



Conflict of Interest Policy

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1 Introduction

Regulation 24 of SEBI (Mutual Funds) Regulations, 1996 mandates the AMC to institute appropriate policies & procedures to manage conflict of interest between its Mutual Fund activities and other activities i.e. in the nature of Portfolio Management Services, Advisory Services, Venture Capital Fund, Alternative Investment Funds etc.

Further, SEBI, vide Circular dated August 27, 2013, on General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market, has prescribed that registered intermediaries shall lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure such policies, procedures and code are communicated to all concerned.

SEBI vide its circular dated Circular No. CIR/CFD/CMD1/ 168 /2019 dated December 24 2019 on Stewardship Code stated that Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it. The Stewardship Code thus gives guidance on the aspects that should be covered in the policy.

The separation of the ownership of portfolios or schemes under the management of AMC, from their management activity, relies on the concepts of fiduciary duty and protection of investors' and schemes' interests, independence of management activity, and fair disclosure, but gives rise to potential conflicts between the interests of investors in the portfolios or schemes and the interests of AMC, whom they are an integral part of.

The SEBI (Portfolio Managers) Regulations, 2020 require that portfolio managers shall either avoid any conflict of interest in his investment or disinvestment decision, or where any conflict of interest arises, ensure fair treatment to all his customers. It shall disclose to the clients, possible source of conflict of interest, while providing unbiased services. A portfolio manager shall not place his interest above those of his clients.

For the purposes of this document, those Conflicts of Interest are covered that may give rise to a material risk of damage to the interests of an investor or a scheme of the Mutual Fund. Conflicts of Interest may arise from an investor / scheme of the Mutual Fund or between two or more investors under the schemes of the Mutual Fund, in the context of the provision of services by AMC to such Investors.

The Policy set forth shall be adhered to by AMC, as per the applicable laws and regulations in India and as amended from time to time, and in the event of a conflict between this Policy and the laws, the laws applicable at such time shall prevail. Moreover, this Policy does not replace AMC's requirement to observe any additional regulatory requirements applicable in India and imposed by the laws, when identifying and managing situations of Conflict of Interest.

This Policy is applicable to all relevant persons as defined in this policy and to the AMC.

2 Scope & Objectives

Pursuant to SEBI (Mutual Funds), Regulation, 1996 and various circular issued from time to time, AMC must avoid conflicts of interest in managing the affairs of the schemes and keep the interest of all unitholders paramount in all matters.

The SEBI (Portfolio Managers) Regulations, 2020 require portfolio managers to provide to the clients a Disclosure Document as specified in Schedule V to the Regulations, which includes details of conflicts of interest related to services offered by group companies or associates of the portfolio manager. All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio. If the portfolio manager has group companies, a disclosure of conflict of interest related to services offered by group companies of the portfolio manager if any.

The Compliance Officer shall make a report on transaction by employees, from the viewpoint of possible conflict of interest and shall submit it to the trustees with his/her recommendations, if any. The report shall be submitted only in case of a potential conflict situation and not otherwise.

The most important regulations or organisational measures include those relative to independent management, the priority given to clients/investors' interests, and in the specific case of management companies, measures limiting the range of services that they may offer.

One of the foundations of all the procedures that require implementation is that the regulatory obligations concerning independent management in the sole interest of clients/investors are reviewed and highlighted on a regular basis. This also applies to the strict compliance with Chinese Wall regulations.

Nevertheless, for more specific issues, which are not covered in detail by the regulations, it is permitted to implement the necessary procedures as required by the latest directives.

Regardless of the extent and quality of the coverage of potential conflicts of interest by the regulations, professional codes of compliance, Group procedures or in-house procedures, unforeseen situations may occur at any time and increase the risk of a conflict of interest.

It is necessary to prepare a framework allowing employees faced with a conflict of interest or who consider - rightly or wrongly - that a conflict of interest exists, to signal the fact and ensure that it is managed in the most suitable manner.

The key factors highlighting and managing potential conflicts of interest are employee awareness and training, and the involvement of the Head of Compliance.

This policy includes information about employee awareness: along with the independence of investment management, the fact that client's interests are priority is one of the basic principles of the business and its importance should be highlighted regularly.

The requirements of the policy are:

- ✓ identifying potential conflicts of interest;
- ✓ pinpointing the regulations and procedures for avoiding or managing conflicts of interest;
- ✓ establishing and implementing these procedures;
- ✓ creating a record;
- ✓ implementing measures for informing clients/investors when conflicts of interest cannot be overcome;

- ✓ creating a framework for dealing with cases which do not correspond to the previous headings;
- ✓ making efforts to increase employee awareness and training programmes.

The policy described above requires, both in practice and at regulatory level, in-depth studies and specific implementation at the level of each entity.

The main responsibilities of the AMC under the Policy, are:

- ✓ Implementation of the organizational measures and validation of their relative efficacy;
- ✓ Supplying all the information necessary for the detection of events generated by AMC, and the identification of the counterparties involved;
- ✓ Instituting and managing its conflicts of interest, as applicable and if required under the Laws and
- ✓ Disclosing to investors and managing specific conflict cases, to be addressed at AMC level, to the extent applicable.

3 Definitions

Clients/Investors: The Clients/Investors of the AMC include existing Clients/Investors, potential Clients and previous Clients in respect of whom certain obligations apply.

Conflicts of interest: The AMC defines a conflict of interest as any matter where either the AMC or its employee is in a position to exploit a professional or official capacity in some way for either corporate or personal benefit. Conflicts may arise whenever an employee takes an action or is put in a position that makes it difficult for the employee to perform his or her responsibilities objectively. The key element of any conflict of interest is a divergence of interest between the persons or entities involved or affected by the matter. A conflict of interest may exist even if no unethical or improper act results which can undermine confidence in the AMC.

Thus, a conflict of interest is a situation where, in the framework of the activities of the AMC, the interests of the AMC and/or of their clients/investors and/or of their employees are in competition, either directly or indirectly.

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

This definition applies to real, potential or apparent conflicts of interests.

Conflicts of interest arise when a relevant person, the AMC, or associates of the AMC find themselves in one of the following situations when providing services and this situation could damage the interests of one or more Clients/investors:

- ✓ may have a financial gain, or avoidance of a financial loss, at the expense of the Client/investor and/or
- ✓ may have an interest in the outcome of a service provided to the Client/investors or in a transaction carried out on behalf of the Client/Investor, which differs from the Client/Investor's interest in that outcome and/or
- ✓ has a financial or other incentive to favour the interest of another Client/Investor or group of Clients/investors to the detriment of the Client/Investor and/or
- ✓ is involved in the same business as the Client/Investor and/or
- ✓ receives or will receive from a person, other than the Client/Investor, an inducement in relation to a service provided to the Client/Investor, in the form of monies, goods or services, other than the standard commission or fee for that service.

The above list is illustrative and not exhaustive.

Intermediaries and Associated persons: shall have the same meaning as defined in Securities and Exchange Board of India. (Certification of Associated Persons in the Securities Markets) Regulations, 2007.

Relevant persons: The relevant persons are Directors and internal and external Employees of the AMC.

4 Specific asset management issues

The fiduciary nature of the services that the AMC provide to clients/investors also reinforces, if it is at all necessary, the importance of identifying, preventing and managing conflicts of interest.

Moreover, the framework for investment management has, for a long time, been based on the attention given to potential conflicts of interest. Numerous regulatory structures and professional codes of compliance ensure that Client/Investor's interests remain the top priority.

This is reflected in the confirmation of the independence of investment management - from other financial activities – and the necessity of building “Chinese walls when appropriate. The same applies to the focus on relationships with “linked companies” (linked either by direct or indirect equity holding or by control as may be defined in local regulations), and the need for a tighter framework of terms and conditions. This is also the case, for management companies, due to the limited services or activities, and which are by nature not very conflicting: management, investment consultancy, order reception-transmission, marketing of mutual funds.

Management of the conflicts of interest that may fall within the framework of these regulatory structures and professional codes of compliance: sometimes, the regulatory structure alone, through direct application, can represent the framework for the management of potential conflicts of interest, especially on a cross-company basis, when various activities within the group, and in distinctly separate legal entities, are being targeted

5 Identifying Potential Conflict of Interest situations

The following factors need to be taken into consideration:

a) **Between clients/investors and/or managing entity:**

Situations in which conflicts may occur between clients/investors and/or with the managing entity, due to the number of clients/investors whom the AMC provide investment services.

For example:

- ✓ late allocation of a scheme's /clients/investors/ or Scheme's/client's/investor's order, which may result in an advantage or disadvantage for certain Schemes /clients/investors;
- ✓ allocation of stock-market errors to the Scheme Account /Client/Investor accounts and not to the concerned entity;

- ✓ preferential allocation of issuance operations, IPOs and private investments to specific Scheme / Client/Investor;
- ✓ direct transactions from managed account to managed account, or between a principal account and a managed account;
- ✓ contracts received from clients/investors/service provider in competition or in conflict with each other, etc

b) **Organisational and contractual terms:**

Organisational and contractual terms and conditions likely to cause conflicts of interest. For example:

- ✓ employees attached to a same service, carrying out different activities which should be separated (managers/accountants, managers/traders, operational employers/controllers, proprietary trading/third-party investment, etc);
- ✓ the terms and conditions of employee compensation for operations which may result in risks for clients/investors (portfolio rotation, performances, etc.);

c) **Situations which place AMC in conflict with other activities within the group.**

For example:

- ✓ when choosing intermediaries (brokers, structures, etc.), taking into account any pre-existing financial links with the management company;
- ✓ taking into account the position of linked enterprises in the capital or banking pool of companies when investing, divesting or voting at AGMs;
- ✓ investing in securities issued by a linked enterprise, or a company which is a client of a linked enterprise (consultancy contract for example);
- ✓ investment in assets on the back of privileged information from a linked enterprise;
- ✓ selection of a linked custodian to the detriment of quality and security;
- ✓ failure to pay credit interest for client liquidities;
- ✓ use of voting rights attached to securities under management to favour the securities of the issuer, linked enterprise, and not the clients' interests;
- ✓ the loan of securities to help the clients of a linked enterprise, etc.

d) **Personal interests of employees:**

Situations in which conflicts of interest may appear between the personal interests of certain employees, on account of their activities, and the interests of their clients/investors, or between the interests of the contracting company and their personal interests. For instance:

- ✓ transactions carried out on a security by an employee on his own behalf before the execution of investment or disinvestment decisions made on behalf of clients/investors for the same security;
- ✓ an employee acting as counterparty to a fund or portfolio;
- ✓ employees accepting gifts which may result in actions with an unfavourable impact on Client/Investor interests;
- ✓ employees with activities or contracts beyond the contracting company, etc.

e) **Employment of the same person:**

The undertaking, by a single person, of a relevant role (for instance roles of administration, governance or control) in different Divisions or Business Units belonging to the AMC, constitutes a particular case of potential conflict of interest. Conflict can occur, for example, when an employee:

- ✓ is a director in two legal entities within the Group and the two entities have business relationships;
- ✓ is employed in the Sub-Holding / Holding Company and in the AMC, and in his/her Sub- Holding / Holding Company role he/she is coordinating with the AMC, in which he/she is employed; is in a position of taking a decision that impacts at the same time himself/herself and other legal entities e.g. when arbitrating budget goals, constraints or losses; or
- ✓ is employed in a unit involved in a business conflict and is at the same time in charge of addressing that same business conflict.

The applicable laws shall be taken into account, especially for cases where the conflict might impact, or give the appearance of impacting, the autonomy of the AMC, which is a regulated entity.

It must be said, however, that it will be still possible to establish specific organizational measures to mitigate or manage such potential conflicts through the adoption of measures to:

- ✓ define which of the roles taken by that person must be considered its "main" role, for instance by assigning specific goals within his variable remuneration that dissuade biased choices;
- ✓ avoid that arbitrations or key decisions with regards to budget, goals and compensations are taken by one of the persons who will be impacted by the same; and
- ✓ guarantee that the resolutions or managerial decisions are taken collectively with the positive vote of all the members of the body (unanimity vote) appointed to the decision (independently that if it deals with Members of Directors, Management Committee, etc), and possibly with the abstention of the person in conflict of interest.

Finally, addressing of conflicts of interest cannot be left in the sole hands of a person who is involved in the conflict.

The Investment Department of the AMC shall act in the best interest of the investors, and take investments decisions on the basis of the framework provided by a complete set of policies aimed at the neutralization of the potential negative effects of the conflicts for investors.

Certain Procedures for Management of Identified Conflicts have been elaborated as per **Annexure I**, which is only an indicative and not an exhaustive list.

6 Guidelines to Detect, Clear and Manage Conflicts of Interest - Measures adopted by the AMC

The AMC shall identify and manage conflicts of interest that may arise between the AMC, the schemes, and the Bank of Baroda/BNP Group themselves and the investors and between different investors. Where these arrangements are deemed insufficient to manage a particular conflict, the AMC shall, if required as per the Laws, inform the investors in advance of the nature of the conflict.

6.1 General Approach:

Procedure is designed to ensure that relevant persons engaged in different business activities involving a conflict interest carry on those at a level of independence appropriate to the size

and activities of the investment of firm and of the group to which it belongs, and to the materiality of the risk of damage to the interests of clients/investors

The purpose of the procedures means that, once a conflict has been discovered and the factors resulting in the conflict have been clearly identified, it is possible to establish the ways and means of limiting, if not removing, the impact.

Further, this procedure provides operational method for dealing with conflict of interests (by whom, how, using which documentation etc.)

Some of the specific guidelines that the AMC shall follow in accordance with the Laws, in detecting, clearing and managing Conflicts of Interest shall be as under:

- ✓ The AMC shall not give any undue or unfair advantage to any associate or deal with any of its associates in any manner that is detrimental to interest of the unitholders under the schemes of the Mutual Fund. (Regulation 18(6) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The AMC shall manage the schemes of the Mutual Fund independently of other activities and take adequate steps to ensure that the interests of investors of one Scheme are not being compromised with those of any other scheme or of other activities of the AMC. (Regulation 18(8) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The Trustee to the Mutual Fund shall review, on a quarterly basis, all transactions carried out between the Mutual Fund, the AMC and its associates. (Regulation 18(17) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ There shall be no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unit holders. (Regulation 18(20) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The independent Directors of the Trustee to the Mutual Fund or the AMC shall pay specific attention to service contracts with affiliates, to see whether the AMC has charged higher fees than outside contractors for the same services. (Regulation 18(27)(ii) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The independent Directors of the Trustee to the Mutual Fund or the AMC shall pay specific attention to the reasonableness of fees paid for services provided. (Regulation 18(27)(vii) of the SEBI (Mutual Funds) Regulations, 1996);

- ✓ The independent Directors of the Trustee to the Mutual Fund or the AMC shall pay specific attention to any service contract with the associates of the AMC. (Regulation 18(27)(ix) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The AMC shall not invest in any of the schemes of the Mutual Fund, unless full disclosure of its intention to invest has been made in the relevant Scheme Information Documents. Provided that the AMC shall not be entitled to charge any fees on its investment in that scheme. (Regulation 25(17) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The AMC shall not, through any broker associated with the Sponsor purchase or sell securities, which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes and this limit of 5 per cent shall apply for a block of any three months. AMC shall also record in writing the justification to exceed the limit of 5 per cent and reports of all such investments are sent to the Trustees on a quarterly basis. (Regulation 25(7)(b) of the SEBI (Mutual Funds) Regulations, 1996).
- ✓ The AMC shall not utilize the services of Sponsor (i.e. Bank of Baroda or BNP Paribas Asset Management Asia Limited) or any of their associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that the AMC may utilize such services, if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half-yearly annual accounts of the Mutual Fund and the Mutual Fund discloses in the half yearly & yearly accounts, the following:
 - (i) Any underwriting obligations taken by the schemes in respect of issues of securities of associate companies &
 - (ii) Devolvement, if any,
 - (iii) Subscriptions in issues lead managed by associate companies &
 - (iv) Subscription to any issue of equity or debt on private placement basis where Sponsor or their associate companies has acted as arranger or manager (Regulation 25(8) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ If the AMC enters into any securities transactions with any of its associates, a report to that effect shall be sent to the Trustee at its next meeting. (Regulation 25(10) of the SEBI (Mutual Funds) Regulations, 1996);

- ✓ In case any company has invested more than 5 per cent of the net asset value of a scheme of the Mutual Fund, the investment made by that scheme or by any other scheme of the Mutual Fund in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half-yearly and annual accounts of the respective schemes with justification for such investments, provided the latter investment has been made within one year of the date of the former investment calculated on either side. (Regulation 25(11) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ No custodian in which Sponsor or its associates hold 50 per cent or more of the share capital carrying voting rights, or where 50 per cent or more of the directors of the custodian represent the interest of Sponsor or its associates, shall act as custodian for the schemes of the Mutual Fund. Provided that such entity may be appointed as the custodian for the schemes of the Mutual Fund, subject to fulfilment of the prescribed conditions (Regulation 26(2) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The Mutual Fund shall have the annual statement of accounts audited by an auditor who is not in any way associated with the auditor of the AMC. (Regulation 55(1) of the SEBI (Mutual Funds) Regulations, 1996);
- ✓ Transfers of investments from one scheme to another scheme of the Mutual Fund shall be allowed only if, (a) such transfers are done at the prevailing market price for quoted instruments on spot basis [Explanation —“Spot basis” shall have same meaning as specified by the stock exchange for spot transactions] and (b) the security/ies so transferred are in conformity with the investment objective of the scheme to which such transfer has been made. (Clause 3 of the Seventh Schedule to the SEBI (Mutual Funds) Regulations, 1996) and SEBI Circulars issued thereunder from time to time;
- ✓ The scheme(s) of the Mutual Fund shall invest in the schemes of the Mutual Fund or in schemes of other mutual funds, provided that (a) the aggregate of such inter-scheme investments do not exceed 5% of the net assets of the Mutual Fund and (b) the AMC does not charge any investment management fee on such investments, provided that this clause shall not apply to any fund of funds scheme. (Clause 4 of the Seventh Schedule of the SEBI (Mutual Funds) Regulations, 1996, and the respective Scheme Information Documents of the Schemes);

- ✓ The schemes of the Mutual Fund shall not make any investment in: (a) any unlisted security of an associate or group company of Sponsor; or (b) any security issued by way of private placement by an associate or group company of Sponsor; or (c) the listed securities of group companies of Sponsor, which is in excess of 25 per cent of the net assets of the scheme concerned. (Clause 9 of the Seventh Schedule to the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The schemes of the Mutual Fund shall not be organised, operated, managed or the portfolio of securities selected, in the interest of Sponsor, directors of the AMC and Trustee, associated persons and in the interest of special class(es) of unitholders, other than in the interest of all classes of unitholders of the schemes. (Clause 1 of the Fifth Schedule to the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The Trustee to the Mutual Fund and the AMC shall avoid excessive concentration of business with broking firms, affiliates and also excessive holding of units in a scheme among a few investors. (Clause 3 of the Fifth Schedule to the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The Trustee to the Mutual Fund and the AMC shall avoid conflicts of interest in managing the affairs of the schemes and keep the interest of all unitholders paramount in all matters. (Clause 4 of the Fifth Schedule to the SEBI (Mutual Funds) Regulations, 1996);
- ✓ The Board of Directors of the AMC shall develop a mechanism to verify that due diligence is being exercised while making investment decisions, especially in the case of transactions where associates are involved. (Circular No. MFD/CIR/6/73/2000 dated July 27, 2000 issued by the Securities and Exchange Board of India);
- ✓ The AMC may launch Fund of Funds schemes, that is schemes which invest the majority of their corpus in the units of other schemes. For such Fund of Fund schemes, as and when launched under the Mutual Fund, the AMC shall not enter into any revenue sharing arrangement with the underlying schemes in any manner, and shall not receive any revenue by whatever means/head from the underlying schemes. Any commission or brokerage received from the underlying schemes shall be credited into the relevant scheme's account. (Circular No. MFD/CIR. No.04/11488/2003, dated June 12, 2003, and Circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, issued by the SEBI);

Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of the total deployment by the Mutual Fund in short term deposits. (Circular No. SEBI/IMD/CIR No.6/63715/06 dated March 29, 2006 issued by the Securities and Exchange Board of India).

7 Preventing or controlling the simultaneous involvement in conflicting activities

The simultaneous involvement of the same person in conflicting activities can invalidate all the other organization measures based on the organizational structure. The AMC shall, wherever applicable, adopt proper organizational measures to ensure that the exceptional assignment to employees of the management of a plurality of functions performing conflicting activities, does not limit them to act independently preventing that such conflicts could damage investors' interests.

The organization measures put in place by the AMC to mitigate conflicts of interest can be grouped into different clusters:

- ✓ measures based on the organization structure;
- ✓ measures based on the existence of specific Policies/Internal Regulations (including the Code of Ethics)
- ✓ measures based on specific functions dedicated to the management of conflicts of interest; and
- ✓ measures based on codes of ethics and training modules.

Organizational measures - corporate governance:

To this end, the AMC shall follow the following measures:

- ✓ The AMC and no director (including independent director), officer or employee of the AMC shall become a trustee of any mutual fund. (Regulation 16(3) of the SEBI (Mutual Funds) Regulations, 1996).
- ✓ No Director of the Trustee of the Mutual Fund shall be appointed as a trustee/trustee director for any other mutual fund. (Regulation 16(4) of the SEBI (Mutual Funds) Regulations, 1996).

- ✓ Two-thirds of the Trustee Directors shall be independent persons and shall not be associated* with Sponsor or be associated with them in any manner whatsoever. (Regulation 16(5) of the SEBI (Mutual Funds) Regulations, 1996).
- ✓ The Board of Directors of the AMC shall have at least fifty per cent directors, who are not associate* of, or associated in any manner with Sponsor or any of their subsidiaries or the Trustee to the Mutual Fund. (Regulation 21(1)(d) of the SEBI (Mutual Funds) Regulations, 1996).
- ✓ No director of the AMC shall hold the office of a director in any other asset management company, unless such person is an independent director and prior approval of the Board of the AMC is obtained. (Regulation 22(a) of the SEBI (Mutual Funds) Regulations, 1996).
- ✓ A Director of the Trustee to the Mutual Fund, in carrying out his/her responsibilities as a member of the Board of Directors of the Trustee Company for the Mutual Fund, shall maintain arms' length relationship with other companies or institutions or financial intermediaries or anybody corporate with which he/she may be associated. (Clause 1 (i) of the Third Schedule to the SEBI (Mutual Funds) Regulations, 1996).
- ✓ All the Trustee Directors shall furnish to the Board of Directors of the Trustee Company, particulars of interest which they may have in any other company, or institution or financial intermediary or any corporate body by virtue of their position as director, partner or with which they may be associated in any other capacity. (Clause 1 (iii) of the Third Schedule to the SEBI (Mutual Funds) Regulations, 1996).
- ✓ The quorum for a meeting of the Directors of the Trustee to the Mutual Fund shall not be constituted unless one Independent Trustee Director is present at the meeting. (Clause 21 of the Third schedule to the SEBI (Mutual Funds) Regulations, 1996).
- ✓ The Trustee and the AMC shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment. (Clause 9 of the Fifth schedule to the SEBI (Mutual Funds) Regulations, 1996).
- ✓ The AMC shall not act as the trustee to any mutual fund. Nor shall it undertake any other business activities except those permitted under the SEBI (Mutual Funds) Regulations, 1996, and provided such activities are not in conflict with the activities of the Fund. Provided that the AMC may, itself or through its subsidiaries, undertake such activities only if it satisfies the SEBI, that the key personnel of the AMC, the

systems, back office, bank and securities accounts are segregated activity-wise and there exist systems to prohibit access to inside information of various activities. (Regulation 24(2) of the SEBI (Mutual Funds) Regulations, 1996);

* An “Associate”, for this purpose, shall include (i) relatives of or directors of Sponsor companies or relatives of associate Directors of the AMC and the **Trustee**; (ii) persons providing any type of professional service to the Mutual Fund, AMC, Trustee to the Mutual Fund, or Sponsor (also, persons having a material pecuniary relationship with the above mentioned entities that may, in the judgment of the Trustee to the Mutual Fund, affect their independence) and (iii) nominees of companies who are stakeholders in Sponsor or the AMC.

An “Associate”, as defined above, shall not be appointed as an Independent Director even after he/she ceases to be an “Associate”, unless a cooling-off period of three years has elapsed from the date of his/her disassociation. The AMC or the Trustee to the Mutual Fund shall appoint Independent Directors in place of resigning Independent Directors within a period of 3 months from the date of resignation. Where the AMC is unable to meet this time limit, it shall report to the Securities and Exchange Board of India, explaining the reasons for non-compliance. The AMC may maintain a panel of eligible persons who can be appointed as Independent Directors, as and when required. The AMC may also consider appointing more than the required minimum number of Independent Directors in order to enhance the standards of corporate governance and also to meet the regulatory requirements in case of resignation of an Independent Director.

Corporate Governance in the AMC increasingly gives strength to the substantive role of Independent Directors, as a measure of the independence of the asset manager and for the conflict of interest management. The aim is to protect as much as possible the investment interest of the investors, supported by an effective and solid internal control system, based on structured Risk Management and Compliance functions. As mentioned earlier, the Board of Directors of the AMC is composed of 50% Independent Directors.

7.1 Chinese Walls

The AMC shall put in place, with a view to preventing misuse of confidential information, a “Chinese Wall”, which separates those areas of the AMC which routinely have access to

confidential information, considered “inside areas”, from those areas which deal with sale/marketing/investment advice, or other departments providing support services, considered “outside areas”, based on organizational arrangements such as:

- ✓ physical separation of departments potentially in conflict to insulate them from each other (Investments – Operations/Sales/Marketing);
- ✓ emphasis on the importance of not improperly or inadvertently divulging confidential information;
- ✓ strict and carefully defined procedures for dealing with situations where it is thought the wall should be crossed, and the maintaining of proper records where this occurs;
- ✓ monitoring of the effectiveness of the Chinese walls, performed by the Compliance Officer.

Employees in the inside area shall not communicate any price sensitive information to anyone in the public area, and shall be physically segregated from employees in the public area. In circumstances, employees from the public areas may be brought “over the wall” and given confidential information on the basis of “need to know” criteria, under intimation to the Compliance Officer.

The AMC or any other party to whom it may delegate its functions may effect transactions in which the Company or any of its affiliated companies has, directly or indirectly, a material interest, or a relationship of any description with another party which may involve a potential conflict with the Company’s duty to the Client/Investor. In this case it must be ensured that such transactions are effected on terms which are not materially less favorable to the investors and schemes than if the potential conflict had not existed.

Priority of the interest of investors and schemes over the interests of the Group and the AMC. In the event of unavoidable conflict of interest, the interests of investors and schemes will always have the precedence.

In the meantime, asset management activities, on a collective basis and on a client-by-client basis, must be performed in conformity with the respective investment objectives of schemes and relevant constraints.

- ✓ The AMC shall maintain absolute independence in its asset management activities vis-à-vis its parent or other affiliates belonging to the same group or connected in any other way. Equitable and fair treatment of assets under management (both individual or institutional and collective) shall be pursued. In general, the AMC shall organize itself in such a way as to minimize the risk of conflicts of interest and the following rules shall have to be adhered to by it in this behalf:
- ✓ A conflict of interest will not prevent the AMC from carrying out transactions or casting proxy votes, but will oblige the AMC to prove, by way of documents (e.g. minutes of Investment Committee, recording of investment Decision, equity research report, launch of new schemes, when certain securities are included in the scheme benchmark etc.), that transactions or proxy votes, if executed, combined with a potential or actual conflict of interest, are aimed at maximizing the best possible results and interests of investors and schemes of the Mutual Fund.
- ✓ Where organizational or administrative arrangements made by the AMC to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interests shall be prevented, the AMC shall clearly disclose the conflict (general nature and sources) to the investors, if required as per the laws, before undertaking business on its behalf. The communication, if required, shall clearly specify that the AMC may occasionally operate in conflicts of interest. Nevertheless, the priority of the interest of investors and schemes over the interests of the Group shall be maintained.

The AMC shall determine which conflict of interest requires disclosure to investors and the standard message for each disclosure, if so required to be disclosed. For each conflict for which disclosure must be made, the AMC shall identify the person or function who will need to be notified of the existence of the conflict requiring disclosure (hereinafter referred to as "Compliance Officer"). The Compliance Officer shall be in charge of ensuring/monitoring that proper disclosure is given to investors. Other laws/regulations may identify specific services for which the disclosure of conflicts of interest is required in any case, even if organizational measures have been adopted to mitigate the conflict. In addition to legal and regulatory requirements, business decisions can determine that in the case of conflicts that are particularly relevant to the Group, high reputation risks or when the information is already present

in public documentation for other legal or regulatory requirements (e.g. in the Scheme Information Document), the Group deems necessary to disclose the conflicts of interest in order to give maximum transparency to investors, even if the implemented organizational measures avoid the risk of damaging Client/Investor interests and there are no specific legal or regulatory requirements.

- ✓ If not in contrast with and if required by the laws, an extract of the Conflicts of Interest procedure may be given to investors.

The extract shall contain a description of the most common types of conflicts of interest that arise in the course of business and the indication that, in case the AMC operates in areas of conflict of interest, transactions shall be effected on terms which are not materially less favorable to the investors and schemes of the Mutual Fund, than if the potential conflict had not existed.

- ✓ All employees and officers of the AMC are required to promptly make full and fair disclosure of any matter that could be expected to impair their objectivity or interfere with duties to the AMC, investors, or prospective investors, to the Compliance Officer, including any transaction or relationship that could be deemed as a conflict. Each employee and director is expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interest. No employee or director may engage in any activity that involves any conflict, except with specific prior approval in accordance with procedures set out in this Policy and as permitted by the applicable laws.

The AMC has, with respect to underwriters of mutual funds, a fiduciary duty of loyalty and respect to all services performed on behalf of the Client/Investor, which is expressed, among others, in an investment process totally autonomous and independent and the subsequent independent exercise of the right to vote.

7.2 Broker selection and asset allocation process

The AMC, having the discretionary authority or responsibility for the management of each scheme's assets, shall act in the best interests of such scheme with all of the due skill, care and diligence necessary to place investors' and schemes' interests before its own. The primary objective of the AMC is to protect the interests of investors and the schemes of the Mutual Fund.

For this purpose, the AMC has established written policies and procedures that seek to maximize the asset value of schemes' portfolios through an independent investment process, taking into account the respective investment objectives and constraints.

7.3 Proxy Voting

The AMC has developed a set of effective and appropriate rules to define the modalities for the exercise of voting, identifying guiding principles to be followed on the various agendas for shareholders' meetings, depending on the best practices of corporate governance generally accepted.

The AMC exercises its vote, in the annual or special shareholders meeting for the sole purpose of promoting the interests of schemes and its unit holders.

For details, please refer the Proxy Voting Policy of the AMC.

7.4 Code of Conduct

The AMC has developed a Code of Conduct in order to guarantee that employees always act with independence and always act in the best interests of investors and schemes.

A conflict of interest occurs when an employee's personal interests interfere with or have the potential to interfere with an employee's responsibilities to the company and/or its clients/investors.

The AMC and its employees shall maintain high standards of integrity in the conduct of their business and while dealing with investors or prospective investors. It should ensure fair treatment of their investors and not discriminate amongst them.

The AMC shall make appropriate disclosure to the investors of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services.

The AMC shall place appropriate restriction on transaction in securities while handling a mandate of investor in respect of such security so as to avoid any conflict. Further, the AMC shall not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.

The AMC shall not have an incentive-based structure that encourages sale of such schemes of mutual fund not suiting the risk profile of the investors. The AMC employees would not share the information received from its investors, obtained as a result of its dealings, for their personal interest.

Employees must always act honestly and in good faith. Employees must not:

- ✓ Misuse their position or information they receive in the course of their employment for a personal benefit to themselves, their family or friends, or any other person or cause detriment to the AMC, and/or investors and schemes of the Mutual Fund;
- ✓ Participate in any activity or employment which may compete or conflict with the interests of investors and schemes of the Mutual Fund; or
- ✓ Participate in acts or decisions on behalf of the AMC and/or investors and schemes of the Mutual Fund, when dealing with an entity in which the employee has a material personal interest, a role or a personal relationship with a person who has a role in relation to that transaction that may give rise to a conflict of interest.

For details, please refer the Code of Ethics Policy of the AMC.

7.5 Personal Transactions of Employees

The AMC has also developed the Personal Securities Trading policy in order to guarantee that personal trading activity never distracts the employee from the work responsibilities and the daily professional activity. Employees shall at all times avoid the use of price sensitive information in executing private securities transactions.

Prohibitions and rules are applicable to all transactions in (listed or unlisted) securities, including derivatives, subscriptions of new issues, offers for sale etc.

In general, the following behaviours are prohibited:

- ✓ intraday trading, that is buying and selling the same security (even for a different quantity) in the same day;
- ✓ short sales and uncovered options;
- ✓ market timing practices;
- ✓ transactions based on insider knowledge.

For details, please refer the Personal Securities Trading Policy of the AMC.

7.6 Training

The AMC, as part of its overall training program, shall ensure the ongoing training of its personnel on identifying and dealing with conflicts of interest.

An employee training session shall be organised with a specific section on conflicts of interests, which contains specific illustrations for each entity, and for the services offered to clients.

7.7 Integrity Charter

The employees of the AMC are required to abide by suitable standards and rules of conduct aimed at ensuring fairness, transparency, respect, reciprocity, freedom to act, trust in the relationships with colleagues, customers and suppliers, investors and local communities.

7.8 Undue influence prevention

Persons in top management positions shall not influence the behaviour of employees involved in the delivery of transactions who are outside the structures hierarchically under their control. The AMC shall formalize such prohibition with suitable measures, such as, for example, the arrangement of specific ethical codes containing specific behaviours rules for the members of management bodies, the employees and external collaborators.

7.9 Fair and equal treatment, plus independence

The AMC shall always aim to treat clients/investors fairly and equally. The employees must always act with independence and always act in the best interests of investors/schemes of the Mutual Fund. The AMC always expects its employees to focus on the interests of the AMC and the schemes of the Mutual Fund and their investors and to avoid even the appearance of a conflict. Employees should keep in mind that conflicts may not always be readily apparent, and so they are expected to remain alert to the possibility of a conflict, and, where one may exist, to report the situation.

7.10 Additional activities

Business interests will at all times be separated from private interests of employees. Even the appearance of such conflicts should be avoided at all times.

By way of example, conflicts between business and private interests may arise when an employee accepts an outside function with a client or when an employee performs professional activities for commercial parties that are active in the same market as an entity of the AMC.

8 Process Approach to the Detection, Clearing and Management of Securities in Conflicts of Interest

The process approach for the detection, clearing and management of securities in conflicts of interest follows the steps set forth.

8.1 Risk & Compliance Committee

Conflicts of interest that cannot be resolved otherwise should be escalated to the Risk & Compliance Committee.

8.2 Securities in Conflicts of Interest in Case of IPO and Placement

After the conflict of interest disclosure, depending upon the process approach above, if the security in conflict of interest is affected by an IPO or a placement where Sponsor is involved as lead-manager or plays an active role in the placement syndicate, the AMC shall adhere to the following rules:

- ✓ Subscriptions of IPO or placement will take place through a fair allotment of transactions between the participants to the placement syndicate, keeping into due consideration the quantity provided;
- ✓ If the only lead-manager is Sponsor, the subscription will have to be carefully documented by the relevant the AMC Fund Manager to Compliance.

Furthermore, if applicable, the AMC Compliance shall have a procedure in place in order to manage the situation where the quantity assigned to the Mutual Fund by the Placer is lower

than the quantity requested, ensuring equitable and fair treatment of portfolios under management.

9 Dealing with cases which do not correspond to the previous headings

At any time, employees may identify a situation which may appear to generate a conflict of interest between them or their entity and the clients/investors.

It is their duty to inform their managers, and the Compliance department, to ensure that the latter is always involved in the management of the aforementioned situation.

Procedures at entities must be adopted to include a system for reporting pertinent feedback. This is referred to during training programmes.

Where a conflict of interests cannot be correctly settled by organisational arrangements and implemented procedures, the AMC and their employees can:

- ✓ Refuse to act, if the situation entails a particularly high risk;
- ✓ Disclose the conflict of interest or obtain the renunciation or appropriate consent of the Client/Investor since the disclosure does not exonerate the AMC of their duty to manage conflicts of interests' situations in order to prevent excesses and protect the Client/Investor protect the Client/Investor.

10 Avoiding Conflicts of Interest

If it is determined that a potential conflict of interest cannot be managed using one of the methods set out here in this chapter, the conflict of interest should be avoided by, for example, declining to participate in the proposed transaction/ activity.

11 Conflict termination

Conflicts of interest are not permanent. If the event that generated the conflict comes to an end, the conflict ceases to exist.

12 Informing clients/investors when conflicts of interest cannot be overcome

In this situation, the employees with prior consultation of Compliance Officer must make clients/investors fully aware, before acting on their behalf, of the general nature and/or the source of the conflict of interest.

The terms and conditions for providing the information may vary according to the situations or the circumstances in which the conflicts of interest arise.

When dealing with cases that, in principle, procedures could not avoid or could not fully resolve, the terms and conditions for the provision of information must be established with the head of Compliance at the entity. It should be noted that the implementing directive recommends a certain level of formalism in both the means (a lasting support) and the content (relatively detailed) of the information provided to the Client/Investor. The Client/Investor has to be able to make an informed decision, which implies that he can review the service which has, where relevant, been affected by the conflict of interests.

13 Disclosing Conflicts of Interest

Disclosure of a conflict of interest will not exempt the AMC from the obligation to maintain and operate effective organization and administrative arrangements. The employees must not place an over-reliance on a conflict of interest disclosure but, within their sphere of autonomy, should also consider more broadly how the conflict can be appropriately managed. Disclosure should be viewed as a last resort measure and all disclosures must be fair, clear and not misleading.

14 Responsibility

The AMC is responsible for always acting in the best interest of investors, Clients of PMS and the Mutual Fund under management and for complying with the rules defined in this document.

15 Record Keeping

The policy is based on the mapping of the potential conflicts of interest relevant to each business line, particularly in the Asset Management business line, can specifically establish. This mapping, which may be completed by the addition of particular characteristics or experiences, is considered to be the record.

This record, which may have regulatory status, is an important tool which should be regularly reviewed and updated. It is designed to be presented to internal Inspectors and regulators.

The record is not only designed to meet regulatory requirements; it is an integral part of procedures, as it helps verify their existence.

The AMC shall maintain records as per applicable laws and regulations in India. The AMC Compliance shall maintain a detailed register for matters under conflicts of interest as may be reported to the Risk & Compliance Committee.

The AMC shall keep proper documentation regarding the rationale behind transactions affecting securities in conflict of interest. The records shall be maintained as per the provisions laid down in Record retention Policy.

16 Review of Policy

This Policy may be reviewed at least once in two years to check its effectiveness and may also be amended from time to time as may be deemed necessary.

17 Regulatory Reference

- ✓ SEBI (Mutual Funds) Regulations, 1996.
- ✓ SEBI Circular No. CIR/MIRSD/5/2013 dated August 27, 2013
- ✓ SEBI Circular No. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019
- ✓ SEBI (Portfolio Managers) Regulations, 2020 dated January 16, 2020

Annexure I: Procedures for Management of Identified Conflicts

(Including situations involving Research and Inducements)

Sr. No.	Service or Activity Provided To Client	Potential Conflicts Identified	Method of Managing the Conflict
1	Relations with third parties	The AMC has a privileged relationship with the Client (director, major shareholder, etc.).	<ul style="list-style-type: none"> Compliance rules/ Code of conduct
2	Relations with third parties	The Client has a privileged relationship with The AMC (director, major shareholder, etc.).	<ul style="list-style-type: none"> Compliance rules
3	Relations with third parties	The Client has a conflict of interest with The AMC (ex: The AMC and Clients are competing to realize a transaction with a third party).	<ul style="list-style-type: none"> Compliance rules
4	Relations with third parties	<p>A Client of the AMC has a conflict of interest with another Client of this entity (ex: the AMC is asset manager (advisor) for two competing Clients. Two competitors seek advisory services for the same transaction.</p> <p>Purchase of schemes of third-party asset managers when, at the same time, the AMC is delegated (as agent) for the investment management activity by such asset manager (principal);</p>	<ul style="list-style-type: none"> Compliance rules
5	Relations with third parties	Use of privileged or confidential information detained by The AMC (ex: The investment (or investment advice) of a managed Client's assets could be based on confidential or inside information gathered by The AMC from another Client or within another business).	<ul style="list-style-type: none"> Compliance rules Prevention of insider trading
6	Relations with third parties	An Employee receives a gift from a client, counterparty, a supplier, a broker, an issuer, etc. or from a prospect.	<ul style="list-style-type: none"> Gift and Invitations policy
7	Relations with third parties	The AMC provides a gift to a client, a counterparty, a supplier, a broker.	<ul style="list-style-type: none"> Gift and Invitations policy
8	Relations with third parties	The client intervenes in the investment Decision within its mandate.	<ul style="list-style-type: none"> Mandate disposals (not applicable since we don't offer Non- discretionary portfolio management)
9	Dealing and Managing	The AMC or one of its staff members may have a material interest or be a Director in a company and also invest for a client in that company.	<ul style="list-style-type: none"> HR policy Restricted Trading List Declaration of corporate offices held on a private basis
10	Dealing and Managing	The AMC carries out several different business transactions with the Client or play several different roles in a complex transaction with the Client.	<ul style="list-style-type: none"> Compliance rules (primacy of interest) Mandate disposals

11	Dealing and Managing	The AMC or one of its staff members may have a relationship with a company and also invest for a client in that company.	<ul style="list-style-type: none"> • HR policy • Gifts and Invitations policy • Restricted Trading List
12	Dealing and Managing	The object of the transaction (investment, advice, research) is an asset issued or underwritten by the Sponsor	<ul style="list-style-type: none"> • Market Abuse Procedures and Disclosure Requirements
13	Dealing and Managing	The AMC is the counterparty in the transaction (investment, divestment) ex: Advice given to a Client to invest (or disinvest) his managed assets in assets The AMC owns in its portfolio or is mandated to sell	<ul style="list-style-type: none"> • Client interest
14	Dealing and Managing	The business transaction (investment or divestment of Clients' assets) follows an action (or inaction) on The AMC entities proprietary account or, or more generally, serves The AMC interest other than its commercial interest.	<ul style="list-style-type: none"> • Compliance rules • No proprietary trading (other than seed capital)
15	Dealing and Managing	<p>The AMC has an interest in the primary object of the transaction with the Client, or a third party has an interest in the AMC and a business interest in the transaction. (Ex: The AMC sells a Client, possibly under management, a financial instrument issued by a company of which it is a director or shareholder. The reverse situation is when the issuer is a director or shareholder of the AMC).</p> <p>Investment in financial instruments issued by companies belonging to Sponsor and its subsidiaries;</p> <p>Investments in securities issued by a company with whom any group entity has a credit financial relationship in case of corporate actions;</p> <p>Investments in securities whenever affiliated companies have entered, directly or indirectly, into binding shareholders agreements related to the share capital of the issuer;</p> <p>Investments in securities issued by third parties, which are relevant holdings for group companies;</p> <p>Investment in listed securities issued by third parties which have a relevant investment in group companies;</p> <p>Funding from group companies in favor of mutual funds managed by the AMC</p>	<ul style="list-style-type: none"> • Compliance rules
16	Dealing and Managing	<p>The AMC is also the intermediary for the transaction (Ex: Execution of a buy (or sell) trade on a regulated market on behalf of a Client through a (affiliated) broker owned by the Group).</p> <p>Execution of trades on behalf of the schemes through a broker who/that is an affiliated company of the Group</p> <p>Carrying out securities transactions with brokers belonging to Sponsor, when, at the same time, such</p>	<ul style="list-style-type: none"> • Selection and Best execution

		transactions are executed on trading venues (fully or partially) owned by an affiliate company of the Group;	
17	Dealing and Managing	Artificial inflation of the number of transactions carried out with a single Client so that The AMC receive more commissions (cf. churning).	<ul style="list-style-type: none"> • Clients interest
18	Dealing and Managing	The AMC may have an interest in a transaction which may conflict with a client's interest e.g. The AMC may profit from churning a client's portfolio	<ul style="list-style-type: none"> • No proprietary trading (other than seed capital) • Chinese Walls arrangements • Restricted Trading List • Monitoring on churning and switching
19	Dealing and Managing	The AMC or its staff members may have interest in executing a transaction through a counterparty which is less favourable where there might be an "inappropriate relationship (through affiliates or where there are inducements/ gifts).	<ul style="list-style-type: none"> • Gifts and Invitations policy • Approved Counterparty List • Credit Committee • Inducements guidelines available for all Sales staff
20	Dealing and Managing	The AMC may deal with a counterparty and receive benefits that are not passed to clients or do not benefit the client directly. i.e. a dealer may receive an inappropriate gift from a broker which may influence his/her decision on the choice of counterparty.	<ul style="list-style-type: none"> • Gifts and Invitations policy • Approved Counterparty List • Credit Committee • Inducements guidelines for all Sales staff
21	Dealing and Managing	The AMC favours certain Clients or related third parties in the execution or allocation of transactions (preference in terms of order execution or allocation of an investment, acceptance of "late trading" or "market timing", etc.).	<ul style="list-style-type: none"> • Compliance rules • Operational process
22	Dealing and Managing	The AMC favours its proprietary transactions at the expense of Client's transactions in terms of execution or allocation.	<ul style="list-style-type: none"> • No proprietary trading (other than seed capital)
23	Dealing and Managing	Except on special request of the client, The AMC does not invest excess cash on its Clients' accounts in their best interests (leaving his Clients' excess cash deposits in a Bank account, without any remuneration).	<ul style="list-style-type: none"> • Compliance rules
24	Dealing and Managing	The AMC is the counterparty of the rights (attached to the Client's assets) it exercises on behalf of the Client (Ex: Exercise by the asset manager of voting rights attached to BNP Paribas shares (owned by the Clients), ex: 1) BNPP capital gains 2) defect of action for a corporate event).	<ul style="list-style-type: none"> • Compliance rules • Proxy voting policy
25	Dealing and Managing	The AMC exercises (or does not exercise) on the Client's behalf a right following its action or inaction on its proprietary account or in its own interest (ex: The asset manager uses the Client's voting rights in the same way as the entity uses its own rights, i.e. to approve a financial transaction).	<ul style="list-style-type: none"> • Compliance rules • Proxy voting policy
26	Dealing and Managing	The AMC may proxy vote in relation to a company in which the client has an interest but is in contravention of client's interest	<ul style="list-style-type: none"> • Proxy Voting Committee • Proxy Voting Policy

		Casting proxy votes in case of companies of strategic interest	
27	Dealing and Managing	The AMC is the counterparty for the Client's financial instruments lending (ex: An asset manager lends his Client's securities to The AMC).	<ul style="list-style-type: none"> • Compliance rules
28	Dealing and Managing	Securities lending on behalf of a Client follows the proprietary action (or inaction) of The AMC, or its interest, or the Corporate advice it issues (ex: Clients' securities are lent as a favour to another client of The AMC).	<ul style="list-style-type: none"> • Compliance rules
29	Dealing and Managing	The AMC may execute a conflicting buy/ sell or long/short order for another client.	<ul style="list-style-type: none"> • Compliance monitoring
30	Dealing and Managing	<p>The AMC may give preferential treatment to a member of staff, other client or its own orders in relation to timely/ best execution.</p> <p>The AMC may execute the same transaction for a client after a client/ own account order / PA deal.</p>	<ul style="list-style-type: none"> • Internal Procedures on allocation • Personal Securities Trading Policy, in addition staff place orders externally to The AMC and are not aggregated with client deals • No proprietary trading (other than seed capital)
31	Dealing and Managing	The AMC may aggregate a client order with another transaction which may result in a worse price and/or increased costs being obtained for some transactions.	<ul style="list-style-type: none"> • Disclosure in Investment Management Agreement • Internal procedures on aggregation and allocation of orders • Compliance monitoring
32	Dealing and Managing	When staff is allowed to use third party brokers they may have wider market access than clients.	<ul style="list-style-type: none"> • Personal Account Dealing policy, in addition staff place orders externally to The AMC and are not aggregated with client deals • Restricted Trading List
33	Dealing and Managing	<p>The AMC may “cross” or “match” client orders with other client orders and this may result in the best possible price not being achieved.</p> <p>Cross trades among schemes/inter-scheme transfers- The AMC shall follow the extant guidelines of SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder, on inter-scheme transactions. The schemes involved must be treated fairly and inter-scheme transactions must not favor one scheme over another. The term “fairly” implies that dealers and fund managers must take care not to disadvantage any investors/schemes when taking investment action.</p>	<ul style="list-style-type: none"> • Internal procedures on Cross Transactions: fair price methodology • Personal Account Dealing policy, in addition staff place orders externally to FI and are not aggregated with client deals • No proprietary trading (other than seed capital)

34	Dealing and Managing	The AMC may allocate client orders in a way which disadvantages an individual client.	<ul style="list-style-type: none"> Internal policy on allocations
35	Dealing and Managing	The AMC or its staff members may deal with companies because of inducements/ gifts and these may impact entity's performance	<ul style="list-style-type: none"> Gifts and Invitations policy
36	Dealing and Managing	<p>The AMC may receive or pay commission from or to an introducer or intermediary and this may not be passed to the client.</p> <p>Operating in securities in respect of which the AMC or an affiliated company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the investor, and the AMC may be remunerated by the counterparty to any such transaction</p> <p>A fee, commission or non-monetary benefit provided to or by a Client/Investor or a person on behalf of a Client/Investor;</p> <p>A fee, commission or non-monetary benefit provided to or by a third party or a person acting on behalf of a third party</p> <p>Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which cannot give rise to conflicts of with the entity's duties to act honestly, fairly, and professionally in accordance with the best interests of their clients/investors</p>	<ul style="list-style-type: none"> Inducements guidelines available for all Sales staff Disclosure of commission and fees
37	Dealing and Managing	The AMC or its staff may sell products because of incentives not considering suitability or intended audience.	<ul style="list-style-type: none"> Compliance training for staff
38	Dealing and Managing	The AMC may pass client details to third parties or affiliates for profit or gain.	<ul style="list-style-type: none"> Internal policies Confidentiality Agreements Employment contracts cover confidential information
39	Dealing and Managing	The AMC may acquire holdings in companies which are also clients of the group.	<ul style="list-style-type: none"> Chinese walls arrangements in place
40	Dealing and Managing	<p>The AMC favours its own interests to the prejudice of safety and quality of service it owes to its Clients (ex: If the AMC were to give preference to the Group's account keeping/ custodian services provider at the expense of security and quality of service for the Client).</p> <p>Carrying out securities transactions with brokers that offer, at the same time, custody services or other services to the AMC;</p>	<ul style="list-style-type: none"> Client interest
41	Dealing and Managing	The AMC outsources some of the services provided to the Client (ex: If to reduce management expenses, an entity were to outsource back- office services to a third party at	<ul style="list-style-type: none"> Third parties review

		the prejudice of its duties towards its Clients).	
42	Employee compensation	An Employee's compensation is directly linked to the revenue from his activity with Clients (Commissions on each sale (retail) that could lead the seller to favour the placement vs. the Client's interest).	<ul style="list-style-type: none"> • HR compensation policy
43	Employee compensation	An Employee's compensation is directly linked to other activities of The AMC, which may generate a conflict of interest with the activity he carries out (ex: Employee compensation in investment research is directly linked to revenues of investment banking line of business, as a result of profitable recommendations made to a client and to trading business).	<ul style="list-style-type: none"> • HR compensation policy
44	Employee personal transactions	<p>An Employee trades in financial instruments (and their derivatives) issued by the AMC or by a Client (ex: An Employee carries out a proprietary transaction in the shares (and related derivatives) of a Client he has significant professional dealings with).</p> <p>Carrying out securities transactions with brokers when bundled brokerage and soft commission arrangements are in place, if applicable;</p>	<ul style="list-style-type: none"> • Control of personal transactions of sensitive employees by Compliance Department • Personal Securities Trading Policy
45	Employee personal transactions	Employee as a counterparty of a Client's transaction (ex: An Employee, for his proprietary account, buys (or sells) an asset that is sold (or bought) by a Client with which he has regular business dealings. E.g. an apartment).	<ul style="list-style-type: none"> • Control of personal transactions of sensitive employees by Compliance Department
46	Employee personal transactions	<p>Employee as a follower of Client's transaction (i.e. An Employee copies for his own account a transaction recommended to a Client; an Employee is invited by a Client with which he has regular business dealings to participate in a transaction carried out by the latter).</p> <p>Being a director of the AMC or Trustee Company or employee of the AMC, and holding or dealing in securities of, or being otherwise interested in, any company, whose securities are held or dealt in on behalf of a scheme of the Mutual Fund, competing with the schemes' trades, and using that knowledge to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities</p>	<ul style="list-style-type: none"> • Control of personal transactions of sensitive employees by Compliance Department • Personal Securities Trading policy
47	Employee personal transactions	<p>An Employee carries out personal transactions relating to assets subject to an investment recommendation he issued (ex: An Employee trades for his proprietary account in shares subject to a non issued recommendation).</p> <p>Employees carrying on different activities which may be in conflict.</p>	<ul style="list-style-type: none"> • Confidentiality rules • Control of personal transactions of sensitive employees by Compliance Department
48	Employee personal transactions	An Employee carries out personal transactions in assets covered by investment advisory services (ex: in shares that are the subject of a corporate finance mandate).	<ul style="list-style-type: none"> • Chinese wall arrangements in place between The AMC and the rest of the Group entities.

49	Employee personal transactions	An Employee obtains a preferential attribution of financial products and services or opportunities compared with Clients (ex: preferential allocation in an IPO).	<ul style="list-style-type: none"> • Personal transactions policy
50	Employee personal interests	An employee has a personal interest, of any kind, that may result in a conflict of interest with The AMC, to the detriment of a client's (ex: An employee is Director of a Mutual fund owning assets managed by The AMC).	<ul style="list-style-type: none"> • Compliance rules / code of conduct
51	Cross Group Conflict	The AMC may act in a manner for its clients which is in contravention of the Group published/ unpublished research.	<ul style="list-style-type: none"> • Chinese Wall arrangements in place between The AMC and the business lines of the Bank
52	Cross Bank of Baroda/BNP Paribas Group Conflict	The AMC may provide incentives to members of its own group rather than external intermediaries impacting market access.	<ul style="list-style-type: none"> • Inducements guidance available for all Sales staff • Approved Counterparties List • Selection and Best Execution Policy • Disclosure on commissions and fees
53	Cross Bank of Baroda/BNP Paribas Group Conflict	<p>The AMC may effect transactions in investments where the price has been or is being stabilised by an affiliate.</p> <p>Transactions in investments, the prices of which are being or have been stabilized by transactions involving an affiliated company;</p> <p>Investing in financial instruments for which a group company has the role of “Market Maker” and/or “Specialist” or “Stabilizer”;</p>	<ul style="list-style-type: none"> • Chinese Wall arrangements in place • Disclosure
54	Cross Bank of Baroda/BNP Paribas Group Conflict	The AMC may have a negative or positive opinion in relation to a company in which it has a relationship in contravention if another part of group’s view	<ul style="list-style-type: none"> • Chinese Wall arrangements in place • The AMC does not publish investment research externally
55	Cross Bank of Baroda/BNP Paribas Group Conflict	Another member of the group may be able to view client or market data of The AMC and use it to their competitive advantage.	<ul style="list-style-type: none"> • Chinese Walls arrangements in place
56	Employees remuneration	<p>The variable part of the remuneration, if it is based on objectives of performance or of business, can incite the employee to take risks to increase the performance or to achieve commercial goals by selling products or services unsuited to customer's needs.</p> <p>Definition of remuneration criteria for fund managers</p>	<ul style="list-style-type: none"> • Compliant marketing literatures as per SEBI requirement on suitability. • Monitor / track complaints from any investor against any sales person and if there are any, the process outlined in Policy on misspelling should be referred to. • Track attendance on various training and if any employee has failed to complete training without valid reason, HR should re- consider the variable remuneration.

			<ul style="list-style-type: none">• Training should clearly emphasize on suitability and ensuring client's needs.
57	Corporate Advertisements	Issue of corporate advertisements by Bank of Baroda/BNP Paribas or any of the companies in the group, or an associate company of Bank of Baroda/BNP Paribas, with reference made to any of the schemes of the Mutual Fund;	Guidelines for marketing and commercial materials

18 Acronyms

Acronyms	Full Forms
AMC	Baroda BNP Paribas Asset Management India Private Limited (proposed new name subject to ROC approval)
AGM	Annual General Meeting
IPO	Initial Public Offer
PMS	Portfolio Management Services
SEBI	Securities & Exchange Board of India