

PALATINE ASSET MANAGEMENT		Reference	PAM 51
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PREVENTION AND MANAGEMENT POLICY

CONFLICTS OF INTEREST

PREAMBULE

PALATINE Asset Management (PAM) carries out its activities within a framework that guarantees the autonomy of its management and respect for the integrity of the markets. The primacy of the client's interest is one of the foundations of the ethics of third party management, and is one of the guiding principles of WFP's business. Thus, PAM prioritises the interests of its customers in the management of its mandates and UCIs, with the objective of preventing any situation of conflict of interest.

PAM may encounter, in the normal course of its activities, potential situations of conflicts of interest, and this policy for the prevention and management of such conflicts sets out the modalities adapted to the activity of PAM to prevent these situations from harming the interests of principals or holders/shareholders of UCIs.

Regulatory context

This policy aims to ensure WFP's compliance with applicable conflict of interest regulatory requirements. These requirements are derived from several texts:

- Directive 2004/39/EC known as the MiFID Directive of 21 April 2004 (and its implementing Directive, 2006/73/EC of 10 August 2006) transposed into French law by Order 2007-544 of 12 April 2007,
- The texts of the MIF2 Directive that entered into force on 3 January 2018 and in particular Articles 33 to 43 of Delegated Regulation EU 2017/565, which led to the updating of Article L533-10 of the Comofi.
- AIFM Directive Articles 30 to 36 of Delegated Regulation EU 231/2013 (Articles 318-12 to 15 of the AMF GFR),
- Directive OPCVM5 Article 23 of Delegated Regulation EU 2016/468 (Articles 321-46 to 52 of the AMF GFR).

I. Definition and detection of conflicts of interest

An interest is understood as an advantage of any kind, whether material or immaterial, professional, commercial, financial or personal.

Conflict of interest means any professional situation in which the discretion or decision making power of a person, company or organisation may be influenced or impaired, in its independence or integrity, by personal considerations or by a power of pressure from a third party.

Thus, a conflict of interest is a situation in which, in the course of its activities, the interests of PAM and/or those of its customers and/or those of its employees oppose or compete, whether directly or indirectly.

In order to detect a situation of conflict of interest, PAM takes into account, in particular, the possibility that persons may be in one of the following situations, whether it results from the management of UCIs or the exercise of other activities:

- a. PAM, or a person related to it, is likely to make a financial gain or avoid a financial loss at the expense of the customer;
- b. PAM, or a person related to it, has an interest in the result of a service provided to the customer or a transaction carried out on behalf of the customer, which is different from the customer's interest;
- c. PAM, or a person related to it, is encouraged, for financial or other reasons, to favor the interests of another customer or a group of customers over the interests of the customer to which the service is provided;
- d. PAM, or a person related to it, carries out the same professional activity as the customer;
- e. PAM, or a person related to it, receives or will receive from a person other than the customer a benefit in relation to the service provided to the customer, in any form whatsoever, other than the commission or fees normally charged for that service.

To do this, in order to record proven conflicts of interest, PAM has set up a 'Register of Conflicts of Interest.' It is updated as and when necessary and is reviewed annually by the ICRC. Consultation of the register, kept in the form of a computerised file, is limited to members of the Executive Board, the RCCI and internal controllers. Potential conflicts are listed in a map annexed to this procedure.

Finally, in the event of a persistent conflict of interest for which the risk of harming the customer's interests cannot be excluded, PAM clearly informs the customer and decides with him on the provisions to be undertaken, in accordance with Articles L533-10 of the COMOFI and 34 (4) of Delegated Regulation EU 2017/565.

II. Conflict of interest management policy

• Principles

Conflict of interest management tools take the form of procedures and other measures designed to ensure that WFP's various activities, which are potential sources of conflict of interest, are carried out with the required degree of independence.

These documents are as follows:

Compendium of procedures designed to implement and enforce the independence of the business lines (for example, procedure for placing orders, valuation of UCIs, etc.)

Principles to ensure compliance with WFP's professional obligations (internal ethical rules, etc.).

The policy implemented is based mainly on the following elements:

- Knowledge and anticipation of the risks of conflicts of interest illustrated by the existence of a risk map and by the desire to integrate controls upstream of decision making processes;
- Raising employee awareness of conflict of interest issues;
- A hierarchical organisation ensuring the separation of management, marketing and control functions.

Diligence, loyalty, neutrality and discretion are general principles to which the Employees are subject in the course of their activity in order to best defend the interests of clients and unitholders of UCIs. Employees of each activity identified as potentially giving rise to potential conflicts of interest (UCI management, sale, etc.) are required to put into practise the written procedures governing their operational activity within PAM

• Preventive measures and procedures

The system for preventing and managing conflicts of interest, developed by WFP, takes the form of organisational measures and procedures for handling and controlling operations aimed at preventing and managing situations of conflicts of interest, including:

The independence of management and the primacy of the customer's interest in the management of mandates and UCIs,

- the prohibition or control of the exchange of information between those involved in activities involving a potential conflict of interest (information barriers),

The rules of professional ethics governing the risk that employees may benefit from information held at the expense of customers or act in accordance with interests that may be contrary to those of customers (measures to control or prohibit the circulation of sensitive and/or privileged information),

- compliance with ethical principles relating to late trading and market timing,
- Transparency in gifts or benefits received in the course of professional activities,

The transparency of the corporate offices held by executives or employees in the course of their professional duties or in a private capacity and the prohibition for executives and members of the Executive Board from being members of a board of directors or committee within companies that are customers of PAM ,

The procedure for monitoring and prohibiting personal transactions by employees who have access to sensitive or privileged information, or who are involved in activities that may give rise to a conflict of interest,

The procedure for selecting intermediaries and counterparties: The choice of market intermediaries is made in accordance with the principle of the primacy of the customer's interest and respect for the integrity of the market,

The voting right policy,

The prevention of market abuse,

the system allowing employees to report operational malfunctions to the ICCR ,

The control of employees involved in one or more simultaneous investment or related services that may cause a conflict of interest situation,

appropriate training of the employees concerned in order to ensure a satisfactory understanding of their responsibilities and duties,

The supervision of remuneration or commissions paid or received as well as non monetary benefits provided or received by PAM and its employees,

Overseeing the remuneration of relevant WFP staff,

Lastly, the RCCI's hierarchical independence from the operational teams.

Customers are treated fairly without any particular benefits being granted to one customer over another. In particular, employees must perform their duties with honesty, diligence and loyalty. The interests of customers prevail whether in relation to the personal interests of employees or to WFP's own interests.

Employees who, because of their duties, are exposed to situations of conflict of interest or to holding confidential or privileged information are also subject to specific obligations for transactions that they wish to carry out in their personal capacity on financial instruments.

III. Situations excluding potential conflicts of interest

The current organisation of WFP makes it possible to exclude a priori a number of situations potentially entailing conflicts of interest, in terms of:

- **Separation of duties**

The functions within PAM are performed separately (managers, sales staff, support functions) and are subject to a separate reporting line.

- **Proprietary management:**

PAM does not carry out any proprietary trading activities and is not intended to make direct investments for the management of its own funds, the latter being carried out through open ended money market funds.

- **Investment research and financial analysis**

WFP does not produce or disseminate general recommendations and/or financial analyses.

- **Soft commissions or commissions in kind**

WFP does not enter into any such agreements.

- **Delegation of portfolio management given**

WFP did not give any management delegation.

- **Remunerated advisory services**

The provision of remunerated counselling services by an individual, manager, employee or WFP is not permitted.

IV. Conflict of interest management system

While it nevertheless appears that, in certain circumstances, the prevention system does not guarantee the absence of a risk of conflict of interest, PAM refers first and foremost to the fundamental principle of the primacy of the interest of the principal or unitholder/shareholder of the UCI compared to that of the management company or the person related to it.

- **Declaration of conflict of interest:**

Any employee who identifies a potential or proven conflict of interest risk, or who questions a situation likely to generate a conflict of interest, immediately informs the ICCR.

The ICCR is empowered to manage any identified conflict of interest. It analyses the nature, causes and consequences of the identified conflict of interest and takes appropriate measures to limit its immediate consequences.

- **Customer information:**

Where the measures described above are not sufficient to ensure that the risk of harming the interests of a customer cannot be avoided, PAM shall clearly inform him/her on a durable medium before acting on his/her behalf, in particular on the nature or source of the conflict.

The RCCI must then propose corrective actions to avoid conflict situations equivalent to those that have just occurred as far as possible.

APPENDIX: INVENTORY OF POTENTIAL CONFLICTS OF INTEREST

WFP implements specific permanent control mechanisms to detect situations that give rise to or are likely to give rise to a conflict of interest. These situations are listed in the inventory below showing the various possible situations of conflict of interest that may affect the interests of customers.

The inventory of identified conflicts of interest is the result of prior analysis of the various interests present in the management activities of WFP.

The identification of the conflicts of interest listed in the second part of this document is partly based on the work of the Financial Management Association (AFG), which led to the publication of a theoretical inventory of situations of conflicts of interest within asset management companies, and on PAM's own analysis. The source is specified in the box identifying and defining the conflict of interest. In this respect, some of AFG's theoretical conflicts of interest do not apply to WFP's business.

The inventory of conflicts of interest made in this document may not be exhaustive. It may also be updated if new conflicts of interest are detected.

I - INVENTORY OF IDENTIFIED INTERESTS

1. Interests of WFP clients

The interests of mutual fund holders, shareholders of PAM mutual funds of investors within the framework of management mandates are understood both globally but also by UCI and/or management mandate in order to highlight any conflicts of interest that may exist between clients of separate UCIs and/or management mandates.

2. Interests of the Management Company PAM

These are the interests of the legal entity PAM incorporated in the form of a public limited company.

3. Interests of WFP Employees

We take into account the interests of WFP employees (Managers, Operations, Risk Department, etc.) who may personally diverge from the interests of WFP customers.

4. Interest from WFP suppliers

Here are taken into account the interests of the various suppliers of PAM necessary for its activity as management company: Financial intermediaries mainly, custodian, valuer, distributors.

5. Interest of Ues Palatine/Groupe BPCE

The aim here is to take into account possible conflicts of interest resulting from relations between PAM and its group of membership.

II - INVENTORY OF CONFLICTS OF INTEREST IDENTIFIED

	GERANTS	GERANTS	GERANTS	GERANTS	GERANTS
	<i>Conflicts</i>	<i>Conflicts</i>	<i>Conflicts</i>	<i>Conflicts</i>	<i>Conflicts</i>
UCI MANAGEMENT AND MANAGEMENT MANDATES	Incentive for managers to have a very large turnover of portfolios not justified by economic and financial considerations with the sole aim of increasing movement fees. (AFG)	Risk taking not considered in investments or divestments with the aim of seeking a significant increase in variable management fees (AFG)	Subscription by the portfolio manager of units or shares of the UCIs it manages (AFG)	Late assignment of the response of an order to a client or group of clients in order to favour or disadvantage some of them (AFG)	Systematic benefits granted to certain principals or UCIs with regard to the allocation of responses to orders placed on the markets (AFG)
	<i>Tools</i>	<i>Tools</i>	<i>Tools</i>	<i>Tools</i>	<i>Tools</i>
	Issue movement fees: Weekly monitoring of the turnover rate of equity UCIs	Ethical rules: Daily risk monitoring (control of regulatory ratios and contractual ratios in particular)	Ethical regime for personal transactions	Order making procedure: Principle of pre assignment and time stamp implemented by management teams.	Ethical rules. Order making procedure: Preassignment and time stamp implemented by management teams.

	GERANTS	EMPLOYEES	EMPLOYEES
	Conflicts	Conflicts	Conflicts
UCI MANAGEMENT AND MANAGEMENT MANDATES	In the selection of intermediaries, consideration of economic and financial relations of the GSP, or close personal relations of the managers with the employees of the service providers concerned (AFG)	Acceptance by the SGP and its employees of gifts or benefits offered by service providers, particularly intermediaries, or customers that may lead to influencing the choice of intermediaries or the services rendered to customers (AFG)	Preferential treatment of GSP managers or employees who have opened a financial instrument account with an intermediary in normal business relations with the GSP (AFG)
	Tools	Tools	Tools
	Procedure for selecting intermediaries. Annual declaration of gifts and benefits. Internal rules of ethics.	Procedure for selecting intermediaries. Annual declaration of gifts and benefits. Internal rules of ethics.	Statement of employee accounts and transactions on personal accounts

	EMPLOYEES	EMPLOYEES	EMPLOYEES
	Conflicts	Conflicts	Conflicts
All activities	In the event of an issue, private placement, initial public offering, priority allocation of the financial instruments concerned to GSP employees or executives at the expense of customers (AFG)	Proprietary transactions carried out by employees of the SGP competing with those carried out on behalf of customers, causing them injury (AFG)	Links between a GSP employee and a provider that could lead to a preference for this unfounded provider over the services rendered (financial intermediaries, custodians, valuer)
	Tools	Tools	Tools
	Ethical regime for personal transactions	Ethical regime for personal transactions Internal ethical rules	Internal rules of ethics

	MANAGEMENT COMPANY	UCI	UCI	UCIS/MANAGEMENT MANDATES
	Conflicts	Conflicts	Conflicts	Conflicts
UCI MANAGEMENT AND MANAGEMENT MANDATES	In the event of an IPO resulting in a scarcity effect, unequal treatment of portfolios unjustified. Risk of certain customers being economically important for the GSP, benefiting from undue advantages over other customers (AFG)	Divergent interests between a fund of funds holder and the management company in particular: Entry/exit fees levied when a fund of funds invests in the funds of the management company: Fees borne by the holder and for the benefit of the management company	Error management Valuation incident: Finding that a NAV or NAV was incorrect by an amount greater than a materiality threshold.	In the event of a grouped order, unequal treatment of a UCI vis-à-vis a management mandate. Risk that some customers economically important to the GSP will benefit from undue advantages over others
	Tools	Tools	Tools	Tools
	Internal rules of ethics: Primacy of the customer's interest and market integrity Order making procedure: Pre assignment and timestamp principle implemented by the management teams	Internal rules of ethics: Primacy of customer interest and market integrity Entry and exit fees are not applied to a fund of funds managed by PAM and investing in an internal fund. Disclosure in the prospectus of the Ability to invest in funds Managed by the Management Company	Procedure for validating net asset values	Internal rules of ethics: Primacy of the customer's interest and market integrity Order placing procedure: Principles of pre assignment and timing of orders implemented by the management teams

	MANAGEMENT COMPANY	MANAGEMENT COMPANY	MANAGEMENT COMPANY	MANAGEMENT COMPANY
UCI MANAGEMENT AND MANAGEMENT MANDATES	Conflicts	Conflicts	Conflicts	Conflicts
	GSP proprietary transactions in competition with those carried out on behalf of customers, causing them injury as a result of price movements caused by these transactions. (AFG)	Attitude of subscribing in priority to UCIs that have been the subject of a retrocession agreement for management fees or entry fees with the relevant GSP (AFG)	Investment of management mandates in GSP UCIs: Choice between internal and external UCIs	Under an agreement with an account holder, a policy aimed at maintaining excessive unpaid cash on mandates and UCIs (AFG)
	Tools	Tools	Tools	Tools
	Absence of conflicts of interest: No WFP proprietary transactions. Capital is invested in money market funds.	The investment agreements only concern investments in UCIs made by the funds of funds of PAM. The other agreements concern the distribution of our UCIs through multi management platforms, banks or GSP. Convention rates are kept within ranges reviewed periodically	Preventive measures: GSM distribution grid between home mutual funds and third party mutual funds.	No conflict of interest: As a result of negative interest rates, uninvested cash generates interest in debit.

	MANAGEMENT COMPANY	MANAGEMENT COMPANY	MANAGEMENT COMPANY	MANAGEMENT COMPANY	MANAGEMENT COMPANY
All activities	Conflicts	Conflicts	Conflicts	Conflicts	Conflicts
	Transactions on behalf of customers competing with those carried out for UCIs or mandates that may cause them harm as a result of the price movements they have led to. (AFG)	Holding of part of the GSP capital by a customer. (AFG)	Possible intervention by a related company or one of its executives with a view to influencing the decisions of the SGP and undermining its independence by favoring at the expense of its customers the management of assets belonging to a group company (AFG)	Participation of GSP managers in decisions relating to activities carried out within their group that may place them in a situation of conflict of interest with their GSP and their customers (AFG)	Method of remunerating employees and especially managers taking into account the income generated by transactions carried out on behalf of customers (undue portfolio rotation) (AFG)
	Tools	Tools	Tools	Tools	Tools
	Separation of duties.	PAM is 100% owned by Banque Palatine	Independence of management and monitoring of issuers by signing committee	Communication of corporate offices by employees	Remuneration policy does not take account of directorships