



Global Conflicts Of Interest Policy

Version N°10

June 2020

Each updated version cancels and supersedes any prior version

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Attributes

Purpose	To describe global principles that should be followed by all Entities belonging to Group H2O AM, Employees and any third party representing the Group.
Scope	H2O Asset Management LLP H2O AM Europe H2O AM Asia Pte. H2O Monaco
Last Update	June 2020
Publication Date	16 July 2020

Document History

Version	Approbation Date	Revision	drafted by :	Reviewed/ Updated by	Approved by :
10	08/06/2020	Initial global draft	M. El Khomsi	<ul style="list-style-type: none">Jean Noel AlbaJean Christophe MorandeuCompliance Team	Executive Committee

Contents

1.	Key Considerations.....	3
2.	Business Structure.....	4
3.	Policy Coverage	4
4.	Tone At The Top	5
5.	Tips for identifying a conflicts.....	5
6.	Approach To Conflicts Management	6
7.	Disclosure & Client Consent & Declining to Act	7
7.1.	Gentle Reminders	7
7.2.	Disclosure and Client Consent	7
7.3.	Decline to Act.....	7
8.	Scenarios & “Specific Examples”	8
8.1.	Client-related conflicts Scenarios.....	8
8.2.	Entity-related conflicts Scenarios	8
8.3.	Specific examples of Conflicts of Interest (non-exhaustive).....	9
9.	Tools & Controls & Reporting.....	9
9.1.	Conflicts Inventory & Register	9
9.2.	Control Testing & Assessment	9
9.3.	Training	9
9.4.	Policy Update.....	10
10.	Governance	10
11.	Appendices List.....	10

1. Key Considerations

Summary

This document sets forth the Group H2O AM’s Global Conflicts of Interest Policy. H2O AM and its Affiliates are required to take all reasonable endeavours and appropriate steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between itself (including its managers, employees, directors and any person directly or indirectly linked) and its clients and between one client and another. H2O AM and its Affiliates are also required to maintain and operate effective organizational and administrative arrangements.

At each update, this Policy shall be comprehensive and reflect both the nature of the business activities and the Group structure. Each updated version cancels and supersedes any prior version.

Commitment

“Client First” is a core business principle of H2O AM and its Affiliates. Dealing with client issues must be steered as matter of priority by this principle. That means everyone who works or represents Group H2O AM is bound by this principle as well as the rules and principles set forth by this Policy and as long as she or he enterprises under Group H2O AM brand name. This Policy shall be strictly enforced. No deviation is tolerated without a prior agreement.

False or Misleading communications are not accepted. Clarity and completeness are a fundamental conducts in our governance with regard to conflicts of interest management.

Clients’ Information

This Policy is made available through the H2O AM’s website. In preparing the document, every effort has been made to reflect Group H2O AM’s priorities that are to better inform its clients and to ensure the accuracy of the information presented. However, if you require further clarification and/or if the current document doesn’t answer your questions, please contact us via clientservices@h2o-am.com. You can also use H2O AM’s Complaints Policy available on the website if you feel the need to escalate a disagreement. Requests for clarification or claim, whatever the in-house’s channel of communication, are free of charges as long as requests can be handled internally.

Document Category within Group H2O AM

- | | |
|--|---|
| <input checked="" type="checkbox"/> Group Policy | <input type="checkbox"/> Non- Group Policy |
| <input type="checkbox"/> Group Procedure | <input type="checkbox"/> Non- Group Procedure |

Scope of Staff/Employees

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> All Staff | <input checked="" type="checkbox"/> All H2O AM’s Representatives | <input type="checkbox"/> Restricted to: |
|---|--|---|

2. Business Structure

H2O Asset Management LLP (referred to as “H2O AM”, “Firm”, “Entity” or ‘it’) is an asset management company authorized and regulated by the UK Financial Conduct Authority (“FCA”). It’s the parent company of:

- The wholly-owned subsidiaries: **(a) H2O AM Europe**, registered in France as an asset management company and regulated by the Autorité des Marchés Financiers (“AMF”); **(b) H2O AM Asia Pte. Ltd**, registered in Singapore as an asset management company and regulated by the Monetary Authority of Singapore (“MAS”); **(c) H2O Monaco**, registered in Monaco as an asset management company and regulated by the Commission de Contrôle des Activités Financières (“CCAF”).
- Other subsidiaries: **(d) Prometheus Wealth Management** is an independent wealth management company registered and regulated by the Commission de Contrôle des Activités Financières (“CCAF”); **(e) Poincaré Capital Management** is a Hong Kong based investment management firm licensed and regulated by the Hong Kong Securities and Futures Commission.

Note : H2O AM and its wholly-owned subsidiaries will be hereafter individually referred to as the “Firm”, Entity” or “Affiliate” and collectively referred to as the “Group H2O AM”, “Firms”, “Entities” or “we”.

3. Policy Coverage

This Global Conflicts of Interest Policy (referred to as “Policy”) is applicable to all Entities belonging to Group H2O AM and its Employees (referred to as “Employees” or “Staff”). Where necessary, each Entity may have an additional policies and procedures that will supplement this policy when is required by the local National Competent Authority (referred to as “NCA”).

Subsidiaries that are not wholly owned shall have their own policies that should comply with the key principles of this Policy.

This Policy cannot cover every possible situation that may arise in the conduct of Group H2O AM’s business. If Employees are uncertain about how to react to a particular circumstance, a single question often can avoid a serious problem. If Employees have any questions, they should contact the Compliance Team. In addition, Employees have to contact the Chief Compliance Officers (referred to as “CCOs”) if they have any reason to believe that a violation of the requirements set forth by this Policy has occurred or is about to occur.

4. Tone At The Top

In the ordinary and proper course of business, as in any large financial institution, situations resulting in potential or actual conflicts of interests may arise. There is nothing inherently unethical if and when such situations arise, subject to compliance with regulatory and legal requirements. However, the abuse of such situations is clearly improper and **H2O AM and its Affiliates are committed to conduct activities in accordance with the highest standards of business conduct.**

Under FCA's Principles for Businesses (Principle 8 /Conflicts of interest) as well as all other equivalent regulations in jurisdictions where the Group H2O AM operates, we are required to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between our Firms and our clients and between a client and another client. **H2O AM and its Affiliates are required to take all reasonable endeavours and appropriate steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest , including its managers, employees, directors and any person directly or indirectly linked.**

Group H2O AM has a global footprint. For this reason, the Policy's guidance shall be applied in all jurisdictions where we operate. Equally, each Entity belonging to the Group H2O AM is required to maintain and operate effective organizational and administrative arrangements in order to comply with the local National Competent Authority (referred to as "NCA").

Failing to identify and appropriately prevent and/or manage conflicts of interest could result in a range of adverse consequences for Clients, the Group H2O AM and Employees, such as reputational damage, loss of client business, regulatory sanctions, judgement, risk of litigation and loss of trustworthiness; including for individuals. **Also, failure to comply with this Policy and associated policies and procedures will result in disciplinary action up to, and including, dismissal.**

5. Tips for identifying conflicts

First of all recognising that there'll always be conflicts of interest in business is useful to move forward to identifying them.

Generally speaking, a conflict of interest occurs when the interests of a client are at odds with the interests of the Firm, Employees and other clients. It's not always obvious but some behaviour may highlight an issue, making us wonder whether the behaviours are effectively meeting the Firm's fiduciary duties. As like, but not limited to:

- The Firm and/or the Employees failing to fulfil a duty of care, trust or loyalty owed to another person or entity such as a Client;
- Employees' professional judgement and objectivity being compromised and/or hindering the proper discharge of their duties and responsibilities; Employees engaging in unethical conduct; and/or

- The Firm obtaining improper advantage or treatment or giving rise to the appearance of impropriety and reputational damage, including as it relates to the manner in which business is awarded to or by the Firm

Furthermore, the most effective way to handle conflicts is at first questioning about the form of the conflict involved which take various forms: **'actual'**, where there is a direct conflict between current duties and/or interests; **'potential'**, where a future conflict of interest is likely to materialise and finally, **'suspected' or 'perceived'**, where the appearance of a conflict of interest has been created.

6. Approach To Conflicts Management

Each Firm belonging to the Group H2O AM must take all reasonable endeavours in order to ensure that a conflict of Interest does not adversely affect the interests of Clients, the Firm, its shareholders or other stakeholders through the identification, prevention and management of the conflict of Interest. Some conflicts of interest are not permitted as a matter of law or regulation and others are permitted so long as the Firm has an appropriate means by which to manage them. There's a number of means used, individually or in combination, to manage a conflict of interest like, but not limited to:

- Organisational arrangements :
 - Information barriers to prevent or control the exchange of information between members of staff engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients.
 - Functional independence and separate supervision of relevant members of staff whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict.
 - A review of remuneration arrangements in the Firm where these might give rise to conflicts of interest in relation to the activities or services provided by the relevant members of staff.
 - Reassignment of members of staff to prevent or control the simultaneous or sequential involvement of relevant members of staff in separate services or activities where such involvement may impair the proper management of conflicts of interest.
- New businesses, like new products or new activities, are assessed in light of a running activities and interests of existing clients.
- Policies, Procedures and controls which are described briefly in **Appendix N°1**;
- Where conflicts are unavoidable, appropriate measures shall be taken to mitigate and manage such conflicts in a manner that seeks to ensure that neither the Firm nor the Employees are advantaged. The clients' best interests remain paramount.

7. Disclosure & Client Consent & Declining to Act

7.1. Gentle Reminders

H2O AM and its Affiliates must manage conflicts, not merely disclose them. Disclosing conflicts of interest is a measure of last resort that should only be used where the organisational and administrative arrangements established are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. Wherefore all monitoring and related information must continue to be executed as long as the Firm is binding by a fiduciary duties regarding clients' legal agreements.

The FCA and other Regulators have made it clear that over-reliance on disclosure will be a strong indication that a firm's policy is ineffective and inadequate.

7.2. Disclosure and Client Consent

Where permissible and appropriate, Firm may decide in particular circumstances that the Client should be made aware of a potential conflict of interest and the arrangements that “are” or “are going to be put” in place to manage the conflict. Disclosure to an affected Client may be made to inform the Client of the arrangements or to specifically seek Client consent to act. Disclosure is designed to inform the affected Client with regard to:

- An explanation of the risks to the client that arise;
- The organisational and administrative arrangements “established” or “are going to be established” to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented; and
- Sufficient detail to allow that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Activities subject to MiFID requirements, a disclosure is required to be made prior to the provision of the relevant investment service and/or ancillary service in a durable medium and must be in sufficient detail so as to enable the Client to make an informed decision as to whether to accept the provision of the relevant service.

7.3. Decline to Act

Where Firm considers that it is not able to manage the conflict of interest in any other way, it may decline to act for a client.

8. Scenarios & “Specific Examples”

Conflicts of interest arise from different point of view. A non-exhaustive list of common Conflicts of Interest is described below:

8.1. Client-related conflicts Scenarios

There are some business situations where potential conflicts arise naturally like where the Firm, a Staff or a third party representative:

- Is likely to make a financial gain, or avoid a loss, at the expense of a client (including the AIFs managed by the Firm and the AIF investors);
- Has an interest in the outcome 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 interests of one client or group of clients over interests of another client;
- Carries out the same business as the client; or
- Receives or will receive an inducement from a person other than the client in relation to services provided to the client in the form of monetary or non-monetary benefits or services.
- 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.

8.2. Entity-related conflicts Scenarios

- A Staff’s interest in the outcome of a particular activity or Products endeavour differs from the entity’s interest;
- A Staff (or, where applicable, a Family Member or Close Personal Relationship) receives a financial or other significant benefit as a result of the Employee’s position at the entity that is inappropriate in nature;
- A Staff has the opportunity to influence the entity granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the Staff Member or a Family Member or Close Personal Relationship;
- A Staff Member’s existing financial or other interest or previous engagement in an endeavour or activity or relationship with another person, impairs or could impair their judgment or objectivity in carrying out their duties and responsibilities to the entity;
- A Staff Member favours interest of one affiliate of the over another affiliate of the Firm which is inconsistent with the best interest of the Firm including in connection with the selection of Vendors; or
- A Conflict of Interest arises in connection with a transaction or arrangement entered into between the Firm and a material shareholder or within Firm Affiliates or with affiliates of the Parent Company of the Firm.

8.3. Specific examples of Conflicts of Interest (non-exhaustive)

Appendix N°1 presents a conflicts inventory. A non-exhaustive list of situations that may create a Conflict of Interest at each Entity belonging Group H2O AM as well as the mitigating management actions are for each.

Effectiveness and time-constancy are fundamentals for any preventive measures. Preventive measures, also called mitigating actions, have been defined with regard to several factors, especially regarding to the context where they have been raised and the probability of occurrence in terms of activities and business.

Every person linked, directly or indirectly to Group H2O AM and acts under its brand name must:

- Read, understand and attest to this Policy and the conflicts inventory, including preventive measures;
- Execute the mitigating measures
- Upgrade where necessary with the support of the Compliance Team

H2O AM and its Affiliates shall review conflicts inventory and mitigating measures at least once year.

9. Tools & Controls & Reporting

9.1. Conflicts Inventory & Register

Each Entity belonging to Group H2O AM maintains up to date:

- **Conflicts inventory (also called potential conflicts of interest register)**, at least once year. This tool records an examples of conflicts of interest that may arise and the mitigating measures ; and
- **Conflicts register**, on an ongoing basis. This tool logs and records all actual conflicts. Each entry in the register shall include: • the type of conflict; • the date of when the conflict was identified; • a description of the conflict; • how the conflict is managed, mitigated and controlled; and • when the conflict was last reviewed by the Management Body.

9.2. Control Testing & Assessment

Each entity belonging to Group H2O AM:

- Tests its controls related to the management of conflicts on a regular basis to identify and remediate gaps identified in those controls.
- Performs risks assessment on a regular basis.

9.3. Training

All Employees receive a copy of the Policy, and receive ongoing training in respect of conflicts of interest.

9.4. Policy Updates

Policy and related documentations shall be reviewed at least once a year and amended where considered necessary by Compliance Team before submitting them to the Executive Committee approval.

10. Governance

Conflicts of Interest are a standing agenda item for the Legal Risk and Compliance Committee, as well as the Executive Committee, and the Supervisory Board.

Everyone who works or represents Group H2O AM is responsible for the accuracy and effectiveness of the Policy whatever his or her function and she/he is required to execute it:

- All Employees are responsible to identifying any relevant situation that isn't recorded into the inventory or register and must report such situation to the Compliance Team, as well as assessing the preventive measures effectiveness regarding the process by which I'm concerned;
- Compliance Team shall ensure a regular update of the conflict inventory, register as well as the controls and report breaches that have been identified where applicable. They should also assess the policy effectiveness and where necessary, advising to upgrade or remove the pre-defined rules at each deep assessment.
- Executive Committee shall opine on conflicts management efficiency and decides which measures will be taken regarding recurrent breaches. In addition to Compliance Team, the relevant business head will be empowered to follow the resolution and remediation of the conflict.

11. Appendices List

Appendix 1 – Conflicts of Interest Inventory

Appendix 2 – Employees Acknowledgement of receipt