

Overview

The Rensburg Sheppards Group ("RS") consists of four FSA regulated entities:

- Rensburg Sheppards Investment Management Limited ("RSIM");
- Rensburg Fund Management Limited ("RFM"); and
- Rensburg Sheppards Trustees Limited
- Mayflower Management Company Limited ("MMC").

Each of these entities are segregated from one another.

Investec currently own 47.7% of the shares of RS (however they will not exercise more than 30% of the voting rights).

The main business of RSIM is to manage the investments of and advise private investors, trusts, charities and small pension funds. In addition RSIM provides financial planning services including Inheritance Tax planning, management of a Venture Capital Trust, and is the administrator for its own Self Invested Pension Plans.

RFM is the unit trust manager for 8 unit trusts for which they also act as investment adviser.

MMC currently manages the Charities Property Fund (for eligible England and Wales charities).

The following activities and services are not undertaken within RS:

- corporate finance;
- finance arrangements;
- market maker;
- investment research (no proprietary research is undertaken – research information is compiled based on freely-available market information); or
- proprietary trading (except as required on the managers box for unit trusts and error correction).

Therefore RS does not have the potential conflicts of interest that arise from such services and activities.

Regulation

In accordance with the Senior Management Arrangements, Systems and Controls ("SYSC") Handbook of the FSA rules we are required to establish, implement and maintain an effective conflicts of interest policy encompassing the group. The policy should be relevant to the size and complexity of the firm. This policy details the material conflicts that have been identified and the procedures and measures adopted to manage these conflicts.

In the context of the FSA rules, conflicts of interest are those that arise between:

- the firm and a client; or
- a client and another client

when the firm is carrying on regulated activities or ancillary services.

Types of conflicts of interest outlined in SYSC are:

- Will the firm make a financial gain, or avoid a financial loss, at the expense of the client?
- Will the firm have an interest in the outcome of a service provided to the client, or a transaction carried out on behalf of the client, which is distinct from the client's interests in that outcome?
- Will the firm have a financial or other incentive to favour the interest of another client or group of clients over the interests of the client?
- Will the firm carry on the same business as the client?
- Will the firm receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service?

Conflict Policy

Identification, recording and managing of conflicts

The firm has policies for the following:

- Identification of conflicts (in accordance with SYSC);
- Recording of conflicts (in accordance with SYSC); and
- Managing of conflicts (in accordance with SYSC).

The material conflicts identified and managed are highlighted in the section opposite.

Material Conflict	Procedures and measures
The investment managers manage the assets of the Rensburg Investment Management pension scheme and a portfolio owned by Rensburg Sheppards plc. Therefore there may be a temptation to manage these assets in a more preferential manner than assets of other clients.	In both circumstances the client is treated at arms length.
RSIM investment managers may recommend or deal on a discretionary basis in products of RFM, MMC or Investec. In addition RS and Investec shares are traded. These may result in increased revenues or share price for the group.	A recommended list is produced from which the investment managers make selections. The RFM and Investec funds will appear only if the performance is considered to be sufficiently good enough compared with peer performance. Transactions in RS shares will only be conducted on an execution only basis and will not be part of any discretionary managed portfolio. In some cases, we may not be able to advise on or use our discretion to transact in Investec shares. We may also be unable to use our discretion to transact in shares in companies in which the Investec concert party (of which RS is a member) hold close to 30% of the issued share capital.
RFM may broker trades via RSIM thereby generating commission within the group.	RSIM are not on the list of permitted brokers for RFM.
Staff from RS may undertake personal account dealing. This may result in front-running, insider trading or other means by which the firms' employees may benefit at the expense of other clients.	A full Personal Account Dealing Notice is in place and employment terms and conditions require adherence to this. Detailed processes and procedures are in place with this regard. Compliance monitor adherence to this policy. When insufficient liquidity exists then RS employees will step out of any PA transaction such that client orders will be satisfied first.
Investment managers may act in other capacities for clients, in particular as Trustee for Trust clients. This may mean that they act in a way that may be beneficial to the revenues of the firm at the expense of the client's interests.	Employment terms and conditions require an employee to disclose outside business interests, including trusteeships. These activities must not interfere or conflict with the duties of staff members to RS. A register of outside business interests is maintained by compliance so they can consider whether such involvement gives rise to any conflict.
Investment managers and other RS staff may receive gifts and inducements. These may influence the behaviour of the employee at the expense of clients or of the firm.	A gifts and inducement policy is in place. Staff are required to adhere to this policy and a Gifts Log is maintained. This is aggregated and periodically reviewed by compliance.
RSIM may receive trail commission and other inducements. These may influence the investment manager to purchase a particular stock/product for the client so to benefit the firm.	Commission agreements are not disclosed to the investment managers so they are unaware of any rebates or commissions. Therefore the selection of investments will not be influenced by these factors.
There are no other material risks identified as arising from potential conflicts of interests which remain unmanaged.	

Conflict Policy

Advising on packaged products

1. The Financial Services Authority's regulation

Under the Financial Services Authority's (FSA) regulatory framework, firms are bound by various regulatory requirements. Article 26 of the Committee of European Securities Regulator's paper 'Inducements under MiFID – Recommendations' states that "where a portfolio management firm charges a fee and receives trail commission then this position is not altogether prohibited so long as it does not impair the firm's duty to act in the best interest of its client".

In interpreting this article, the FSA have stated that "where an investment management firm provides investment advice or general recommendations which are not biased as a

result of the receipt of commission, then the advice should be considered as having met the condition of being designed to enhance the quality of the service to the client".

2. Our duty of care to you

When advising you on the purchase of packaged products (normally unit trusts, OEICs or other investment funds, referred to as "collective investments") we may receive trail commission from the fund managers. We believe that this does not impair our duty to act in your best interests because our advisers are not aware as to the amounts of commission that we will receive at the point of making their recommendation.

The following tables outline the maximum trail commissions that we may receive

Table 1 – Commission if you invest monthly

Products	Example term or age	Comparison of costs	Examples based on £100 per month
		Our maximum	This shows the maximum costs of our sale and advice for a monthly investment or premium of £100, ignoring any changes in fund value
Savings and Investments			
Collective investments	Any	3% of the first 12 month's payments plus 0.75% of your fund value each year from year 2	£36.00 initially plus £18.00 in year 2, £27.00 in year 3, and so on (The actual amount in later years will vary in line with your fund value)

Table 2 – Commission if you invest a lump sum

Products	Example term or age	Comparison of costs	Examples based on £10,000 lump sum
		Our maximum	This shows the maximum costs of our sale and advice for a lump sum investment of £10,000, ignoring any changes in fund value
Savings and Investments			
Collective Investments	Any	3% of the amount you invest plus 0.75% of your fund value each year from year 2	£300.00 plus £75.00 each year from year 2 (The actual amount in later years will vary in line with your fund value)

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Group Offices

Belfast Cheltenham Edinburgh Farnham Glasgow
Leeds Liverpool London Manchester Reigate Sheffield
Member firm of the London Stock Exchange. Member of LIFFE.
Authorised and regulated by the Financial Services Authority.
Rensburg Sheppards Investment Management Limited is registered
in England. Registered No. 2122340.