

## **POLICY OF PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST**

### **Objective**

The procedure of identification and management of conflicts of interest aims at identifying the situation leading or being liable to lead to conflicts of interest in order to provide a solution guaranteeing the primacy and the preservation of the clients' interests.

### **General Principles**

As a portfolio management company, PERGAM, hereafter the « SGM » (Société de gestion de portefeuille) (Portfolio Management Company), is constrained to take all reasonable measures to prevent conflicts of interest undermining the clients' own interests.

An associate is in a conflict of interest with the SGP when he/she is in a situation which directly or indirectly brings him/her to have to choose between the interests of the SGP, the interests of the client and his/her personal interests.

Thus an associate of the SGP is forbidden to have business relations with clients face-to-face from whom he/she will have direct or indirect personal interest or family relations (except with formal authorisation).

It would be the same for an associate who would contract business connections of whatever sort with an external service provider.

Conflict of interest can be of different types:

- Conflicts of interest between two clients (or more)
- Conflicts of interest between the SGP and one or several clients
- Conflicts of interest between associates of the SGP and clients
- Conflicts of interest between associates of the SGP

In the same way the SGP makes sure to separate the different activities of management and the responsibilities which are carried out in order not to harm the principles set out elsewhere in the chapters which are developed below.

As a portfolio management company, PERGAM is obliged to take all reasonable measures to prevent conflicts of interest from undermining the clients' interests.

Moreover, the company must keep and regularly update a register recording the types of investment services or connected services or other activities carried out by itself or on its own account in which a conflict of interest carrying a perceptible risk of undermining the interests of one or more of its clients appears or where in the case of a service or of an activity in progress is likely to appear.

### **Methodology**

#### **1. Identification of conflicts of interest**

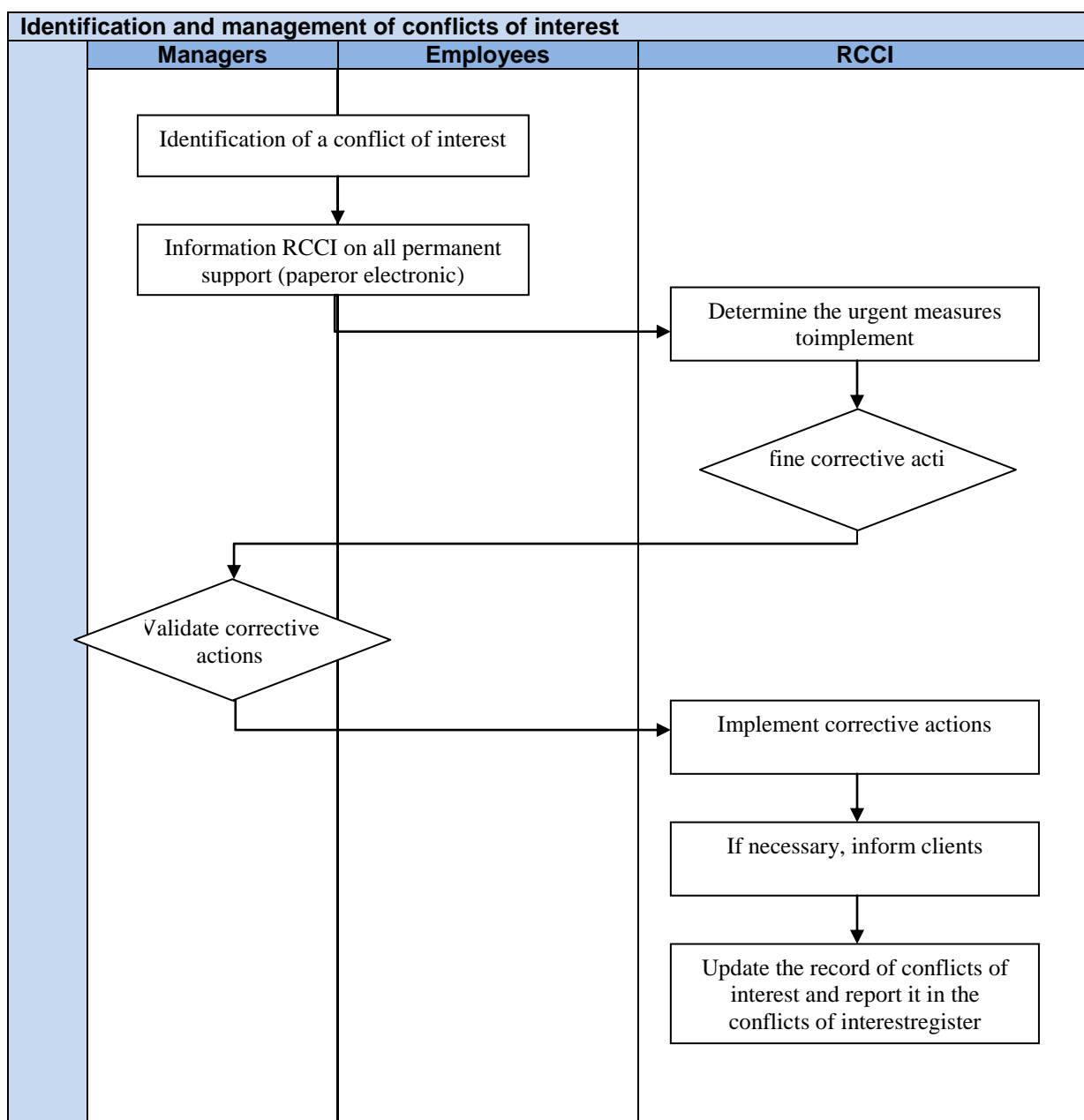
The process of identification and management of situations of conflicts of interest must be applied by all associates by way of a code of ethics handed to each of them in the framework of the following activities:

- Portfolio management on behalf of third parties
- Collective management
- Management of investment funds subject to foreign jurisdiction
- The Council of Investment;

The company and people concerned endeavour more particularly to identify the following situations

- The company, a person concerned, or any person connected to these, is liable to realise a financial gain or to avoid a financial loss at the expense of the client;
- The company, a person concerned, or any person connected to these, has an interest in the result of a service provided or of a transaction realised on account of a client which is different from the interest of the latter;
- The company a person concerned, or any person connected to these is encouraged for financial reasons or others to favour the interest of another client or of a group of clients with regard to the interest of a client to whom the service is provided;
- The company, a person concerned or any person connected to these receives or will receive from a person other than the client an advantage in relation to the service provided by the client, under whatever form, other than the commission or fees normally invoiced for this service.

## 2. Logical diagram



### **3. The raising of conflicts of interest**

Any person concerned who identifies a potential or acknowledged conflict of interest or who wonders about a situation liable to generate a conflict of interest immediately informs the RCCI (or its agent). The information of the RCCI is carried out using all permanent support (email, internal note...).

The information of the RCCI must specify:

- The service concerned;
- The date of the observation of the conflict;
- The acknowledged or potential character of the conflict;
- The description of the conflict;
- The clients affected by the conflict;
- The type of impact foreseeable for the clients concerned.

### **4. Management of a conflict of interest**

The RCCI is authorised in managing any appearance of conflicts of interest. It analyses the nature, the causes and the consequences of the conflict of interest identified and takes appropriate measures in order to limit the immediate consequences. When the conflict of interest has already been processed within the framework of the management policy of conflicts of interest the RCCI adopts a solution in accordance with the latter.

When the conflict of interest has not yet been processed by the company the RCCI adopts a solution in resorting to procedures and the following measures:

- Efficient procedures with the aim of forbidding or of controlling exchanges of information between the people concerned exercising activities carrying a risk of conflict of interest when the exchange of information may injure the interest of one or more clients;
- A surveillance separated from the people concerned whose principal functions consist in exercising activities on account of certain clients or providing them with services when the interests of these clients may enter into conflict or when people concerned represent different interests including those of the service provider could enter into conflict;
- The suppression of any direct connection between the remuneration of the people concerned principally exercising another activity, or revenues generated by these other people, when a conflict of interest is liable to take place in relation to these activities;
- Measures aiming to forbid or to limit the exercise by any person of an inappropriate influence on the manner in which a person concerned exercises their activities;
- Measure aiming to forbid or control the simultaneous or consecutive participation of a person concerned from several investment services or connected or other activities when such a participation is liable to harm the adequate management of conflicts of interest;
- Measures allowing assurance that a person concerned may only act in that quality and on behalf of PERGAM when they provide remunerated advisory services to companies whose shares are held in the managed UCIT or whose acquisition is planned, and that the payment of these services is due from the company concerned or from the managed UCIT.

If the adoption or the implementation of one or more of these measures and procedures does not allow assurance of the degree of independence required, the RCCI will take all additional measures and procedures as substitution which could turn out to be necessary.

The RCCI implements corrective action destined to avoid or limit the emergence of conflicts of interest identified notably in modifying or adopting necessary procedures or in reinforcing controls if such actions are conceivable.

When measures adopted by the RCCI are not sufficient to guarantee with reasonable certainty that the risk of damaging the interests of clients will be avoided, the company clearly informs them before acting in their name, of the general nature or the sources of these conflicts of interest. A copy of the correspondence addressed to the client is kept on file.

The RCCI keeps and updates the record of conflicts of interest and a register recording the services or activities for which a conflict of interest carrying a noticeable risk of damaging the interest of one or more clients has taken place or is liable to take place.

In the case of development of a new activity or modification of the organisation the RCCI records in the same register the conflicts of interest which could happen and the procedures in place to avoid them.

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*This document may be updated at any time by PERGAM*