

## **POLICY ON MANAGING CONFLICTS OF INTEREST**

*The purpose of this document is to inform the principals or unit holders of Dorval Asset Management of its policy with regard to conflicts of interest that may arise during the exercise of its management activities.*

In accordance with applicable regulations, Dorval Asset Management must identify conflicts of interest that may occur between:

1. the management company, including its directors, its employees or any person directly or indirectly linked to Dorval Asset Management by a controlling relationship and its clients: Dorval Asset Management would act without taking its clients' interests into account, would even give preference to its own interests or those of its shareholders or an associate;
2. two UCIs or the holders/shareholders of said UCIs;
3. the UCIs or holders/shareholders of said UCI and a client of the management company;
4. two clients of the management company: Dorval Asset Management would favour one of its clients in the performance of its services to the detriment of another client.

### **I - Identification of the risks of conflicts of interest**

For the purpose of detecting such situations, Dorval Asset Management has equipped itself with a roadmap of potential conflicts of interest with the aim of identifying the situations likely to generate a conflict of interests. Typical conflict of interest scenarios are therefore listed here which may potentially affect one or more clients.

For this, the General Regulations of the AMF (French Financial Markets Authority) in article 313-19 specify that the portfolio management company must at least take into account the possibility that its associates or itself may find themselves in one of the following situations:

- realisation of a financial gain or avoidance of a financial loss at a client's expense;
- stake in the income from service provided to a client different from the client's stake in the income; encouragement, for financial or other reasons, to favor the interests of a client or a group of customers in relation to the interests of the client to whom the service is provided.
- incentive, for financial or other reasons, to favour the interests of a client or group of clients over the interests of the client to whom the service is provided;
- exercise of the same professional activity as the client;
- receipt from a person other than the client of a benefit relating to the service provided to the client, in any form whatsoever, other than the commission or expenses normally invoiced for said service.

This roadmap is reviewed periodically by the compliance and internal control officer in order to take into account changes in the management company (new activities, modifications of technical and/or human resources...).

The identification of potential conflicts of interest enables Dorval Asset Management to implement preventive measures in order to avoid their occurrence.

### **II - Preventive measures on conflicts of interest**

Upstream of its system, Dorval Asset Management has put in place internal procedures aiming to prevent the occurrence of conflicts of interest as required by the AMF General Regulations. To this end, associates receive regular training to ensure that they have an effective knowledge of the procedures to be followed.

Said procedures, grouped into the compilation of the management company's procedures, are designed to ensure that the associates concerned, involved in activities that carry a risk of conflict of interests, carry out said activities with an appropriate degree of independence with regard to the organisation and activities of Dorval Asset Management.

In consideration of article 313-21 II of the AMF General Regulations, said procedures deal in particular with the following aspects:

1. prohibition or at least control of exchanges of information between associates exercising activities that carry a risk of conflict of interests when the exchange of said information may prejudice the interests of one or more clients.

More specifically, the internal documents corresponding to said requirement are the code of conduct as well as the procedures that define the following:

- compliance with the principle of confidentiality of information held by associates in the interest of the clients;
  - the principle of prohibiting the use of inside information to which associates have access either for their personal accounts or for any third-party account. In particular this concerns the process of controlling personal transactions carried out by the management company's associates;
2. separate supervision of associates whose main functions consist of exercising activities on behalf of certain clients or providing them with services when the interests of said clients may enter into conflict, or when said persons in question represent different interests, including those of the service provider, that may enter into conflict. More specifically, the internal documents corresponding to this requirement are the code of conduct and the procedures that define the following:
  - the principle of equality of treatment between clients;
  - the control of transactions carried out by the associates on their personal account (existence of a procedure for supervision and control, definition of the scope of the associates concerned, etc.);
3. the removal of any direct link between the remuneration of associates who mainly exercise a specific activity and the remuneration of other people who mainly exercise another activity, or the revenues generated by said other people, when a conflict of interests is likely to arise in relation to these activities.

The internal documents corresponding to this requirement are the code of conduct and the additional procedures that define the following:

- the selection of financial intermediaries on the basis of objective criteria such as the quality of services rendered;
  - the transparency of benefits and remunerations;
  - the management company's remuneration policy;
4. measures aiming at prohibiting or restricting the exercise of inappropriate influence by any person over the way in which a person concerned exercises their activities.

The internal documents corresponding to said requirements are the code of conduct and the procedures that define the following:

- the selection of financial intermediaries on the basis of objective criteria such as the quality of services rendered;
  - the applicable procedure in terms of receiving and granting benefits and gifts (principle of prohibition, limits, supervision and declaration).
5. measures aiming at prohibiting or controlling the simultaneous or consecutive involvement of an associate in several investment or connected services or other activities when said involvement is likely to impair the proper management of conflicts of interest.

The internal documents corresponding to said requirements are the code of conduct and the procedures that define the following:

- the management company's organisation chart;
  - the job descriptions.
6. measures making it possible to ensure that a management company associate can only, in that capacity and on behalf of said company, provide remunerated consultancy services to companies with securities held in managed or target products, the acquisition of which is planned.

The internal documents corresponding to said requirements are the code of conduct and the procedures that define the following

- the group's organisation chart;
- the job descriptions;
- the control of accumulated mandates and external functions exercised by associates.
- Managing conflicts of interest

### **III - Management of identified conflicts of interest**

In certain complex or specific situations, if the procedures and provisions implemented upstream are not sufficient to guarantee, with reasonable certainty, that the potential conflict of interests cannot have any impact on the interests of one of its clients, Dorval Asset Management implements a procedure for managing conflicts of interest based on the transparency of actions with respect to its clients.

- Identification of the conflict of interests and escalation process

Any associate of Dorval Asset Management who has doubts on or who observes a risk of conflict of interests or a proven conflict of interests must immediately inform their direct supervisor and the compliance and internal control officer, by any available means.

- Management of the identified conflict of interests

The compliance and internal control officer is authorised to manage any escalation of conflict of interests. In liaison with the General Management of Dorval Asset

Management, he/she analyses the nature, causes and consequences of the identified conflict of interests.

Once this analysis has been performed, two scenarios may be seen:

- the event does not carry any risk of conflicts of interest to the client's detriment: the compliance and internal control officer gives reasons for his/her decision, records and files it without further action in the "Conflicts of interest" dossier;
- the risk of conflict of interests is real: the compliance and internal control officer, in liaison with General Management, takes appropriate emergency measures so as to limit the immediate consequences.

The compliance and internal control officer and General Management then define and implement the corrective actions intended to avoid or restrict the occurrence of the identified conflict of interests, in particular by modifying or adopting the necessary procedures and/or reinforcing the controls if such actions can be envisaged.

The compliance and internal control officer keeps and updates a register of proven conflicts of interest in which he/she lists the situations that have effectively generated a conflict of interests and identifies the supervision measures implemented for each of them as a result.

- Information for clients

As applicable, in the event that Dorval Asset Management should identify a situation that could have an impact on the interests of one of its clients, the compliance and internal control officer, in liaison with General Management, shall then inform the client, clearly and in sufficient detail, of the nature, causes and consequences of said conflict, before acting in its name.

Said information shall be communicated on a "durable medium" and may, notably, take the form of a letter sent to the client in question.

The client informed in this manner shall have the possibility of making a sound decision on the provision of an investment service. Said exchanges of information must be kept inside the relevant client dossier.

It should also be noted that in compliance with article 318-14 of the AMF General Regulations, when UCIs managed by Dorval Asset Management are purchased or subscribed on behalf of a UCI, the information memo or prospectus of the UCI shall specify said possibility.

#### **IV - Control and procedure**

Where it involves the risk of conflict of interests, controls are implemented at management company level, by means of continual controls and periodic monitoring carried out by the compliance and internal control officer and General Management. Said controls are formalised and recorded.