed with recommendations updated accordingly.

We strictly monitor the performance characteristics of all funds on our preferred list and undertake a review of sectors, as denoted by the Investment Association (IA), quarterly. Additions and removals from the preferred list cannot be made individually without the agreement of other team members. This ensures our processes are independent and unbiased. Any proposals made are done so using a formal pro-forma to which all comments and research materials are attached. This is sent to the committee 72 hours prior to meeting to enable sufficient debate and challenges to take place before a final decision is arrived at.

The reviewing committee for our preferred list is made up of the funds team, comprising of sector analysts and fund manager(s).

Any action taken to remove or add a new fund is updated on our website and hard copies made available to clients on request.

Investment Trusts

Our views on investments within an Investment Trust (IT) are based on a time horizon, of generally 3 to 5 years or longer.

We only publish an opinion and risk rate those trusts within our preferred Investment Trust range.

Investment Trusts can hold a much broader spread of underlying asset classes including cash, bonds and equities. Therefore we use different classifications when assessing the risk profile of a trust. Within each category there are varying degrees of risk depending upon the size and nature of the underlying investments.

Investment Trusts given a rating of L1 are classified as having the lowest risk, whilst those rated H10 are classified as having the highest risk and potential to be the most volatile.

L1 – Cash/Money Trusts: these have the lowest level of risk and trusts within this category will display low volatility.

L2 – UK Gilt and Sovereign Debt Trusts: these will be trusts which predominantly contain UK Government Gilts of varying maturity.

L3 – Corporate Bond Trusts: these types of trusts invest in companies that issue debt to raise capital. The overall risk of these trusts needs to be considered in conjunction with their underlying assets. Those trusts that primarily invest in 'Investment Grade' debt will tend to be less volatile and at risk to company defaults compared to those that focus on 'Non-Investment Grade' debt.

M4 – Property Trusts: these types of trusts can invest either directly into bricks & mortar or property company shares. Investment may include overseas holdings.

M5 – UK Equity and Global Managed Trusts: UK equity trusts will generally focus on UK companies with investments from large FTSE 100 companies through to small AIM/ Fledgling FTSE companies. Trusts classified as globally managed must be diversified by geographic region, even where a style or theme exists, e.g. a focus on a single industry sector.

M6 – European Trusts: these trusts will generally look to invest across the European spectrum excluding the UK.

M7 – North American Trusts: these trusts will generally focus on North America, however there may be occasions when they invest outside of this geographical arena.

H8 – Asia Trusts: trusts within this risk profile will include countries such as Japan, Australia and developed economies from the Asian basin, excluding China.

H9 – Emerging Markets Trusts: trusts within this risk profile will predominantly contain those that focus on developing and emerging economies such as those within BRIC (Brazil, Russia, India and China).

H10 – Specialist Trusts: trusts within this risk profile will focus on those that are specialist or specific to an industry or physical asset such as Commodities or Technology but excluding property which has its own risk rating.

Investment objective

We don't stipulate on our opinions the overall investment objective of the trusts, however, as an indication, they will generally fall into one of the three following groups.

Balanced Trusts categorised as providing a balanced return will generally provide a dividend yield of between 2-4% gross along with some capital growth.

Growth Trusts categorised as providing growth aim to increase the capital value of an investment over time with very little if any dividend yield provided.

Income Trusts categorised as providing income are those that generally have a dividend yield of 4% gross or greater. There is likely to be little capital growth in the investment.

How we arrive at our recommendations

Our investment research analysts draw on a range of news, analysis and research tools to provide the base data for their views.

Information is gathered from a number of sources including; Association of Investment Companies, specialist investment trust brokers, Financial Express Analytics along with Factset and Bloomberg. In addition the team meet with the relationship managers and with the fund managers either directly or at conferences.

Other sources include a wide variety of publications such as factsheets provided by the investment houses, report and accounts and periodical manager updates.

Our quantitative analysis includes taking into account measures such as Alpha, Beta, discounts and premiums to Net Asset Value (NAV) along with market capitalisation, gearing ratio and dividend yields.

Our qualitative analysis takes into account the manager's style, process, philosophy, resources, capabilities, experience and management changes.

Our views will be updated on our website as required and the date of the latest update will be included within the text.

Updating our views

Our preferred list of Investment Trusts is continually reviewed, with a update of the comment, which could in turn lead to a review being made on a trust or trusts. A review on an individual trust will focus on past performance, along with other things such as change of manager, change of investment approach and aims, discount/premium and whether better opportunities exist.

Gilts and bonds

As an indication, Gilts and bonds may generally fall within the following risk profiles and based on the investor holding the investment from the point of purchase to the maturity/redemption date.

Low All UK Government issued Gilt Edged Securities are categorised as low risk as there is little chance of default.

Medium All UK Corporate issued bonds where the quality of the debt has been rated as 'investment grade' by either Standard & Poors, Moody's or Fitch.

High All UK Corporate issued bonds where the quality of the debt has been rated as non-investment grade by either Standard & Poors, Moody's or Fitch.

For further information on Gilts & Bonds please visit share.com: www.share.com/a-guide-to-investing/investment-types/gilts and www.share.com/a-guide-to-investing/investment-types/bonds

The investment grade rating attributed to a particular issue of corporate debt may be of a higher or lower rating to that of previously issued debt and that of the overall company rating.

Exchange Traded Products (ETPs)

including Exchange Traded Funds and Exchange Traded Commodities

There is a huge range of ETP's on the market to choose from which can be daunting for the average investor. Our preferred list aims to ease the process by helping guide investors in their decision and selection process.

Our views on investments within an Exchange Traded Product (ETP) which include Exchange Traded Funds (ETF) and Exchange Traded Commodities (ETC) are based on a time horizon, of generally 3 to 5 years or longer.

We only publish an opinion and risk rate those ETPs within our preferred range.

Risk categories

ETPs can hold a much broader spread of underlying asset classes including cash, bonds, equities and derivatives. Therefore we use different classifications when assessing the risk profile of a ETP. Within each category there are varying degrees of risk depending upon the size and nature of the underlying investments.

ETP's given a rating of L1 are classified as having the lowest risk, whilst those rated H10 are classified as having the highest risk and potential to be the most volatile.

L1 – Cash/Money ETPs: these have the lowest level of risk and ETPs within this category will display low volatility.

L2 – UK Gilt and Sovereign Debt ETPs: these will be ETPs which predominantly contain UK Government Gilts of varying maturity.

L3 – Corporate Bond ETPs: these types of ETPs invest in companies that issue debt to raise capital. The overall risk of these funds needs to be considered in conjunction with their underlying assets. Those funds that primarily invest in 'Investment Grade' debt will tend to be less volatile and at risk to company defaults compared to those that focus on 'Non-Investment Grade' debt.

M4 – Property: these types of ETP's invest in property company shares. Investment may include overseas holdings.

M5 – UK Equity and Global Managed: UK equity ETPs will generally focus on UK companies with investments from large FTSE 100 companies through to small AIM/ Fledgling FTSE companies. ETPs classified as globally managed must be diversified by geographic region, even where a style or theme exists, e.g. a focus on a single industry sector.

M6 – European ETPs: these funds will generally look to invest across the European spectrum excluding the UK.

M7 – North American ETPs: these funds will generally focus on North America, however there may be occasions when they invest outside of this geographical arena.

H8 – Asia ETPs: within this risk profile will include countries such as Japan, Australia and developed economies from the Asian basin, excluding China.

H9 – Emerging Market ETPs: within this risk profile will predominantly contain those that focus on developing and emerging economies such as those within BRIC (Brazil, Russia, India and China).

H10 – Specialist ETPs: within this risk profile will focus on those that are specialist or specific to an industry or physical asset such as Commodities or Technology but excluding property which has its own risk rating.

Investment objective

We don't stipulate on our opinions the overall investment objective of the funds, however, as an indication, they will generally fall into one of the three following groups:

Balanced ETPs categorised as providing a balanced return will generally provide a dividend yield of between 2-4% gross along with some capital growth.

Growth ETPs categorised as providing growth aim to increase the capital value of an investment over time with very little if any dividend yield provided.

Income ETPs categorised as providing income are those that generally have a dividend yield of 4% gross or greater. There is likely to be little capital growth in the investment.

How we arrive at our recommendations

Our ETF preferred range is based on the analysis and selection of the underlying indices that we feel are appropriate for the UK retail investors to track, ensuring diversity through asset classes, geography, strategy and individual constituents.

In arriving at our recommendations our investment research analysts firstly filter the full universe of ETPs for the following criteria:

- ISA eligibility – for simplicity for our investors.
- Luxembourg and Irish domiciled ETPs only.
- Exclude funds of less than £100m in size (rules eased for ETCs – for better liquidity.
- Remove all non-physical replication ETFs (not ETCs as they are all synthetic) for risk management purposes – this automatically removes all leveraged and short biased funds.
- Remove all funds that do not have a 3 year track record.
- Remove any ETP where a full set of data is not available – we only include funds that are transparent.
- Remove any ETPs with high Total Expense Ratios (TERs) over 0.75% - keeping expenses reasonable for the investor.

The remaining ETPs are then grouped by asset class and geographical exposure, for example grouping UK equity focused ETFs and filtering again for those tracking say the FTSE100 or FTSE250 etc.

For each group we then consider further metrics and apply:

- Preference towards lower tracking errors compared to the benchmark on a 3 year cumulative basis.
- Preference towards those with a correlation coefficient close to 1 to the benchmark index on a three year cumulative basis.
- Preference towards funds with lower ongoing costs.
- Preference towards higher yielding funds when targeting income focused benchmarks.

Research

To access this data our investment research analysts draw on a range of news, analysis and research tools.

The primary sources of information are Financial Express Analytics, Factset and Bloomberg.

Other sources include a wide variety of publications such as factsheets provided by the investment houses and report and accounts.

Updating our views

Our ETP preferred range is reviewed on an ongoing basis taking into account economic conditions and market themes along with investors' appetite for new ideas. We will also review the ETP's quantitative metrics to ensure that the product does not deviate from its benchmark index, these will include measures such as tracking error, correlation and beta amongst others whilst ensuring costs remain reasonable.

The comments are updated at least on a six month basis and the date of the latest update will be included in the text.

ES Share Centre Multi Manager Range

Researching and managing the funds

We approach investment decision making from two perspectives, which allows us to make valued and informed choices based on both hard and soft information. Comparing similar investment ideas and looking at the investments' own merits, we take a view on hard data that quantifies our understanding of risks, liquidity and performance.

Our view also seeks to understand the soft factors that drive the data, including management style, biases, social factors and behaviour. This is often referred to as a quantitative and qualitative approach and aims to break down research from various external sources and internal rationalisation.

By undertaking this approach it allows us to formulate ideas on market influences and how fund portfolios might react in different situations.

Our approach involves:

- Scrutinising data and challenging fund managers on an ongoing basis. This is to ensure our understanding of their process, their compliance to stated objectives and that their view of the asset class or region is in line with ours. If it's moving apart, we will look at what the drivers are and how this fits with our views and portfolio construction.
- An understanding of what conditions and economic backdrop the fund will likely perform in.
- Deciding which collective structure is most suitable and which funds will best serve the objectives of the portfolio.

Diversification

We actively control risk by:

- asset diversification;
- sector diversification;
- underlying management group diversification;
- having a core of high profile liquid funds; and
- a satellite of boutique managers that may have a concentration of institutional investors.

We continually monitor potential threats, which might trigger an adverse event in a particular asset class. We do this using our in-house traffic light model, which forms part of our risk analysis. The model examines factors such as forward looking economic date, technical data and fundamental data.

The points we scrutinise under economic data are:

- yield curve
- PMIs
- unemployment
- inflation, and
- velocity of money
- GDP forecasts
- Interest rates
- Central bank target rates
- Consumer confidence
- Output gaps
- Oil price.

Technical data covers:

- trading volumes
- volatility
- MACD
- RSI
- Bollinger Band.

Fundamental data points look at:

- CAPE
- price to book
- price to cash flow
- leverage in the index
- return on equity
- return on capital employed
- price to sales, and
- interest cover
- Net debt to EBITDA.

Asset allocation and regions

Selecting funds with top quality managers is not our only priority when deciding inclusion of funds. A fund might have the best manager in a region, but if the region underperforms, it's likely to have an impact on how much a manager can return. By identifying the regions we believe exhibit better value, we work on which sectors we believe fit the economic phase we're entering, with an eye always on sector valuations. We apply this to asset types as well by using all of that data/knowledge to identify the managers we believe have the edge over their peers in all permutations. We then blend them into our portfolio to give investors the best outcome based on our outlook.

Asset allocation decisions are initially based on the constraints placed on each of the ES Share Centre Multi-Manager by the Investment Association (IA) sector benchmarks. This is then overlaid with liquidity and risk factors.

Risk management

We place an emphasis on understanding inflation risk, volatility risk, capital risk and diversification risk, which can all have a detrimental impact on investment performance if not appropriately managed. Our aim is to balance the funds appropriately in order to either protect against or take advantage of the opportunities market conditions may present. Historically, we have delivered good performance on volatility levels; below that of the sector average.

We measure risk using a Bloomberg regional risk profiling tool that considers economic, political and financial factors. Additionally, we incorporate Value at Risk (VaR) analysis, liquidity profiles and market scenario stress testing.

What we seek to avoid when we invest

- We seek to avoid investing in market noise, willing to not chase short-term momentum in overvalued parts of the market or asset types.
- We do not actively employ derivative strategies.
- We avoid complicated absolute strategies.
- We avoid unregulated offshore structures.

What we do:

- We have a longer-term outlook.
- We invest in OEICs, ETPs and Investment Trusts.
- Qualitative and quantitative analysis is undertaken in-house.
- Economic research is provided by Capital Economics.
- Economic and valuation modelling is undertaken in-house.

- Our research analysts regularly meet with underlying and prospective fund managers.
- We don't limit ourselves to minimum amounts of capital under management in underlying funds.

Doing it differently

- We don't confine ourselves when considering investment approaches, i.e. taking a contrarian approach when we believe assets or regions are being mispriced.
- We aim to build low volatility portfolios while seeking above average returns.
- We invest in a mix of OEICs, ETPs and Investment Trusts.
- We aim to keep turnover low, preferring a buy and hold approach - in keeping with our longer-term views.
- We have a preference for the underlying funds to be concentrated in their holding make-up.
- We have good exposure to investor sentiment being one of the largest national execution-only retail brokers in the UK.
- Holdings are limited to between 12 and 18 per portfolio – with the aim of not adding costs for very limited diversification attribution.
- We don't restrict ourselves from participating in seeding funds, but will only participate if we believe there is a robust process in place, the idea is relevant, meets our long-term outlook and the manager has demonstrated solid performance in the past.

Investment Process

- Idea Generation – Quantitative, centred around asset and sector valuations, **regional economic cycle modelling.**
- Understanding – comparing and analysing the different collective structure suitability.
- Understanding the fund managers and their processes.
- Portfolio construction and ongoing review of underlying fund suitability.
- Fund management appraisal process – narrowing the universe of potential suitable managers in the preferred collective structure and undertaking in-depth analysis of style, structure, house views and attribution. We consider the following aspects:
  - Alpha
  - Sharpe Information Ratio
  - Downside Capture
  - Value at Risk (VaR)
  - Cash positioning
  - Market stress testing
  - Volatility
  - Understanding of how active the fund is (R2)
  - Managers experience
  - Complexity of the fund
  - Key man risk, team structure
  - Fund capacity
  - Portfolio quality
  - Duration
  - Portfolio composition
  - Style analysis
  - Environmental Social and Governance (ESG) considerations over multi periods.

Investment Process – regional economic cycle model

Factors used to measure economic health and applied to our Economic Cycle model are:

- Consumer Confidence
- Equity Valuation
- Inflation
- Producer Price Index
- Unemployment
- GDP forecasts
- Interest rates
- Central bank target rates
- Output gaps
- Oil price.

The model is constructed around forward-looking market data factors.

- Separate models are constructed for each region, as we don't hold the view that all economies are aligned, and therefore believe it's not right to rely one economic cycle fits all model.
- We understand from our models that regional differences exist in market sensitivity, affecting the peak-to-trough characteristics of a cycle.
  - For example, the UK trends overtime to have shorter and more volatile market movements within the cycle, as opposed to the US, which tends to be relatively less volatile and more protracted.
- Using the traditional economic cycle clock model didn't allow for understanding of the nuances of regional cycles. The linear construction we now use gives us better trend analysis.
- Cycles aren't smooth. It could be expensive to leap to the conclusion that the market is at the top of the cycle and, therefore, it's time to start preparing to significantly reposition a portfolio.
- Our regional models facilitate the allocation of various assets to take the best advantage of that region's cycle

The model is one part of several key aspects of the market and valuations we consider when forming our opinions and decision.

Our Investment Research services

We have adopted a formal policy to govern the operation of our investment research services, as follows:

1. Investment research is intended to be an objective assessment of a fund, sector or market and is prepared and published by our Investment Research team, which is subject to oversight by our Compliance team.

2. All members of our Investment Research team are salaried employees. Profit-sharing arrangements exist for each individual and are related to the general profits of the firm, or other performance-related objectives. Profit-sharing is not linked to specific transactions or to recommendations contained in investment research.

3. The investment manager supervises the investment research analysts and reports directly to Head of Investments and Product Proposition.

4. Members of the Investment Research team are prohibited from being involved in activities which may in any way suggest they are representing the interests of The Share Centre or of a client if the activity is likely to appear to be inconsistent with providing an objective and unbiased assessment of the value or prospects of the relevant investments.

5. Investment Research team members must not participate in marketing activity, for example, in pitches to solicit or obtain business from the issuer of a relevant investment, if this could give the perception of a later bias in their investment research. Likewise, team members must not act in a way which appears to be representing the issuer of a relevant investment, for example, in roadshows relating to issues or allocations of relevant investments.

6. We will not offer or accept an inducement to provide favourable investment research coverage.

7. We will not give effective editorial control to someone whose role or commercial interests might reasonably be considered to conflict with the interests of the clients to whom the investment research is to be published or distributed. Accordingly, we do not allow anyone other than a member of the Investment Research team or specific individuals whose key roles involve the approval and publication of investment research to see it before its release. We will only allow a limited number of people outside the Investment Research team to view our investment research before publication for the verification of information contained within it. These people are likely to be members of the Compliance team, the Marketing team and the Public Relations team.

8. Investment research will only be published or distributed via our usual channels, The Share Centre's web site, www.share.com, mobile app and external financial publications.

9. We will always consider whether or not our business activities could create the perception that our investment research may not be a true and fair analysis of the market in, or the value or prospects of, a relevant investment. Where we believe such an impression may be created, we will delay or restrict the publication of the investment research.

10. We will always make available additional information, such as disclosures, that we feel appropriate to accompany investment research we publish or distribute.

11. Investment research will not be initially prepared for our internal use and then later used for publication or distribution to clients.

12. No member of the Investment Research team or specific individuals whose key roles involve the approval and publication of investment research may buy or sell an investment which has been, or will be, the subject of published investment research or on which the individual has provided a public comment to the media originated by us for the 3 days preceding and/or subsequent to the date of the release or comment.

13. In very exceptional circumstances, members of the Investment Research team or specific individuals whose key roles involve the approval and publication of investment research may, with prior written approval from a Director, undertake personal transactions to which investment research relates where personal circumstances such as financial hardship require the individual to liquidate a position.

14. No member of our staff, whether or not a member of the Investment Research team, may communicate the substance of any investment research, except as set out in this Policy.

Conflicts of interest

We aim to identify and prevent conflicts of interest which may arise between us and our customers, and between one customer and another, in order to avoid any adverse effect on our customers. We have a Conflicts of Interest Policy which sets out procedures, practices and controls in place to achieve this and which is available upon request from the Compliance and Legal Services team.

The avoidance of potential conflicts of interest is a key consideration so operational structures and procedures, password-controlled systems, data hierarchy, and the clear segregation of roles and responsibilities are all designed to work towards preventing any conflicts arising in the first place.

The Conflicts of Interest Policy applies to all officers (whether Executive or Non-Executive), employees and any persons directly or indirectly linked to the Share plc group of companies ("the Group") and refers to interactions with all customers of the Group.

Specific procedures are also adopted to ensure control and dissemination of investment research.

Chinese Walls

Flows of price-sensitive information between individual and/or internal departments are controlled by the operation of a policy of 'Chinese Walls'. Such barriers are procedural, rather than physical, and apply in a number of situations. Examples include restricting the availability of research on a new buy recommendation to just the Investment Research team prior to general publication, or knowledge which is not generally available being obtained about a Corporate client by their Relationship Manager.

Where an individual is in possession of such information they may not disclose it to another party without ensuring that the disclosure is necessary and appropriate, commensurate with a 'need to know' policy. Only such level of information as is required to meet the use to which it is to be put (e.g. Compliance sign-off for the research or operational planning) may be disclosed and the receiving individual is then bound by the same restrictions.

Register of information

Where a member of staff believes that they have, or may have, information about a quoted company or a company traded on a market that is not in the public domain and is likely to affect the share price of the company once it becomes generally known, that member of staff must immediately register that information with our Compliance team.

The Compliance team maintains a register of such information and that member of staff will be prohibited from:

- Any personal account dealings within that stock.
- Where the member of staff works within the Investment Research Department, making a recommendation in relation to that stock.
- Divulging the information to any other individual, except with the express approval of the Compliance Officer.

Compliance will also be made 'insiders' in respect of the information received. These restrictions remain in place until either the information is in the public domain or it ceases to be price sensitive.

The Register of information is subject to regulatory inspection.

Gifts and Inducements

Members of staff must not solicit, offer or accept any gift or inducement which may influence their independence or business judgment, or which could create a conflict of interest with any duty owed to the company or its clients.

This restriction does not include special promotions on products and services which have been agreed by the directors of The Share Centre, nor does it cover corporate gifts and hospitality which are considered to be incidental to the ordinary business of the company. Examples of gifts and inducements which should not be offered or accepted include cash, gifts readily convertible into cash or any other object of significant value.

Individuals are required to register hospitality or gifts, whether given or received, with an estimated value in excess of £50 with the Compliance team and to seek guidance from that department if in doubt about the suitability of any gift. Such occasions are recorded in the Register of Gifts and Inducements which is subject to regulatory inspection.

PO Box 2000 Aylesbury Buckinghamshire HP21 8ZB
phone 01296 41 41 41 **deal** 01296 41 42 43 **fax** 01296 41 41 40
email info@share.co.uk **web** www.share.com