

Policy

for the prevention
and management
of conflicts of interests

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1. Introduction

The purpose of this document is to present the measures that La Financière de l'Echiquier has implemented to prevent and manage conflicts of interests which may arise during its two main business activities, which are:

- the collective management of investment funds
- the discretionary management of individual investment portfolios.

This policy complies with the applicable regulations and applies to holders of shares or units in the investment funds which Financière de l'Echiquier manages, and to investors who have entrusted or are considering entrusting Financière de l'Echiquier with a discretionary investment management mandate.

This conflicts-of-interests management policy was designed to protect the primacy of investor interests and the integrity of the financial markets as effectively as possible.

It is not intended to present all of the potential conflict-of-interests situations which La Financière de l'Echiquier may encounter.

2. Definition of conflicts of interests

A conflict of interests is a situation in which the interest of an investment fund unit-holder or shareholder or a discretionary management client is seen to differ from the interest of La Financière de l'Echiquier, of its shareholders, of its employees, or of its other clients.

An "interest" is a benefit of any kind, whether material or immaterial, professional or personal, commercial or financial.

As set forth in the AMF's General Regulations, situations that are likely to give rise to conflicts of interests include, but are not limited to, the following:

- the management company, or a person who is linked to it, is likely to realise a financial gain or avoid a financial loss at the expense of one or more clients;
- the management company or such a person 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 conflicts with the client's interest;
- the management company or such a person has a financial or other incentive to put the interests of a particular client above the interests of the client for whom the service is provided;
- the management company or such a person is engaged in the same business activity as the client;
- the management company or such a person receives or will receive from a person other than the client some benefit, of any type whatsoever, in connection with the service provided to the client, other than the commission or fee normally charged for such service.

In all of these cases, the management company must observe a policy for effectively managing conflicts of interests.

3. Preventing conflicts of interests

La Financière de l'Echiquier has put in place organisational measures and internal procedures to identify and prevent conflict-of-interests situations, and most notably:

- Organisational measures that segregate employee tasks and functions to ensure that the sharing of information is suitably monitored and controlled, and that reporting lines prevent some employees from exercising an inappropriate influence on their subordinates;
- Procedures that govern professional ethics and which mainly have to do with the monitoring of personal transactions and the reporting of external interests, gifts and invitations.
- A permanent control system deployed by the Compliance and Risks functions that is capable of ensuring that the management company complies with its regulatory obligations and that client interests are systematically addressed.
- Employee training to raise awareness of conflict-of-interest risks and review the relevant procedures.
- Internal committees whose decisions ensure that all clients are treated equally.
- A remuneration policy that complies with the applicable regulations and is compatible with sound and effective risk management. The basic principles of this policy are:
 - Equitable treatment, to maintain employee motivation
 - An appropriate balance between fixed and variable remuneration
 - The measurement of performance over a period of years.

In addition to the above, the payment of the largest variable remunerations is deferred over a period of years.

Furthermore, a conflict-of-interest risk map which precisely describes all situations that could generate conflicts of interests has been prepared and is regularly updated. Thus, La Financière de l'Echiquier is able to implement appropriate preventive measures for each conflict-of-interest situation.

4. Detecting conflicts of interests

Each of the management company's senior executives and employees is responsible for observing the principles and rules for preventing conflicts of interests, under the supervision of the Compliance and Internal Control Officer (CICO).

In order to detect potential conflict-of-interest situations, the CICO:

- is a member of the Executive Committee and participates in the various strategic committees
- monitors ongoing operations and future projects
- records sensitive transactions.

All employees are also encouraged to report any potential or actual conflict-of-interest situation they may have identified.

5. Managing conflicts of interests

When the above preventive measures are insufficient to eliminate any significant risk of compromising the interests of one or more clients, the CICO and the management company's Executive Management must implement measures to manage the conflict of interests thus identified.

If it is determined that no measure can ensure, with satisfactory certainty, that a client's interest will not be compromised, La Financière de L'Echiquier shall either:

- definitively refrain from entering into or maintaining the conflict-of-interest situation, or
- inform the client or clients of the nature and/or origin of the conflict of interests and of the measures taken to reduce the conflict-of-interest risk, so that the client or clients may make an informed decision to invest in a fund or via an investment mandate.

6. Permanent control system

La Financière de L'Echiquier regularly reviews its permanent control system to ensure that it is capable of addressing changes in its business environment and any new conflict of interests that may be detected.

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This document is not contractual. It may not be distributed to a third party without La Financière de l'Échiquier's prior approval.

For more information on this policy, please send your questions or requests to controleinterne@lfde.com.



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