



## **Blue Ship Capital Ltd**

**Code of business conduct and professional ethics**

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## PREAMBLE AND SCOPE

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*"Ethics is one of the great differentiators between independent advisors"*

**Robert Stammers, director of investor education at the CFA Institute.**

Blue Ship Capital Ltd (hereinafter referred to as the 'Company') holds an Investment Adviser (Unrestricted) Licence from the Financial Services Commission.

Pursuant to Section 7(1) (a) of the Financial Services Act 2007, the Financial Services Commission (hereinafter referred to as the 'FSC' or the 'Commission') issued a code of business conduct in October 2015, effective since 1<sup>st</sup> January 2016.

The said code has 9 guiding principles, which set out in general terms a licensee's obligations to ensure the sound conduct of business.

The Company recognises that in business, as in every other arena, ethical behaviour does not just happen. It needs to be cultivated and repeatedly affirmed throughout the Company.

Investment advisors hold a unique place of trust in the lives of investors. Investment professionals and firms that undertake and perform their responsibilities with honesty and integrity are critical to maintaining investors' trust and confidence and to upholding the client covenant of trust, loyalty, prudence, and care.

As FSC licensee, the Company should ensure that their officers, employees and any other persons acting on their behalf comply with the code of business conduct issued by the Commission and that the practices followed by them are in conformity with the guiding principles as set out in the said code.

Furthermore, the national code of corporate governance 2016 highly recommends that a company should lay out clear corporate values and standards of behaviour in its dealings. When adopting its Code of ethics, the Company should address primarily the issues relating to ethical practices of relevance to the particular circumstances of its business environment, including the practical application of its corporate values and the concepts of honesty and integrity. The Code of business conduct and professional ethics should make clear what is acceptable and unacceptable practice and should be easily communicable to all stakeholders, especially the Company's officers and employees who will rely on it to guide them in their dealings.

The onus is on the Company to adopt appropriate processes and procedures, in line with their business model, to meet their obligations under the guiding principles and the code of corporate governance.

These rules are the values and guidelines governing the decision-making process in field of Investment Advisory practice but also a clear message from the Directors that the Company stands committed to maintaining the highest levels of integrity, fairness and responsibility.

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## INTERPRETATION

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In this document, unless otherwise expressly provided –

‘Conduct’ means a collection of rules and principles intended to assist employees and directors in making decisions about their conduct in relation to the Company’s business.

‘Confidential information’ can be written, oral, telephonic or electronic and includes a wide variety of data, from technology applications, business strategies and customer lists, customer preferences and personnel information and shall also apply to any document, information or data relating to clients and employees or management, including personal data.

‘Conflict of interest’ exists when an employee or a member of his/her family is involved in an activity that affects (or could appear to affect) his/her objectivity as an employee of our Company. An employee’s personal relationships, outside activities and personal investments can all pose potential conflicts of interest.

‘Gift’ means anything of value for which you are not required to pay the retail or usual or customary cost. A gift may include meals or refreshments; goods or services; tickets to entertainment or sporting events; the use of a residence, vacation home or other accommodations; or charitable or political contributions.

‘Information relating to the Company’s business’ is broadly defined and includes anything related to:

- The Company itself and its businesses
- Its confidential information
- Its products, strategy, security, technology and tech support, procurement practices or legal, regulatory and compliance issues
- Its customers, business partners, suppliers, directors or employees.

‘Non-public information’ all information is considered as non-public unless it has been publicly announced or otherwise disseminated in a way that does not breach any confidentiality or fiduciary duty.

‘Professional ethics’ means the rules governing the conduct, transactions, and relationships within the investment and corporate advisory profession and among its stakeholders.

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## CODE OF BUSINESS CONDUCT

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### The Code of business conduct is applicable to all employees of the Company

#### 1. Skill, care and diligence

The Company has in place appropriate safeguards against occurrences of behaviour that constitute a lack of due skill, care and diligence amounting to culpable negligence.

These safeguards include appropriate staff training in the form of an induction program for newcomers but also as and when the Company deems necessary.

All employees shall:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers and colleague employees.
- Use reasonable care and exercise independent professional judgment when conducting and engaging your professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Maintain and improve your professional competence.

#### 2. Professionalism

##### 2.1 Knowledge of the law

- All employees must understand and comply with all applicable laws, rules, and regulations.
- All employees must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.

##### 2.2 Independence and objectivity

- All employees must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities.
- All employees must not offer, solicit, or accept any gift, benefit, compensation or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

##### 2.3 Personal appearance

Employees are also expected to come to work neat and well groomed.

##### 2.4 Relationship at work

Any personal involvement with a colleague, customer, supplier can distract the normal working of the team. Any such issue must be discussed with the Chief Executive Officer ("CEO") and corrective actions could be taken accordingly.

##### 2.5 Communicating responsibly

The Company is also committed to making sure that communications about the Company and its business are accurate and reflect the Company's views.

- The Company is committed to maintaining a safe, productive, diverse, professional, collegial and secure work environment in which all individuals are treated with humanity, respect and dignity. Therefore, all employees are prohibited from using words which are or could be perceived as discriminatory, biased or prejudicial.
- No employee should speak on behalf of the Company unless he/she is authorised and mandated to by the Company.
- All employees recognise the Company's obligation to comply with regulatory requirements regarding various types of communication and to protect the confidentiality of the business and customer information.

- No employee should comment on or provide information related to the Company's business or any subject matter related to his/her job responsibilities or expertise in public forums unless specifically authorised to do so.
- No employee should seek or provide recommendations, sponsorships or referrals by or of fellow employees (current or former), unless he/she is authorised to do so.
- Any recommendations, referrals or sponsorship related to clients should be escalated to the Chief Executive Officer.

**3. Misrepresentation**

No one must knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

**4. Misconduct**

No one must engage in any professional conduct involving dishonesty, fraud or deceit, or commit any act that reflects adversely on their professional reputation, integrity, or competence.

**5. Cyber security**

All employees shall abide by the Company's information technology and information security policies and procedures.

**6. Use and disposal of Company's property**

The Company's assets are the resources that the Company uses to conduct its business. The employees shall use the Company's assets for legitimate Company business and appropriately safeguard them including against cyber-related attack, theft, loss, waste or abuse. Prior resignation or leaving the Company, all properties belonging to the Company must be immediately returned to the Company in the condition in which it was entrusted to the employee; save the normal wear and tear.

**7. Poaching of employee/clients**

Employees leaving the Company are prohibited from soliciting other employees or the Company's clients.

**8. Respect and protect intellectual property**

Information created, sent, received, downloaded or stored on the Company's electronic or telephonic equipment and systems is Company property. Any concept, idea, process or work related to the Company's business (no matter what form it takes) belongs to the Company.

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## CODE OF PROFESSIONAL ETHICS

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The Code of professional ethics is applicable to:

- The Board of directors;
- Employees who are in an advisory relationship;
- Employees who are in a discretionary portfolio management role and by extension any Employee with a customer relationship responsibility, even indirectly;
- Outsourced functions involved into the investment advisory activities.

(all the above are referred to as “the Stakeholders”)

***Where the provisions Code of business conduct and Code of professional ethics conflicts or cancels out one another, the stricter rules shall apply.***

### 1. Integrity

#### 1.1 Material non-public information

The Stakeholders who possess material non-public information that could affect the value of an investment must not act or cause others to act on the information.

#### 1.2 Market manipulation

The Stakeholders must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

### 2. Duties to clients

#### 2.1 Loyalty, prudence and care

The Stakeholders have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment.

#### 2.2 Fair dealing

The Stakeholders must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

#### 2.3 Suitability

When the Stakeholders are in an advisory relationship with a client, they must:

- Make a reasonable inquiry into a client’s or prospective client’s investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
- Determine that an investment is suitable to the client’s financial situation and consistent with the client’s written objectives, mandates and constraints before making an investment recommendation or taking investment action.
- Judge the suitability of investments in the context of the client’s total portfolio.

When the Stakeholders are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio and mandates.

#### 2.4 Performance presentation

When communicating investment performance information, the Stakeholders must make reasonable efforts to ensure that it is fair, accurate, and complete.

## 2.5 Confidentiality code

The Stakeholders must keep information about current, former, and prospective clients confidential unless:

- The information concerns illegal activities on the part of the client or prospective client;
- Disclosure is required by law; or
- The client or prospective client permits disclosure of the information.

The Stakeholders have a duty to protect confidential information and to take precautions before sharing it with anyone, inside or outside the workplace.

The Company places the highest priority on maintaining the confidentiality of the information that it holds. It is essential that customers' information is handled and processed in a strictly controlled manner. The general rules are as follows:

### 2.5.1 *Introduction*

Overall responsibility for information security rests with management. All Stakeholders are required to be familiar with the contents of this policy and to strictly adhere to it.

Any Stakeholder who at any time has difficulty in understanding the rules or thinks that they are insufficient or are being misapplied has a positive duty to do something about it. In case of doubt, a member of management should be consulted at the earliest opportunity.

Failure to observe these rules may lead to appropriate disciplinary action being taken which, in serious cases, may lead to dismissal.

The policy is complementary to other policies of the Company and should be used in conjunction with them.

The policy shall be reviewed regularly, as and when deemed necessary.

### 2.5.2 *Confidentiality measures*

- All staff receiving and using personal information shall be bound by a legal duty of confidence.
- If work is contracted to a third party who in the course of their work may require access to confidential information or data, the third party will be required to sign a non-disclosure agreement.

### 2.5.3 *Management responsibilities*

Management shall ensure that:

- Staff/Consultants are aware of this policy and understand their responsibilities.
- Staff/Consultants adhere to the policy.
- The policy is reviewed regularly and any updated version of the policy is circulated to all staff/consultants.

Adverse incidents reported to the management are investigated and corrective actions are taken without delay but not later than a period of 1 month.

### 2.5.4 *Staff responsibilities*

Staff shall ensure that:

- They make themselves aware of the policy and follow it.
- They never examine or handle in any way Confidential Information, except in the course of their work. If they are required to read Confidential Information as part of their work, this data shall never be disclosed to any person not directly concerned with that work.
- The Confidential Information they are working on are not read or handled by anyone who has no reason to do so.
- If they believe that someone is deliberately attempting to read or handle Confidential Information not within their official duties, the facts must be reported immediately to a member of Management.

- If they are working with Confidential Information and they have to leave the room where they are working, they must either lock the Confidential Information away or ask another authorised member of staff to be responsible for the Confidential Information until they return.
- If they are the only member left in charge of Confidential Information and they have to leave, the data must be locked away, the room locked and the windows closed.
- Confidential Information is never left unlocked in an unattended room; it must be kept secure in a locked cupboard or cabinet or in a secure filing room when not in use and must not be taken out of the Investment Adviser's registered office except for specified purposes authorised by Management.
- If it is ever discovered or even suspected that Confidential Information has been lost, management must be informed immediately.
- Keys to cupboards or cabinets holding Confidential Information are locked away or kept on the responsible person when not in use.
- They always lock their PC, laptops, tablets and/or mobile screens when leaving their desks or leaving their work equipment unattended and they shall ensure that Confidential Information is never left visible to third parties.
- Visitors to the operations unit are accompanied at all times.

### **3. Investment analysis, recommendations and actions**

#### ***3.1 Diligence and reasonable basis***

The Stakeholders must:

- Exercise diligence, independence, and thoroughness in analysing investments, making investment recommendations, and taking investment actions.
- Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

#### ***3.2 Communication with clients and prospective clients***

The Stakeholders must:

- Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyse investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
- Disclose to clients and prospective clients' significant limitations and risks associated with the investment process.
- Use reasonable judgment in identifying which factors are important to their investment analysis, recommendations or actions and include those factors in communications with clients and prospective clients.
- Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

#### ***3.3 Record retention***

The Stakeholders must ensure that they develop and maintain appropriate records to support their investment analysis, recommendations, actions, and other investment-related communications with each of the clients and prospective clients in line with the legal record retention period or any other higher retention period as requested by the client.

### **4. Conflicts of interest**

The Company has adopted a declaration of interests policy which can be found in the compliance and procedures manual and as **Appendix 8** below. The said policy is hereby applicable to all Stakeholders as defined above.



#### 4.1 Disclosure of conflicts

- The Stakeholders must make prompt, full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients and employer.
- The Stakeholders must ensure that such disclosures are prominent, are delivered in plain language, and must communicate the relevant information effectively.

#### 4.2 Priority of transactions

Investment transactions for clients and employers must have priority over investment transactions in which the Employee is the beneficial owner.

#### 4.3 Referral fees

The Stakeholders must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from others for the recommendation of products or services.

### 5. **Insider trading and information barriers**

As an employee of a financial services company, an employee may have access to material, non-public information (“MNPI”) about the Company, the clients and other companies that conduct business with Blue Ship Capital Ltd.

MNPI is information that is not known by the public, but if it were, would likely affect the market price of the securities issued by a company or be considered important to a reasonable investor in deciding to buy or sell those securities.

The Stakeholders may not buy or sell securities in their own account or any account over which they exercise control (either alone or with others, including client accounts), when they are in possession of MNPI relating to those securities.

### 6. **Anti-money laundering**

The Company has designed and implemented anti-money laundering and combatting financing of terrorism processes and procedures via its compliance and procedures manual.

These processes and procedures are designed to comply with all applicable laws and regulations related to money laundering, terrorist financing and economic sanctions. All Stakeholders are required to comply with these policies, procedures and controls.

The Stakeholders are required to, *inter alia*:

- Make sure they accurately complete all “know your customer” requirements.
- Be alert to and report any unusual or suspicious activity to the Money Laundering Reporting Officer/Compliance Officer who is responsible for anti-money laundering and sanctions compliance.
- Attend and complete all required compliance training on a timely basis.

### 7. **Anti-bribery, anti-corruption**

For the Company, reputation for integrity is central to the success of the business.

Employee must never compromise the Company’s reputation by engaging in, or appearing to engage in, bribery or any form of corruption.

Gift-giving to government officials is governed by very strict laws and regulations, violations of which can have severe consequences for the employee and for the Company.

The Stakeholders may not give, offer or promise (directly or through others such as third-party intermediaries) anything of value to anyone, including government officials, clients, suppliers or other business partners, if it is intended or could reasonably appear as intended to influence improper action or obtain some improper business or other advantage.

The Stakeholders also may not solicit or accept anything of value from anyone (directly or through others such as family members) if it is intended or could reasonably appear as intended to improperly influence that employee’s decisions on behalf of the Company.

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## COMPLAINTS MANAGEMENT & VIOLATIONS AND SANCTIONS

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The complaint resolution process under this Code standard, which is also further detailed in the compliance and procedures manual of the Company, must ensure that:

- the client is, as soon as reasonably practicable after making a complaint, provided with acknowledgement of the complaint; and
- a register is kept recording all complaints, and action taken towards resolving those complaints.

Any of the Stakeholders who knows of, or has a reasonable belief, that there is a violation of applicable laws or of the Code, must report that information immediately.

Anyone who in good faith raises an issue regarding a possible violation of law, regulation, company policy, or unethical behaviour will be protected from retaliation.

However, any violation of this Code will not protect the Stakeholders from the consequences of their actions.

Material violations of the Code must be immediately reported to the Compliance Officer and/or Chief Executive Officer.

Violations of the Code may result in disciplinary action including but not limited to warnings, termination of employment or legal action for damages caused to the Company.