
International Asset Management Limited

Independent specialists in tailor-made portfolios of hedge funds since 1989

Complaints Handling Procedure

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Complaints Handling Procedure

Overview

International Asset Management Limited ("IAM", "we" or "the Firm") believes that an effective procedure for handling complaints is a proven way of maintaining and building relationships with the people on whom the business depends. Handling complaints well allows IAM to:

- demonstrates commitment to our clients and other stakeholders;
- demonstrates commitment to providing the best possible service;
- find out about things that have gone wrong; and
- prevent things going wrong in the future.

A complaint is any expression of dissatisfaction, whether justified or not, about any aspect of IAM or our services. Complaints may come from "eligible complainants" or "non-eligible complainants". A complaint can be received verbally, in person or by phone, or in writing, including by email. IAM is committed to treating all complaints seriously and will conduct a full review and conclude all matters to the mutual satisfaction of the parties as quickly as possible maintaining appropriate records at all times. All complaint information will be handled sensitively, telling only those who need to know and following any relevant data protection requirements. Complaints, if any, are reviewed annually to identify any trends which may indicate a need to take further action. IAM notes that, as it is a small firm with a small staff team and limited number of clients, it is considered unlikely that the Firm will receive many complaints and would not expect an annual review to be necessary to identify any trends in complaints.

This document sets out the Complaints Handling Procedure which IAM will follow if the Firm receives a complaint. This document is designed to ensure that IAM can respond to complaints in appropriate and in accordance is the DISP chapter of the FCA Handbook, including DISP 1.1A which relates to MiFID complaints and applies only in respect of IAM's MiFID business activities (i.e., managed accounts). Notwithstanding, to the extent relevant, IAM will also use this document to guide its response to complaints in relation AIFMD business activities (i.e., management of AIFs).

Ultimately, responsibility for the Complaints Handling Procedure rests with IAM's Board of Directors, and for its day-to-day implementation and operation, responsibility rests with the Compliance Officer, Mirko Butti. IAM's Board of Directors may choose to vary the Complaints Handling Procedure if there is appropriate cause to do so. This may be necessary to avoid a conflict of interest, for example, a complaint about a specific individual should not also have that individual leading a review. The Complaints Handling Procedure is reviewed periodically and updated as required.

Who can make a complaint?

The general complaint handling rules allow for complaints from "eligible complainants". An eligible complainant is defined as:

- A "consumer" (i.e., a natural person acting for purposes outside his trade, business or profession. An elective professional client that is a natural person (i.e., an individual) would fall within the definition of consumer);
- A "micro-enterprise" (i.e., an enterprise that employs fewer than 10 persons and has a turnover or annual balance sheet that does not exceed €2 million) at the time the complaint is made;
- A charity which has an annual income of less than £6.5 million at the time the complaint is made;
- A trustee of a trust which has a net asset value of less than £5 million at the time the complaint is made;
- A small business (i.e., an enterprise which: (a) is not a micro-enterprise; (b) has an annual turnover of less than £6.5 million (or its equivalent in any other

currency); and (i) employs fewer than 50 persons; or (ii) has a balance sheet total of less than £5 million (or its equivalent in any other currency), and in determining whether these criteria are met articles 3 to 6 of the Annex to the Micro-enterprise Recommendation must be applied); or

- A guarantor (i.e., an individual who: (a) is not a consumer (as defined in DISP); and (b) has given a guarantee or security in respect of an obligation or liability of a person which was a micro-enterprise or small business as at the date that the guarantee or security was given).

A number of IAM's clients (in particular, underlying clients in the funds managed by IAM) are likely to meet the definition of a "consumer". Whilst IAM treats all complaints seriously, it should be noted that professional clients that are not natural persons, such as institutional investors, do not fall within the definition of an eligible complainant and, as such, will have restricted rights in that access to the Financial Services Ombudsman ("FOS") is not available. These are referred to as "non-eligible complainants".

While the complaint handling rules regarding the FOS only apply to eligible complainants, IAM must also handle MiFID complaints regardless of whether the complainant is an eligible complainant or non-eligible complainant for FOS purposes. A MiFID complaint is defined as any oral or written expression or dissatisfaction whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service or a redress determination:

- which alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and
- either:
 - to which article 26 of the MiFID Org Regulation applies; or
 - which concerns the equivalent business of a third country investment firm.

IAM is required to have complaint handling arrangements in place to handle MiFID complaints from clients (which includes retail clients, professional clients and (in relation to eligible counterparty business) eligible counterparties). For IAM, MiFID complaints would be any complaints arising from its managed account business activities.

As noted above, IAM must have arrangements in place to handle complaints from eligible complainants and, also, complaints from any client to the extent that the complaint is a MiFID complaint.

Complaints Handling Process

Written complaints may be sent to IAM by post or by e-mail. Verbal complaints may be made by phone or in person to any of IAM's staff. The procedures set out below are designed to guide IAM's response in relation to the receipt of a complaint.

Receiving Complaints

Upon receiving a complaint, the recipient should:

- Record the date and time the complaint is received, the facts of the complaint and the details of the complainant; and
- Notify the Firm's Compliance Officer and, if relevant, Directors, of the complaint.

IAM, through the individual nominated to handle the complaint, should:

- Notify the complainant of the Firm's Complaints Handling Procedure and offer to send them a summary of it (see Appendix I);
- Notify the complainant what will happen next and how long this is likely to take (this will depend upon the circumstances of each case, see the process below); and

- Where appropriate, ask the complainant to send a written account by post or by email so that the complaint is recorded in the complainant's own words.

Resolving Complaints

If a complaint can be resolved to the satisfaction of the complainant by the close of the business day following receipt, this should be done by the individual nominated to handle the complaint. A complaint is only resolved if the complainant has indicated acceptance of the response. The individual nominated to handle the complaint must evidence the response and disclose the full details to IAM's Compliance Officer.

Note that in line with the FCA Handbook (DISP 1.1A.23) an alternative approach is permitted where a complaint is resolved by close of the third business day following the day on which it was received.

Stage One

On receiving the complaint details, IAM's Compliance Officer records it in the Complaints Register. If it has not already been resolved, the Compliance Officer will need to be kept abreast of any material developments in the respect of handling the complaint. If the complaint relates to a specific person, this person should be informed and given a fair opportunity to respond.

Complaints should be acknowledged in writing by the individual nominated to handle the complaint in a timely manner. The acknowledgement should state that they have been nominated to handle the complaint and should indicate when the complainant should expect a formal reply (which should be as prompt as possible and no later than 8 weeks of receipt of the complaint). Where the complaint is oral, the acknowledgement should include detail of the matter complained of and a request to confirm its accuracy. A summary of IAM's complaints handling process should be included.

Stage Two

If IAM is not in a position to make an offer to settle within 8 weeks following receipt of the initial complaint, IAM's Compliance Officer should write to the complainant and include the following information:

- Details of why the matter remains unresolved;
- A summary of the investigation to date and explaining why the matter has not been concluded;
- If the complainant is an eligible complainant, advising the complainant that they may now take the matter to the FOS. The relevant contact details of the FOS should be included as well as details on how to take the complaint to the FOS.

Stage Three

At the conclusion of the investigation, IAM should write to the complainant advising that the matter is concluded, explaining the action taken to investigate the complaint, the decision and offering settlement, if appropriate. If settlement is offered, the letter must include the nature and terms of the settlement. Where redress is appropriate, compensation should be fair taking all facts into account.

If the complainant is an eligible complainant, the letter must inform the complainant that, if they are not satisfied with the final response, they may then take the complaint to the FOS but must do so within six months of the letter or they may lose the right to do so. The letter must include the appropriate wording from DISP 1 Annex 3 of the FCA's Handbook which will indicate if IAM consents to waive relevant time limits. All complainants should be informed that if they do not respond within 8 weeks to the letter, IAM will treat the matter as closed.

Admission of Liability

It is essential that IAM is polite and courteous if confronted by complaint or criticism but

IAM should not admit liability on any matter complained of. The Management Body shall determine the seriousness of the issue and whether it can be readily remedied at substantially no cost to the Firm.

When considering a complaint, the Firm should consider:

- All the evidence available and the particular circumstances of the complaint, including the circumstances of the complainant;
- Similarities with other complaints received by the respondent;
- Relevant guidance published by the FCA, other relevant regulators, the FOS or former schemes; and
- Appropriate analysis of decisions by the FOS concerning similar complaints received by the MiFID investment firm

Taking into account all relevant factors, the Firm should;

- Offer redress or remedial action when the Firm decides this is appropriate;
- Explain to the complainant promptly and, in a way that is fair, clear and not misleading, using plain language that is clear to understand, the Firm's assessment of the complaint, the Firm's decision on it, any offer of remedial action or redress, and inform the clients or potential clients about their options, including that they may be able to refer the complaint to an alternative dispute resolution ("ADR") entity or that the client may be able to take civil action; and
- Comply promptly with any offer of remedial action or redress accepted by the complainant.

Where the complainant is an eligible complainant for the purposes of the complaint, the Firm should ensure the response includes:

- A copy of the FOS's standard explanatory leaflet;
- The website address of the FOS;
- Notice to the complainant that if, still dissatisfied with the respondent's response, the complaint may now be referred to the FOS; and
- Indication of whether or not the respondent consents to waiving the relevant time limits in DISP 2.8.2R or DISP 2.8.7R (was the complaint referred to the Financial Ombudsman Service in time?) by including the appropriate wording set out in DISP 1 Annex 3R.

These should be set out clearly, comprehensibly, in an easily accessible way and prominently within the text of those responses. The Firm should ensure that responses are prompt when taking into consideration the complexity of the complaint and it is noted the ADR provider and the FCA may have regard to a number of factors, including, the quality of response, as against the above rules, as well as the speed with which it was made. It is noted that the Firm has eight weeks from receipt of the MiFID – Eligible Complainant or non-MiFID complaint – Eligible Complainant complaint to respond, but this is a maximum and not a target.

Where the Firm has assessed the received complaint to be outside the time limits for referral to the ADR provider, the Firm can reject the complaint without considering the merits, but must make clear that the Firm has done so in the final response. The Firm notes that this should be done only with approval from Chief Executive Officer and that all complaints will still need some review of the merits even where the Firm believes this would be outside the jurisdiction of the ADR provider.

Where the Firm has assessed the complainant is not an eligible complainant for the purposes of the complaint, the Firm should ensure the response includes:

- Confirmation the Firm has reached the end of its internal process and therefore should the complainant remain unhappy with the response, they have open to them the right to take civil action against the Firm; and
- Confirmation of where legal documents should be addressed to or reference to the fact this is detailed in the contract terms.

Should the complaint be referred to the FOS, the Firm must cooperate fully with the FOS (or other ADR provider) and comply promptly with any settlements or awards made by it. In order to ensure this happens, the following procedure should be followed:

The Chief Executive Officer has been designated as the person(s) empowered by the Firm to liaise with and respond to requests for information from the ADR provider. All correspondent between the ADR provider and the Firm should be recorded and communication should be managed to ensure expectations are met on quality and timeframes. All files/documents provided to the ADR provider should undergo four eyes check, where possible.

Reporting Complaints Data to the FCA

The Firm will need to provide data to the FCA on MiFID complaints received from retail clients, professional clients, and (where relevant) eligible counterparties. This is done via the FCA's RegData reporting system.

Management Information and Compliance Report to the Board

The Firm must put in place appropriate management controls and take reasonable steps to ensure that in handling complaints, it identifies and remedies any recurring or systemic problems. Such controls should include:

- Analysing the causes of individual complaints so as to identify root causes common to types of complaint;
- Considering whether such root causes may also affect other processes or products, including those not directly complained of; and
- Correcting, where reasonable to do so, such root causes.

In particular, the Firm should:

- Ascertain the scope and severity of the consumer detriment that might have arisen; and
- Consider whether it is fair and reasonable for the firm to undertake proactively a redress or remediation exercise, which may include contacting customers who have not complained.

The Management Body acknowledge that they are responsible for the implementation of these policies and procedures and are ultimately responsible for monitoring compliance with them. This together with associated documents, will be reviewed on any material change to business and at least on an annual basis.

Potential Complaint

Where an error or mistake may have occurred that has not yet been noted by, or notified to, the client but could cause material loss (to the client), the same reporting procedure should be followed heading your note "Potential Complaint". An error or mistake will be compounded if upon discovery, it is apparent that it was already known but no report was made of it. The Firm owes a duty to eligible complainants to inform them of and rectify, where possible, situations which have arisen due to error. Therefore it is also important to review complaints in light of whether the issue could have affected other customers also.

Record Keeping

IAM will keep a record of any complaint received and the measures taken for its resolution and retain that record for at least 5 years from the date that the complaint was received.

Reporting and Publication

The 'complaints reporting rules' in the FCA Handbook require a twice-yearly report to be provided to the FCA concerning complaints received from eligible complainants. This requirement also applies to MiFID complaints, except that information must be included about such complaints received from retail clients, professional clients and, where

relevant, eligible counterparties rather than just eligible complainants.