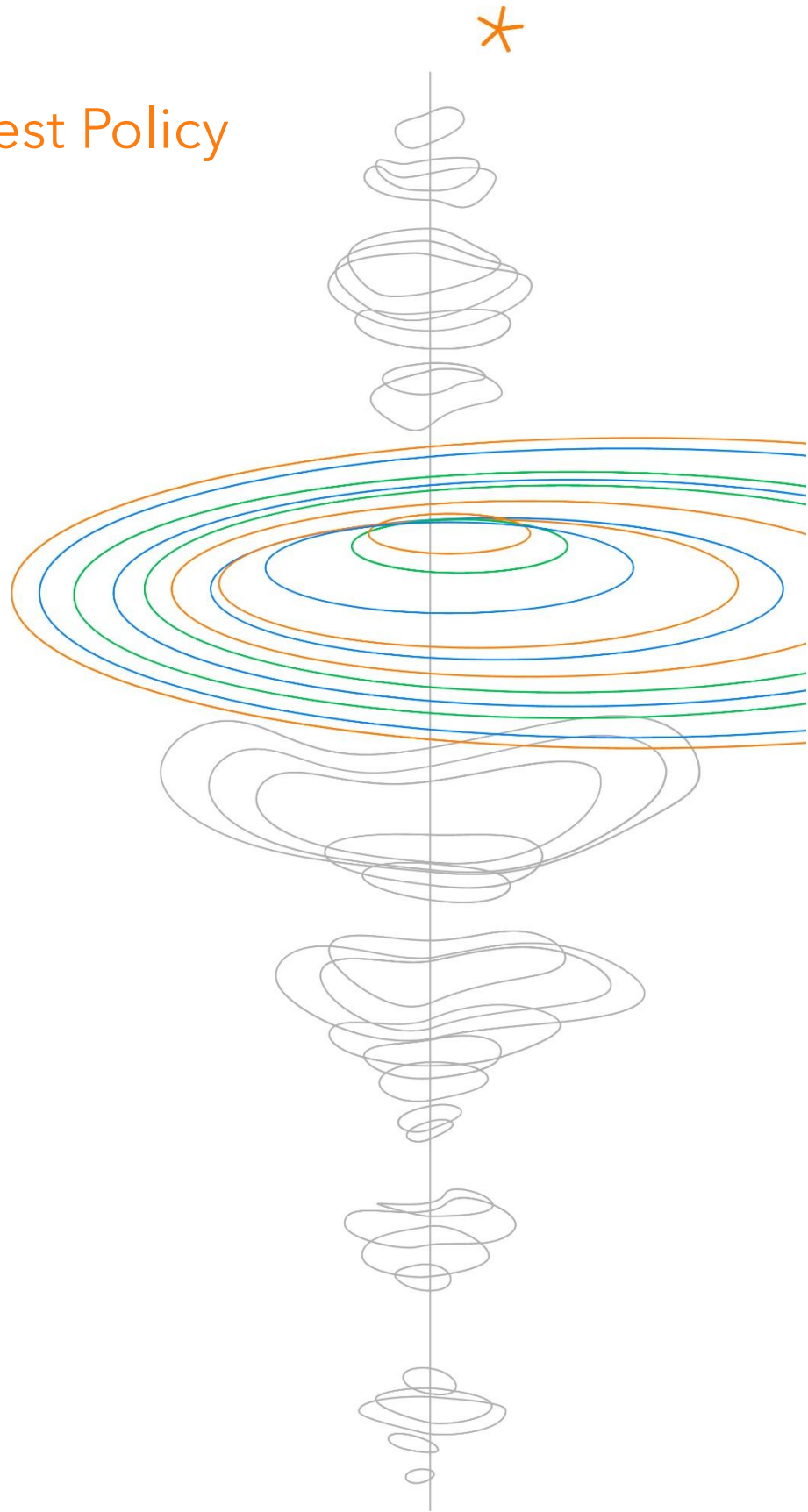


# Conflicts of Interest Policy



## **I. Introduction**

This Conflicts of Interests Policy should be read in conjunction with the regulations, policies and procedures applicable to all employees of TOBAM. All employees are required to familiarise themselves with this document and any other documents referred to herein, as well as to consider its impact on their particular business and responsibilities. It is every employee's responsibility to recognise that conflicts of interests exist and to take an active part in their identification and management.

This Policy ("Policy" or "Rule") defines the rules and standards to be implemented within the TOBAM in order to correctly identify, manage and record conflicts of interest, with a particular focus on:

- conflicts connected to the Third Party Responsibilities of the employees;
- organisational conflicts;
- conflicts deriving from the award of services and activities to external providers;
- conflicts deriving from the provision of individual and collective portfolio management activities;
- conflicts deriving from the provision of advisory services;
- conflicts deriving from the activity of Benchmark Administrator.

In accordance with article 321-46 of the General Regulations of the Autorité des Marchés Financiers, TOBAM has taken all reasonable measures to detect situations of conflicts of interest arising in the course of its activities.

## **II. Maintenance of the policy and interpretation**

Maintenance of this Policy is the responsibility of Compliance, it is under constant review and is amended, or new policies are created, as necessary in line with relevant regulatory and industry best-practice developments and TOBAM's business as it evolves.

The purpose of the Policy includes:

- Adopting measures to permit, as far as possible, the avoidance of the actual occurrence of any Conflicts of Interest;
- Establishing mechanisms and procedures that permit the identification of any perceived/potential Conflicts of Interest;
- Determining how to manage any Conflicts of Interest that cannot be avoided, and if applicable, informing clients;
- Appropriately documenting the steps to be taken by TOBAM in a case of a Conflict of Interest;
- and Complying with TOBAM's relevant regulatory obligations.

Questions as to interpretation or applicability of this policy should be directed to Compliance.

## **III. Categories of Conflicts of Interest**

Article 321-46 of the Règlement Général de l'AMF distinguishes two categories of conflict of interest. Indeed, these can occur:

- Between two clients;
- Between the company (TOBAM) and a client.

In determining whether there is or may be a conflict of interest, the company takes into account whether the company or an employee:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- Has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of one client or group of clients over the interests of another client or group of clients;
- Carries on the same business as a client;
- Receives or hopes to receive, from a person other than a client, some benefit in relation to a service provided to the client; or
- Has a financial or other incentive to favour the sale of a particular product or service to a Client which is not in the best interest of the Client.

#### IV. Managing conflicts

## 1. Level of services

Main services to clients are:

- Portfolio Management: via mutual funds (mutual funds or dedicated funds) or individual managed mandates. This service implies that Portfolio Managers/Traders have a daily overview on managed portfolios and TOBAM complies by its corresponding fiduciary duties and regulatory context. TOBAM is responsible of all the management process which means the implementation and the monitoring of the management process.
- Portfolio Advisory: TOBAM advises some clients for their portfolio by sending them model portfolios on a regular basis. In that case, Portfolio Managers/traders do not effectively implement the model and are not responsible of the best execution of orders.
- Benchmark Administrator/Indices Licensing: TOBAM has and will continue to create indices based on its research. Some of those indices are calculated by third parties. TOBAM can license these indices to clients. This service can be achieved via the third party calculating agent: TOBAM sends periodic models, the external party can perform the calculation on a daily basis of the indices levels and apply corporate actions according to the ground rules governing the indices. The ground rules are usually publicly available and describe for example the calculation method of the indices.

## 2. Organisational structure

The company maintains an organisational structure which facilitates the managements of conflicts of interests:

- Segregation of duties: reporting lines are separate to prevent or limit conflicts of interest between Research and Portfolio management.
- Double Hat Responsibilities: Some employees may have more than one responsibility within the Company, the Group, or with affiliated entities; the perceived risk is mitigated by a decision-making process which is taken with different Teams, Committees and in a collective way, avoiding a single employee to have excessive influence overall.
- in case of remuneration decision regarding an individual, the individual should not join any decision the avoidance of situations where key measures or decisions about budgets, targets or bonuses during Ex-Com decisions or resolutions with budget-related, target-related performance-related or pay-related implications may be taken with the abstention of the Employee who has a conflict of interest on such matters.

- Soft dollars are forbidden on equity trading. TOBAM does not pay a separate research fee in relation to fixed income trading on behalf of the Funds it manages. There may be a research fee imbedded in the intrinsic bid/ask spread of bonds. This cost is currently permitted by the AMF for Asset Management Companies (AMC's) with respect to the management of collective investment schemes.
- TOBAM is not permitted to double charge management, subscription and redemption fees should a TOBAM fund invest in another TOBAM's fund.
- Aggregation of orders is permitted, and the process is designed to ensure that buy and sell investment opportunities are allocated timely in a fair and equitable manner among clients and subject to the company's allocation policy.
- Certain Portfolios may charge performance fees, but TOBAM is structured in such a way that portfolio managers do not have the latitude to favour portfolios for which performance fees may be received: buy and sell equity orders are generated by a systematic model and directly implemented via a front office tool. Moreover, TOBAM's equity order generation system pre-allocates trades, and should partial execution occur, orders are allocated on a pro-rata basis in line with the initial portfolio allocation.
- The Portfolio Management Team and the Index Management Team are separate and distinct, a Chinese Wall is in place. However, the PM Team may back-up the Index Management Team in specific circumstances. TOBAM's Portfolio Managers have the same access to the TOBAM Indices as any other licensee.
- Specific agendas can be put in place to schedule rebalancing with sufficient time lag in case of concurrent strategies.
- The Index management team will be restricted from trading the asset classes on which TOBAM has an index.
- As form of mitigation in taking excessive risk on behalf of the Portfolios managed, it is noted that variable staff remuneration is not connected to the performance of the portfolios.
- Appropriate training of the employees in terms of compliance topics is performed periodically including the current policy.
- Proxy voting is performed by ISS on behalf of the voting policy approved by TOBAM, which incorporates specific ESG criteria.
- TOBAM does not have custody of client assets.

In compliance with the MiFID II requirements and RG AMF, if a Conflict of Interest cannot be appropriately mitigated or effectively managed through TOBAM's organisational or administrative arrangements, then the general nature and / or source of the conflict will be disclosed to the client, before commencement of the business.

Alternatively, TOBAM may separately decide not to offer the particular service or product to the client.

### **Conflicts of Interest Register**

TOBAM maintains a Conflicts of Interest Register which is a register of the types of potential and actual conflicts of interest representing a risk of damage to the interests of one or more clients or funds in relation to TOBAM's regulated services or activities.

The information contained within TOBAM's Conflicts of Interest Register facilitates the effective identification, escalation, and management of potential conflicts of interest and provides a risk management framework for the company.

The register is located at: G:\Compliance\Admin\Controls reportings\Conflict of interest register

Many Policies advise employees on conflicts management in some way. Please find a more detailed description of certain of the Policies below.

### 3. Compliance Manual, including Code of ethics and Market Abuse procedure

All Access Persons and Related Relevant Persons must comply with TOBAM's Compliance Manual. The Compliance Manual recaps all the relevant employees policies and procedures, including the Code of Ethics and market abuse procedure, which set out guidance to limit conflicts of interests in connection with employees trading for their own account and is intended to ensure that at all times employees place client's interest ahead of their own.

It is forbidden entering into a personal transaction if the transaction:

- Involves the misuse or improper disclosure of inside or confidential information,
- Is likely to conflict with the investment services provider's professional obligations or market abuses prohibitions.

It's also forbidden:

- Advising or procuring, other than in the proper course of the relevant person's function, any other person to enter into a transaction in financial instruments which, if it were a personal transaction of the relevant person, would be covered by the previous point.
- Disclosing, other than in the proper course of his/her employment, this kind of information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
  - o Entering into a transaction in financial instruments which, if it were a personal transaction of the relevant person,
  - o Advising or procuring another person to enter into such a transaction.

### 4. Outside Affiliations and Other Business Interests

The company expects its employees to devote their full business day to the business of the company and to avoid any outside employment, position, association, close industry links or investment that might interfere or appear to interfere with the independent exercise of the employee's judgement regarding the best interests of the company and its clients. Whilst the company permits outside business interests, employees must send to Compliance a request on the matter. Compliance prepares a non-binding opinion, which subsequently is validated by the President, in advance of taking any outside position. All third party responsibilities are duly kept up-to-date by the Compliance Department. All employees are expected to declare any positions upon commencement of employment, when a new outside affiliations and other business interest appear and then annually. This would include any outside business or business-related activities, whether remunerated or not, including activities that would cause the person to interact with the community in positions of influence.

Roles that require disclosure include but are not limited to:

- all officer or director positions (including, for example, personal holding companies and other TOBAM entities),
  - advisory board member or similar,
  - a role in a charitable foundation or similar,
  - a trustee or participation in a board of trustees or similar, or
  - paid or unpaid roles with charitable, social or religious organizations where the person is in a position of power or influence and where the activity places the person in contact with clients or potential clients (pastor, sports coach, etc.), especially positions where a person would handle investments or monies of the organization (i.e. treasurer, etc.)
- o Employees will be provided the following information for EACH such activity:
    - the name of the entity;
    - the full mailing address of the entity;
    - the month AND year when the person started the position there;
    - the name AND title of the person's immediate supervisor (if a member of a board of directors, we would consider this to be 'N/A' as the person would report to the board itself)
    - a description of what the entity does (charity, church, company that manufactures aerospace parts, etc.);
    - a description of the person's role at the entity;
    - the number of hours per week that the person devotes to such activity.

## 5. Gifts and Entertainment

A conflict of interest may arise where an employee receives or offers a gift or entertainment that constitutes

an inappropriate incentive for an employee, Third Party Representative, Client or Vendor to act in a certain way. TOBAM does not permit the offering or acceptance of gifts or entertainment by an employee unless it is reasonable, minor, non-monetary benefit, and for a legitimate business purpose.

Employees must either declare or in certain cases seek pre-approval for gifts and entertainments which will not be granted if TOBAM considers it to give rise to an actual or potential conflict of interest or it is inappropriate in nature.

The giving or the receiving of gifts can give rise to a real or apparent conflict of interests and are therefore limited to minor non-monetary benefits:

- All Gifts and Entertainments received or provided must be systematically declared to Compliance.
- Any Gift or Entertainment received or provided in excess of 100 Euros (or equivalent in foreign currency) must be subject to the approval of Compliance or the President. Should the

President be the donor or recipient, approval must be sought from Compliance and Vice Versa or alternatively from the COO.

- No contribution, gifts or payment of any kind is allowed to officials of government entities, candidates of elected official or any official person in a position to direct or influence the investment activities of the government client.
- Under no circumstances may an employee accept or offer a personal gift of cash; irrespective of its size.
- Employees are not permitted to make any gift or favour to any employee in any Department of State in the USA.
- Employees are not permitted to make any charitable donation to any charitable organisation as a result of a direct or indirect solicitation by an employee in any Department of State in the USA.

The gifts are logged under: G:\Compliance\Admin\Employees compliance.

## 6. Remuneration Policy

TOBAM has put in place a Remuneration Policy which sets out appropriate governance arrangements to prevent such remuneration structures which may encourage or incentivise employees to act contrary to their responsibilities, regulatory requirements or TOBAM's Code of Ethics. The remuneration policy concerns the remuneration received by the Identified Persons (as defined in the Remuneration Policy). It represents a set of rules in order to be consistent with and promote effective risk management, discourage excessive risk taking, and never encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the funds managed by TOBAM. Therefore, TOBAM's Remuneration Policy consists of rules designed to protect the interests of the investors by appropriate governance requirements. The Remuneration Policy is available on TOBAM's website.

## 7. Best Execution

TOBAM has in place best execution arrangements designed to achieve the best outcome for clients in terms of price, overall cost, speed and likeliness of execution of quality achieved. TOBAM will at all times maintain a best execution arrangement and where the execution is delegated to third parties, it will ensure that such parties comply with best execution requirements.

## 8. Disclosure

Where a conflict of interests is inherent or unavoidable, a transaction or relationship may proceed only if:

- Applicable regulations permit, or do not prohibit it,
- President or Compliance have approved the transaction or relationship,
- The conflict will be disclosed to the client and consent obtained before undertaking business on the client's behalf.

## 9. Reporting

Potential conflicts of interests identified should be notified to Compliance and the President in the first instance to ensure that appropriate action is taken.

## 10. Record keeping

The conflict of interest's policy and conflicts register should be kept for the prescribed period stated in the Books and Records procedure.

The Conflicts of Interest Register is reported on a periodic basis to the President and the COO.