



1. Foreword

Amiral Gestion (hereafter « Amiral ») is a fund management company that is registered with the AMF (*Autorité des Marchés Financiers* – the French regulatory body) under the number GP-04000038.

The company has drawn up a conflicts of interest policy the objective of which is to ensure that Amiral conforms to the requirements of Directive 2004/39/EC « Directive MIF » and its application directive, concerning the management of conflicts of interest by providers of investment services.

The present procedure aims to provide a brief overview of the measures and actions that enable Amiral to:

- Detect conflicts of interest to which the company is potentially exposed;
- Prevent the occurrence of conflicts of interest;
- Anticipate the occurrence of conflicts of interest and deal with them efficiently.

2. The principles

A conflict of interest is defined as a damaging conflict between the interests of the company and one or more of its clients (wealth management or unitholders).

Article 313-19 of the AMF's general regulation defines situations of potential conflict of interest as situations in which the fund management company, or a person working or acting on behalf of the company:

- is likely to make a financial gain or avoid a financial loss at the expense of the client;
- has an interest in the result of the service provided or a transaction made for the client which is different from the client's interest in the result;
- has an incentive – for financial or other reasons – to favour the interests of another client or group of clients rather than the interests of the client for whom the service is provided;
- has the same professional activity as the client;
- receives or will receive from someone other than the client an advantage arising from the service provided for the client, other than the commission or fees normally charged for the service.

3. Detecting conflicts of interest

The Compliance department is responsible for ensuring that the legal and regulatory obligations of the Amiral procedure are respected in full, as well as surveillance of risks irrespective of the form they may take.



The Compliance department's mission is to prevent and manage conflicts of interest, as described in the policy for management of conflicts of interest. To this end, Compliance has to identify activities and situations at Amiral where conflicts of interest may arise, but also draw up rules and take steps to prevent their occurrence, and to deal with them when they do occur.

Compliance regularly updates the present procedure and the policy for management of conflicts of interest to take account of new laws and regulations, new professional standards, and lessons that can be drawn from conflicts of interest that have arisen.

Lastly, Compliance keeps a record of the present procedure and the policy for management of conflicts of interest and ensures that all concerned are familiar with the contents.

4. Preventing and dealing with conflicts of interest

The general principles for prevention of conflicts of interest are integrity, equity, impartiality and primacy of the client's interests. These principles are primordial in the company's deontology. All employees must conform to the company's deontological rules, and receive adequate information, training and directives to enable them to do so.

Management for the exclusive benefit of the client

Compliance ensures that the following principles are respected:

- the obligation of loyalty to the client requires employees to recognize the primacy of the client's interests;
- employees must not use the powers they have been granted to achieve ends other than those for which they were intended;
- employees must not pursue interest that are different from those of the client, who must not be exposed to any risk arising from the extra-professional activities of employees.

Examples:

In the case of an issue, private placement, or IPO in which demand exceeds supply, Amiral Gestion officers and employees are given priority over clients in allocation of the financial instruments concerned.

An officer or employer also has a function in the company with which he is working, and favours it in the management of mandates or UCITS.

The main shareholders influence Amiral Gestion's decision to participate in (or abstain from) legal action against a company in which it has invested, or whose financial instruments are held by mandates or UCITS managed by Amiral Gestion.

A decision voted in the AGM of companies whose shares are held in a portfolio is not in the exclusive interests of shareholders.

Personal presents and advantages

Compliance ensures that the following principles are respected:



- the acceptance of a present must not be such that it creates a conflict of interest. Employees must refuse any present, advantage or invitation that could influence their behaviour;
- this principle also applies to relations between clients and the authorities. External outings organised by employees for clients must remain reasonable and must never raise suspicion about the motives of the company or its employees;
- employees must systematically refer to the fund management company's relevant procedures.

Example: Amiral Gestion and/or its employees accept presents or advantages from service providers, notably from certain intermediaries or clients that may influence:

- *their choice of intermediary*
- *services provided to the clients concerned and/or costs of such services.*

Oversight

Compliance is responsible for overseeing potential conflicts of interest and the efficient management of such conflicts. Every new situation of potential conflict of interest detected in the log of conflicts of interest is analysed by Compliance with the cooperation of the persons concerned, in order to decide on the steps necessary to prevent its occurrence.

Employee awareness

In order to ensure that possible cases of conflict of interest are detected rapidly and efficiently, employees are informed of the preventive measures that exist, the internal rules that must be respected, and the tools and means available to help them carry out their duty of vigilance.

Information about any possible conflict of interest detected is communicated in writing. The written report must contain the identity of its author.

However, the employee can speak to Compliance before writing the report.

Job separation

Amiral is organised in a way that reduces the risks of conflict of interest. Functions carried out within the company are clearly identified in terms of who carries them out and who is the relevant line manager. An organisation chart is regularly updated. Functions that are likely to lead to conflict of interest are kept strictly separate.

Examples:

An officer or employer also has a function in the company with which he is working, and favours it in the management of mandates or UCITS.

In the course of a business relationship with a current or potential client, the sales person recommends a product or a service that is not suited to the client's situation.

Promoting the interests of clients and investors

All decisions must be taken independently in the interests of clients. Amiral is careful to ensure equality of treatment between managed portfolios and unitholders.

*Examples:*

In order to prevent insider dealing, Amiral Gestion does not trade in a stock that could have been profitable for the clients.

A client tries to influence management policy of a portfolio, even though the mandate is discretionary.

Principle of independent management

Amiral does not make transactions between a managed portfolio and its own account. For example, the fund management activity must be independent of other functions, notably the company's proprietary trading.

Amiral abstains from using, directly or indirectly, for its own account or for others, any inside information obtained as a result of its activity.

Examples:

A related company, or one of its officers or employees, attempts to influence Amiral Gestion's decisions, in order to put its interests before those of its clients.

The main shareholders influence Amiral Gestion in its management of third-party accounts. For example, they recommend investing in shares or financial instruments promoted by Amiral Gestion or a holder of the financial instruments they issue.

Coherence of remuneration policies and the notion of the interests of investors

The remuneration conditions at Amiral are not such that they are likely to put the company in a situation of conflict of interest with investors.

However, remuneration conditions should encourage each employee to act in the interests of investors.

Examples:

Turnover fees may encourage:

- *Advise to transact that is not necessarily in the client's best interests*
- *Investment in higher-margin products that are not necessarily best for the client*

Circulation and exchange of information

Inside information: To ensure the regularity of transactions, Amiral must avoid any use of inside information that one or more employees may have obtained. Moreover, each employee is obliged by company deontology to avoid any such practice.

Exchange of information: Any exchange of information between employees must not entail a conflict of interest. All exchanges of information between employees, whether they concern management techniques or investment decisions, must be handled in a way that avoids conflict of interest and must not favour one client over another.

Examples:

Exchanges of information between persons whose activities entail a risk of conflict of interest are not monitored. An client-account or fund manager obtains sensitive information from one of his clients and uses it or communicates it to a third party.



Investment procedure

The method whereby investments are selected and approved must not lead to situations of potential conflict of interest. On the contrary, the rules that govern the procedure must help to avoid any conflict of interest.

The passing of orders must be subject to procedural rules and the code of deontology.

Examples:

Orders may be filled for one client at the expense of one or several other clients, or in an order they does not respect their chronology.

Fees and commission

The remuneration conditions at Amiral are not such that they are likely to put the company in a situation of conflict of interest with investors.

Amiral is remunerated for portfolio management by means of management fees and, where appropriate, a percentage of subscription and redemption, or an outperformance commission. All commissions are exhaustively defined in the prospectus. The fund manager exerts control at the first level. Compliance carries out a half-yearly control at the second level, in order to ensure that this principle is respected at all times.

Examples of potential conflicts of interests:

An officer or employer of Amiral Gestion also has a function in the company with which he is working, and favours it in the management of mandates or mutual funds.

Officers or employees of Amiral Gestion participate in decisions concerning activities within a related company, which may place them in a situation of conflict of interests (with the related company and/or their clients).

The fund manager gives priority to the company's mutual funds, instead of prioritising the interests of clients.

Amiral Gestion and/or its employees accept presents or advantages from service providers, notably from certain intermediaries or clients, that may influence their:

- *Choice of intermediary*
- *Services provided to the clients concerned and/or the cost of these services*

5. Managing conflicts of interest



In spite of these preventive measures, situations of conflict of interest do arise. These situations are listed in the Roadmap of potential conflicts of interest, which is updated regularly by Compliance.

5.1 Reporting a conflict of interest

Any company employee who suspects or knows of a conflict of interest must immediately inform the Head of Compliance and Internal Controls or, in the absence of the latter, the CEO.

Compliance is responsible for managing any reports of conflict of interest.

5.2 Dealing with conflicts of interest

Compliance analyses the nature, causes, and consequences of the conflict of interest in question, and takes appropriate urgent action to limit the immediate consequences. Compliance notably informs the clients concerned clearly of the nature, causes and consequences of the conflict, before acting in their name. The client can thus take an informed decision concerning the provision of the investment service. Traces of these exchanges of information must be kept.

Compliance then decides on and takes corrective measures to avoid or limit the conflict of interest thus detected, notably by altering or adopting the necessary procedures and/or reinforcing controls where possible.

Compliance keeps and updates a log of the services or activities where conflicts of interest arose and entailed a serious risk of damage to the interests of one or several clients.

However, where the risk of damage to the investors' interests cannot be avoided, Amiral informs the latter clearly, as stated in the procedure for management of conflicts of interest. The investor can then take an informed decision. The information is communicated to the investor in writing and kept for at least five years.

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6. Regulatory references



* **Art. L.533-10 MFC:** Providers of investment services shall:

1. Implement rules and procedures to guarantee respect of the regulations that apply to them;
2. Implement rules and procedures to guarantee that persons under their authority, or acting on their behalf, respect the regulations that apply to the service providers themselves and to such persons, especially the conditions and limits that apply to personal transactions for their own account. These conditions and limits should be listed in the internal regulations of the service provider;
3. Take all reasonable steps to prevent conflicts of interest that are damaging to the interests of their clients (...). Where these steps are not sufficient to guarantee, with a reasonable degree of certainty, that the risk of damage to the client's interests will be avoided, the service provider must inform the client, before acting in his name, of the general nature or source of these conflicts of interest;

* **Art. 313-18 AMF GR:** Providers of investment services shall take all reasonable steps to detect potential conflicts of interest during the provision of investment and ancillary services, or management of collective investment schemes:

1° Either between itself, the people concerned, or any person directly or indirectly linked to the service provider by a relationship of control on the one hand, and its clients on the other;

2° Or between two clients.

* **Art. 313-20 AMF GR:** Providers of investment services shall establish and maintain an effective policy for management of conflicts of interest, which must be written and must be appropriate to the scale, organisation, importance and complexity of the activity.

* **Art. 313-22 AMF GR:** Providers of investment services shall keep and regularly update a log of the types of investment services or ancillary services, or other activities carried out by it or on its behalf in which a conflict of interest that entailed damage to the interests of one or several of his clients has occurred or, in the case of a service or activity in progress, is likely to occur.