

Market Abuse

Policy

General Policy

The Firm's policy establishes arrangements, systems and procedures appropriate and proportionate to the scale, size and nature of the business that seek to prevent, detect and report abusive practices or suspicious orders or transactions.

The EU's Market Abuse Regulation¹ and the FCA's Market Conduct sourcebook set out the types of behaviour which can amount to market abuse when trading in financial instruments on EU trading venues (including regulated markets and multilateral trading facilities ("MTFs")). Related criminal offences are set out in the Criminal Justice Act 1993 and the Company Securities (Insider Dealing) (Bailiwick of Guernsey) Law, 1996 ("CSIDL"). In addition to criminal and civil sanctions, association with market abuse has the potential to have a serious and adverse effect on the reputation of the Firm and its staff.

Nearly all international jurisdictions have their own insider dealing and/or market abuse regimes similar to those in the EU, and the UK which has a long history of criminal sanctions. Therefore the standards described in this policy should be observed by staff, wherever they are in the world (in addition to local securities laws), whenever they trade in financial instruments that are listed on public markets or in their related derivative instruments.

Longview's London MLRO has been assigned the Prescribed Responsibility for the Firm's policies and procedures for countering the risk that the Firm might be used to further financial crime.

Inside Information

Longview is following FCA and GFSC guidance in implementing these policies and procedures, which also satisfy SEC requirements requiring us to establish and enforce written policies and procedures reasonably designed to prevent the misuse of Material Non-Public Information ("MNPI"). We consider "inside information" to be an equivalent term and define such a term below:

Information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments, or if disclosed, would likely influence a reasonable investor's decision to purchase or sell an issuer's securities.

"Precise" means information that indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur and is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price.

The only possible exception to this rule is if a client has appropriately advised Longview that they wish to provide additional funds or to withdraw funds from their portfolio, the proportion of which in relation to their portfolio is of sufficient size that Longview would ordinarily execute trades for the portfolio, in which case the relevant trades should be executed pro rata across all existing holdings. This potential exception exists because the transaction was

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0596>

not undertaken on the basis that inside information and the decision to trade is based upon a pre-existing determination for accounts to hold a pro-rata share of the security in question. Longview maintains records of all client contribution and withdrawal instructions.

The Firm forbids its staff from trading, either, for a client, personally or on behalf of others, on the basis of MNPI, in breach of the Market Abuse Regulation. This conduct is frequently referred to as “insider dealing”.

All staff that have inside information at **any time** must be aware that unless an exemption (such as that outlined above) applies that should they deal, encourage others to deal, or disclose that information, they may:

- commit a serious contravention of CSIDL or FCA rules, leading to a large fine and prohibition from performing Senior Management and Certification Functions;
- commit a criminal offence punishable by a large fine and up to seven years imprisonment; and
- be dismissed without notice or compensation, if, before the inside information becomes public they do any of the following:
 - try to profit from the inside information by buying, selling or underwriting;
 - financial instruments admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made
 - financial instruments traded on an MTF, admitted to trading on an MTF or for which a request for admission to trading on an MTF has been made;
 - financial instruments traded on an organised trading facility (“OTF”) ; or
 - financial instruments not covered above, however the price or value of which depends on or has an effect on the price or value of a financial instrument referred to in those points, including, but not limited to, credit default swaps and contracts for difference
 - instruct, encourage or advise any broker, colleague, friend or family member or other person to buy, sell or underwrite any of the above financial instrument; or disclose the inside information.

In addition, the SEC may impose fines, pursue administrative or other enforcement actions, and refer the matter to the Department of Justice for criminal prosecution. Insider trading is considered a form of securities fraud under United States law, and the fines and prison sentences imposed upon conviction may be severe.

Procedure

Staff training

General staff awareness training

The training and awareness measures seek to ensure that members of staff are aware of the requirements and prohibitions of the market abuse regime and the measures Longview has adopted. Training is arranged by Compliance.

We provide training to all new employees as part of their initial Compliance Undertaking and at least annually thereafter.

Training for compliance/monitoring staff

Staff involved in the monitoring and investigation of potentially suspicious transactions and orders undergo additional training to help them carry out appropriate analysis to determine whether a transaction is abusive and how to report such transactions and orders to the FCA or FIS in Guernsey, as applicable.

Investigation and reporting of suspicious transactions and orders

Identification of potentially suspicious actions

The Firm's monitoring systems must be capable of analysing each and every transaction executed and order placed, modified, cancelled or rejected, and producing alerts against instances which require further analysis.

As described above, there is low trade volume at present and so a manual process is able to achieve this.

Further investigation of suspicious transactions or orders and decision to report

Transactions and orders that have been flagged are subject to further analysis by Compliance. This will typically include gathering as much relevant information about the trade, including the reasons for the order and any relevant circumstances either in the investment research process, or in news subsequently announced about that issuer and/or financial instrument.

Content of reports and method of reporting

Suspicious Transaction and Order Reports ("STORs") must be submitted to the FCA via Connect (in Guernsey to the FIS via Themis), noting that the following information is required:

- The person submitting (and their capacity in relation to the suspicious trade or order);
- A description of the order or transaction;
- Reasons for suspecting market abuse;
- Identification of any person(s) involved in the suspicious trade (both in the decision to trade and its execution); and
- Any other relevant information or supporting documents.

Responding to investigations by 3rd parties

Compliance shall be responsible for all contacts with investigating agencies (e.g. the FCA) regarding suspicious transactions and orders. Any staff receiving a call or other contact from such a third party should politely but firmly refer all such enquiries to Compliance. In the event of an investigation, staff may be required to be interviewed by investigators about the circumstances of a particular transaction or order. They should answer purely factual questions, in an honest and truthful way, and must refer wider ranging questions or areas of uncertainty to the Firm's Compliance Officer.

Record-keeping of STORs

Appropriate records of STORs must be maintained by Compliance for a minimum of five years. As well as STORs actually submitted, these must include near-misses, including all relevant facts and circumstances revealed during the internal investigation and an explanation why the potentially suspicious event was not actually reported.

Procedures and controls

It is Longview's policy that no staff may engage in any purchase or sale of an issuer's securities whilst they are, and therefore Longview is, in possession of inside information about such issuer (noting the possible exception described above). The following procedures have been established to aid Longview and its staff in the prevention and avoidance of insider trading. If a member of staff has any questions about these procedures, they must consult with Compliance.

Managing the risk of Market Abuse

Staff should not agree to become an insider or be given potentially inside information without prior approval from the CIO or an Executive Director in Guernsey (as applicable) and prompt notification to Compliance. In the event that a member of staff does come into possession of information that may be inside information, then they must refrain from trading in the affected securities for both client and personal trades and report the matter immediately to Compliance. Staff coming into possession of potential inside information must not communicate this information to anyone, whether internal or external to Longview, with the exception of Compliance.

Some examples of some identified scenarios where Longview staff may be at a heightened risk of coming into contact with inside information:

- **Contact with investment bank and broker analysts**
Day to day conversations with investment analysts at such firms, which may include potential inside information known by such individuals or market sensitive information about forthcoming research publications / significant customer orders that could also amount to inside information.
- **Market soundings**
Market soundings are communications of information made by either issuers or their professional agents prior to the announcement of a transaction (usually a placing of financial instruments) and sometimes accompanied by the announcement of a corporate finance transaction (e.g. an acquisition). Such soundings may themselves amount to inside information (this will need to be determined on a case by case basis and the assessment documented by the firm). Staff should also be aware that, once they have received such a sounding, they are likely to appear on the list of market sounding recipients that must be compiled by the firm as well as said issuer/agent.

It is Longview's policy not to accept or receive or make market soundings. In the event that such a third party makes contact with the Firm in relation to a potential market sounding, the person receiving the communication (usually this will be by email or telephone) must terminate the conversation as soon as reasonably possible and inform Compliance (by email) of the fact. Under no circumstances should the conversation be proceeded with as this will risk contaminating the individual and the Firm with inside information and hence restrict its investment strategy.

- **Contacts with public companies**
Contact with companies represents a part of Longview's investment research activity. Longview may make investment decisions on the basis of conclusions formed through such contacts, together with analysis of publicly-available information regarding companies in the U.K. and overseas. Difficult legal issues arise, however, when, in the course of these contacts, a member of staff becomes aware of information that may constitute inside information about a company.
- **Shared Office Building**
Whilst the Firm's office space and infrastructure are utilised solely by Longview, the wider office building is occupied by other investment firms which also have use of some shared utilities e.g. lifts etc. As such, there is some risk surrounding the flow of potentially market sensitive information from Longview staff to those persons employed by the other investment firms and vice versa. This risk has been addressed through staff training, which provides guidance to Longview staff on the proper conduct with respect to conversations had in these shared spaces and what course of action to take should they inadvertently be in receipt of market sensitive information.

In addition, staff members may have personal relationships with insiders or Longview may have investors who are insiders and in the course of these relationships, staff may become aware of information that may constitute inside information.

In all such situations, the staff member must contact Compliance immediately.

Compliance will assess whether the information is inside information and, if so, the general procedure above must be followed.

Banned List

Compliance maintains a Banned List of all securities where, through our dealings with clients, brokers or any other party, Longview is deemed to have inside information in relation to the underlying company.

If a member of staff acquires inside information or thinks they may have been passed inside information (whether accidentally or otherwise), he or she must notify Compliance immediately by completing an Inside Information Form and presenting it to Compliance. If the information is deemed to be inside information, the security and the issuer (and potentially related securities and their issuers) will be placed on the Banned List. The Banned List shall include the names of securities and issuers that are restricted, the date on which they were restricted and the individuals who have knowledge of the inside information (Knowledge of any stock being placed on or removed from the Banned List is only shared with individuals who need the information to fulfil their professional responsibilities, the individual who provided the information and Compliance). Compliance will record separately the reason why they were restricted and a date for review.

In line with Firm policy, all members of staff will be considered insiders and prohibited from trading in investments listed on the Banned List. Some members of staff, being the Trading, Research and Quants teams, are informed by Compliance of the inclusion of investments on the Banned List, but not of why the investments are on the Banned List. All Staff members are prohibited from disseminating any information to third parties about all investments listed on the Banned List.

Before a member of staff trades on behalf of Longview or on his/her own PA Dealing account, he/she must seek the permission of Compliance to proceed with the trade. The issuer would need to have been removed from the Banned List before the trade could be executed.

Advent Rules Manager, a portfolio monitoring and compliance management system which checks all trades on a pre and post trade basis, restricts trading securities on the Banned List. Records of decisions to place a stock on or remove from the Banned List are maintained by Compliance. The Trading, Research and Quants teams are informed by Compliance of changes to the Banned List and must be aware of the list when undertaking trades or disseminating information to third parties.

Information barriers

The CEO and Board of Directors have reviewed Longview's business and have decided that implementing information barriers (or 'Chinese Walls') is neither required nor practical, which means all members of staff are considered to know all aspects of the business and, as a result, are required to act accordingly.

For example, when one member of staff receives inside information on an issuer or issuers, **all** staff are considered to have become insiders and are thus required to act as directed by Compliance.

Further, by restricting knowledge of the names of investments on the Banned List to those members of staff that require this as part of their day-to-day work, and by not making the reason for an investment being on the Banned

List any more widely known than to the recipient and Compliance, the scope for dissemination is kept to the minimum practicable.

Market rumours

A rumour is defined as a “currently circulating story or report of unverified or doubtful truth”. Staff should be aware that passing on or helping spread a rumour that they know to be false could amount to “dissemination” - a form of market manipulation that involves giving out information that conveys a false or misleading impression about an issuer or financial instrument. If a rumour is heard it must not be acted on until research is performed and the facts are verified.

Receipt of rumours that are likely to lead to a significant price adjustment, or concern the solvency of an issuer, must be reported to Compliance, who will consider contacting the FCA, GFSC, or SEC, as appropriate.

Media and leaks

Communication with the media must be pre-approved by the CEO, Board of Directors or Compliance. If the enquiry relates (or may relate) to inside information or restricted securities, then Compliance should be advised who will, where necessary, monitor that communication.

Staff should request a copy of any media publication that includes or references the interview. Records should be kept of verbal and written communication between staff and media.

In the event of a possible leak of information covered by this policy, Compliance will investigate the circumstances behind the leak. If necessary, the FCA, GFSC and Takeover Panel (if relevant), and/or SEC will be notified and the reasons for the investigation of the leak given.

The outcome of the inquiry will be reported to the CEO in London or the Managing Director in Guernsey, as appropriate, and identified weaknesses in information or handling leaks should be addressed through an immediate strengthening of controls.

Staff will be subject to disciplinary consequences for leaking information to the media, in addition to any FCA, GFSC, and/or SEC action. Compliance will report its findings to the FCA, GFSC, or SEC, as necessary.

Research Records

All research analysts post data on all the stocks they analyse into the Research Database, which is retained in a secure drive on Longview’s servers and may be accessed by Compliance. Data posted includes models, company reports, notes on meetings with the company or with sell-side analysts, price targets, fair values and earnings and cash flow estimates. In addition, the Research Database provides a history of our stock analysis.

Material research conclusions are discussed with the Research team and the CIO. Once decisions have been made and approved in Research Meetings these are also recorded on the Research Database.

Company meetings are recorded by inputting them into the Longview office calendar. If the outcome of a meeting affects the investment rating of the company, a new Research Note and/or Model will be issued to allow the Research Team to discuss the matter and approve any changes necessary.

Longview’s investment process is bound by strict investment criteria, ensuring that only quality companies, with solid business fundamentals and attractive cash-based valuations, are purchased. A stock must pass all three of our Investment Criteria (Quality, Fundamentals and Valuation) to be purchased. The two primary reasons for selling a stock are the deterioration of company’s business fundamentals or that the stock reaches its price target. If a stock ceases to meet our stock selection criteria of quality, business fundamentals and valuation the entire position will

be sold. Portfolio construction is driven by the decision to buy or sell, derived from our bottom-up research process. For any new buy or sell decision, the underlying reasons for the decision must be recorded and must be wholly linked to the Investment Criteria.

Other trades (not new buys or sells) are driven by the rules around portfolio management and risk control. The rationale for such activity is recorded.

Expert networks

The Firm does not engage Expert Networks.

Activist Situations

From time to time, in respect of an investment held on behalf of clients, Longview may be an activist investor in a particular issuer. This may increase the chances of receiving inside information. The Research team must be alert to this risk; for example, that inside information might be received in error during a conversation with the issuer's advisers or with employees of the issuer.

Longview may also be made an insider if they are aware of the trading strategy of another investment firm. Whilst it is acknowledged that investment firms do speak to one another, particular care should be taken when communicating with another investment firm that inside information is not disclosed by either party. If inside information is disclosed, then Longview would be restricted from dealing on the information.

Longview would be in receipt of inside information regardless of whether Longview agreed to be given that inside information or if was received in error.

Obtaining Research from Political Participants

Generally, staff members do not utilise political intelligence firms for research. Staff must consult with Compliance prior to seeking research or other information from participants in non-public political processes. This obligation may apply to elected officials, lobbyists, and political staff members. Compliance may discuss the matter with Outside Counsel, and/or chaperone any meetings or telephone calls with the information provider.

Outside directorships and business interests

All staff, as well as family members², must disclose any outside business interests they may have. These could include, for example, directorships of quoted companies. Such persons will need to be cautious about any information they receive through such positions, as it may be considered inside information. If a member of staff were to receive inside information through an outside business interest, they would have to disclose it to Compliance and the general procedure would need to be followed.

Selective disclosure

Non-public information about Longview's investment strategies and holdings may not be shared with third parties, except as is necessary to implement investment decisions and conduct other legitimate business. Members of staff must never disclose proposed or pending deals or other sensitive information to any third party without the prior approval of Compliance. In the US, federal securities laws may prohibit the dissemination of such information, and doing so may be considered a violation of the fiduciary duty that Longview owes to its clients.

² Family is given the same definition as in the outside business interest's policy, i.e.

(a) the spouse or civil partner or any partner of that person considered by national law as equivalent to a spouse;

(b) a dependent child or stepchild; and

(c) any other relative who has shared the same household as that person for at least one year.

Real-time and post-trade monitoring

Longview undertakes its compliance monitoring on a risk-weighted basis. Market Abuse monitoring includes a focus on the possibility of receiving inside information through all aspects of the investment process and the steps taken to manage this risk.

Due to the limited volume of trading activity at present, trade surveillance is able to be performed manually on a trade-by-trade basis by establishing the pre-trade rationale for trading activity. This manual testing typically has a 100 percent coverage of portfolio transactions.

As part of the daily checks, Compliance reviews the previous day's trading activity in order to monitor for suspicious transactions. This is documented and reviewed as part of the compliance monitoring programme.

Members of staff are obliged to attest on a quarterly basis that they have complied with Longview's Policies and Procedures, including the Market Abuse Policy, Conflicts of Interest Policy and the Code of Ethics.

Monitoring of telephone and electronic communications

Trader's phone lines are recorded, along with emails and other electronic messages (e.g. Bloomberg chat) of staff members. Compliance will monitor a sample of phone calls, emails and other electronic messages on a periodic basis as part of the Compliance Monitoring Programme.

Timing issues around monitoring

It should be noted that sufficient indications of market abuse may only become apparent sometime after the order has been placed or the transaction has taken place. Staff involved in monitoring therefore need to be aware that a sequence of events over several days may need to be considered to assess a potential suspicion and whether a STOR should be submitted.