



# POLICY ON THE MANAGEMENT OF CONFLICTS OF INTEREST

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## **Preamble**

This Policy takes into account the activities of LFM&P as a Portfolio Management Company and UCITS Management Company, active in multi-management – that is, investing in third-party UCITS – and the principle of proportionality in the presence of a smaller institution that has adopted a simple structure and management model.

### **1. Purpose of the policy**

The protection of clients is one of the priorities of Leleux Fund Management & Partners (hereinafter « the company » or « LFM&P»). In this regard, the Company is committed to acting in their best interests in an honest, fair, and professional manner.

To this end, the Company has taken measures aimed at identifying, preventing, and managing potential conflicts of interest that may arise in the context of its collective or individual management services. These measures are outlined in this Policy.

This Policy aims to:

- (i) Identify situations in which a conflict of interest may arise and pose a risk to the interests of clients ;
- (ii) Implement mechanisms and procedures to manage these situations;
- (iii) Monitor and maintain mechanisms and procedures in place to ensure the sustainability of the clients' interests within the Company.

### **2. Definition**

By conflicts of interest, we mean opposing interests between the Company (or its employees, independent consultants, executives, directors, and shareholders) and a client, or between two or more clients, which may arise in the context of management services and are likely to cause harm to one or more clients.

These types of conflicts could therefore arise, particularly between the following categories of individuals or entities:

- A client: an investment fund or a professional client by nature (MIFID);
- A client relationship manager;
- A manager;
- The company or all related companies;
- An employee of the company;
- An independent consultant;
- A director of the company;
- A company board member;
- A shareholder of the company;
- Service providers to whom LFM&P outsources functions.

As part of the management services for collective investment schemes (hereinafter « CIS ») or portfolios, the company is required to identify potential conflicts that may arise specific to this management.



The Company takes all reasonable measures to identify conflicts of interest and prevent them from harming the interests of the managed collective investment schemes or its clients that arise during the management of CIS between:

- The Company (including its employees, its executive directors, its representatives, and its directors, or any company related to it) and the managed collective investment schemes;
- The managed collective investment schemes themselves;
- The clients of the Company and the managed collective investment schemes.

Or in the context of portfolio management between:

- The Company (including its employees, its executive directors, its representatives, and its directors, or any company related to it) and the managed collective investment schemes;
- The professional client who has signed a portfolio management agreement with the Company;
- The clients holding units of this managed portfolio entrusted to LFM&P, among themselves;
- Leleux Associated Broker, which also offers individual portfolio management services, and LFM&P.

### **3. Potential conflicts of interest - mapping**

The Company identifies the potential conflicts of interest that may arise, as being:

- i. The act of making a financial gain or avoiding a loss at the expense of the client;
- ii. Being incentivized, for financial or other reasons, to prioritize the interests of another client or group of clients over those of the concerned client or;
- iii. Having an interest in the outcome of the service provided to the client or a transaction carried out on their behalf, which differs from the client's interest in that outcome;
- iv. Having the same professional activity as the client: this concerns a person directly or indirectly linked to the company by a control relationship or an executive director who would be conducting the same activities for another collective investment scheme (CIS) or a client as they do for the CIS or client in question;
- v. Receiving a benefit from a person other than the client in connection with the service provided to the client, in the form of money, goods, or services, other than the commission or fees normally charged for this service;
- vi. Analyzing and considering the interactions between the different entities of the group ;
- vii. The risk that the company presents a financial product it manages as being more sustainable or socially responsible than it actually is;
- viii. The risk that products manufactured by the management company, recommended to the end client by the distributor, do not comply with the preferences expressed by the client regarding sustainability when communicated to the distributor.

In addition to these generic conflicts of interest, other conflicts of interest may arise and, in accordance with the procedure for maintaining the mapping and register, all of them will be documented.

The mapping identifies specific situations, particular to the Company, that are likely to lead to a conflict of interest. For example, conflicts of interest that could contradict a client's sustainability preferences.

For the remainder, please refer to the mapping and the register attached to this Policy.



#### **4. Policy on inducements**

This policy is a continuation of the integrity and compensation policies and ensures that LFM&P acts in an honest, fair, and professional manner that best serves the interests of the client. In this regard, LFM&P must comply with the obligations related to the management of benefits associated with the provision of investment services.

The MiFID Directive, Article 27§1 of the Law of August 2, 2002, and the Royal Decree of December 19, 2017 (Articles 5-8) regarding the rules and procedures for transposing the directive, specify that regulated companies that pay or receive a fee or commission, or provide or receive a non-monetary benefit in connection with the provision of an investment service or an ancillary service to a client, must ensure that all conditions laid out in Article 27, § 7, of the Law of August 2, 2002, and the requirements set out in paragraphs 2 to 7 are continuously respected.

LFM&P is solely active in discretionary management and, as such, cannot receive any commission from third parties.

Therefore, the management company does not accept non-monetary benefits other than those that can be considered minor.

It does not receive any retrocessions or other payments/benefits (« soft commissions ») from the parties with whom it deals in the context of its discretionary management mandates (UCITS and discretionary management mandates for professional clients per se).

##### **4.1 Identification of inducements at LFM&P**

A minor non-monetary benefit is most often at LFM&P an invitation to conferences or receptions of a modest and reasonable amount related to information sessions.

These conferences aim to enhance the knowledge of the managers who will be selected for the fund management. The discretionary management agreement mentions the existence of these minor non-monetary benefits, which are of very small scale and are not likely to influence LFM&P's behavior.

Similarly, the management company does not pay any inducements, and if this were to occur, the inducements paid by the company would be recorded in a register, along with the result of the quality enhancement test, i.e., how the payment improves the quality of the service provided to the client.<sup>1</sup>

##### **4.2 Evaluation and monitoring**

The company ensures the effectiveness of the measures implemented regarding benefits in order to detect any gaps and address them. In this regard, this policy is reassessed at least annually and reviewed when a substantial change affects the company's ability to apply the defined procedures.

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<sup>1</sup> A commission is considered to improve the quality of discretionary management services to the client if all of the following conditions are met: it does not directly benefit the company, its shareholders, or its employees without providing tangible benefit to the client; Leleux Fund Management & Partners makes available, if necessary, supporting documents showing that the fees, commissions, and non-monetary benefits paid or received by the company aim to enhance the **quality of the service provided** to the client.

- By maintaining an internal list of all rights, commissions, and non-monetary benefits received from third parties in relation to the management;
- By recording how the rights, commissions, and non-monetary benefits improve the quality of the service provided to the client, as well as the measures taken to ensure compliance with the obligation to act honestly, fairly, and professionally in the best interest of the client.

## 5. Measures adopted to prevent conflicts of interest

### a) Operational procedures for resolving conflicts of interest

In order to prevent conflicts of interest and ensure a reliable, honest and ethical service, the Company ensures:

- that all persons involved in activities involving a conflict-of-interest act with an **appropriate degree of independence**;
- to prohibit, through internal measures and specific warnings, the exchange of information between involved parties when they are engaged in activities that involve a risk of conflicts of interest, where the exchange of such information **could harm the interests** of one or more clients;
- to prohibit any situation, or at least limit the exercise, by any person, of inappropriate influence on the way in which an involved person handles collective management services;
- to take measures to separately monitor the concerned individuals whose activities could create conflicts of interest between the client's interests and those of the company.

The Company verifies:

- the exchange of information between the relevant individuals whose activities may generate conflicts of interest ;
- the separate monitoring of individuals engaged in activities for clients whose interests may conflict;
- the prohibited accumulation of functions/activities;
- the arrangements made at the level of remuneration for the relevant individuals to avoid any conflicts of interest. The company may refer to its remuneration policy ;
- the measures to prevent the exercise of inappropriate influence on a relevant individual.

This prevention of conflicts of interest will be reinforced by:

- the implementation of appropriate training and awareness programs;
- the regular updating, through experience, of the conflict-of-interest risk mapping;
- the establishment of a Policy on Integrity and Personal Transactions, and a policy on inducements.

### b) Procedure applied

In the context of this Policy, the Compliance Officer must implement an appropriate procedure to manage the risk associated with conflicts of interest. The goal of this procedure is to prevent the client from experiencing any adverse consequences resulting from such a risk.

In this regard :

- The collegiality within the Effective Management enables decisions to be made collectively, helping to limit individual conflicts;
- The Investment Advisory Committee will be tasked with considering conflict risks by implementing an equivalent, adequate, and non-discriminatory investment policy;
- The Compliance Officer will be responsible for monitoring the management of conflicts of interest and taking remedial actions in response to specific cases;
- A written procedure will be established when a request made by the Company, its Management, or a team member could lead to a conflict of interest;

The conflict-of-interest procedure will be reviewed by the Compliance Officer and the internal audit.

### Keeping a register and a mapping of conflicts of interest

The company **establishes** and **maintains** a register in which collective management services that have resulted in, or could result in during ongoing management services, a conflict of interest that poses a real risk of harming the interests of one or more clients, are recorded. All conflicts of interest that have occurred and could not be avoided are regularly reported to the Executive Management, which is responsible for adopting measures to manage them in the best possible way.

Based on a « mapping », which is the tool underlying this Policy, all potential conflicts of interest – including those that may arise between the company itself and group companies or other affiliated companies – will be listed in a structured and coherent manner (*Appendix I - « Procedure for maintaining the register and updating the mapping of conflicts of interest »*).

When an employee (including members of independent control functions), a director, or an administrator detects a conflict of interest, they must promptly inform the Compliance Officer. The latter, after including the « established » conflict in the register, will be tasked with assessing the conflict and determining the resolution to be applied in the specific case.

This « conflict of interest register » is a standardized file in which all established conflicts of interest, which carry a significant risk of harming the interests of one or more concerned parties, are recorded.

This register is accessible both electronically and in paper form. However, only the electronic version constitutes the official version.

The « Conflict of Interest mapping » is a file that includes all the potential conflicts of interest identified by the Company in relation to its activities and new situations that may arise. It also includes the preventive measures the Company has implemented to prevent the identified conflicts of interest. This file is continuously updated by the Compliance Officer. A paper version of the mapping also exists; however, only the electronic version constitutes the official version.

When the Compliance Officer records a conflict of interest in the register, they refer to the mapping established by the Company, which includes the list of potential conflicts of interest compiled by the Company. If no existing mapping reference corresponds to the newly identified conflict, the Compliance Officer is required to update the mapping so that the register always refers to the mapping, ensuring it accurately reflects the new conflict of interest risks.

The Compliance Officer reports quarterly to the Executive Management regarding the management and implementation of the conflict-of-interest policy, as well as the updating and maintenance of the mapping and register.

#### c) Notification to the client

The company takes all reasonable measures to prevent conflicts of interest from harming the interests of the client. However, these measures do not exclude the possibility that situations may arise in which employees, directors, or administrators, in the course of providing management services, may face a conflict of interest for which the principles and measures adopted regarding conflicts of interest cannot resolve **with reasonable certainty**.

In such a case, the company ensures that the conflict of interest is informed and notified to the client:

- in **writing** and on a durable medium ;
- in a clear and accessible manner for the clients it addresses, so that they **can make an informed decision** regarding the management service in which the conflict of interest arises.

## **6. Client information and complaints**

Before any contractual relationship, the Company provides the client with a brief overview of its Conflict-of-Interest Management Policy. A version of the Conflict-of-Interest Management Policy is available on the Company's website, and the client can request a copy in writing at any time.

Clients are informed in advance, and within the required timeframes, of specific conflicts of interest that may harm their interests and that are not adequately addressed by organizational measures. This information is sufficiently complete and detailed to allow the client to make an informed decision on whether, despite the actual occurrence of the conflict of interest, they wish to continue the management relationship with the Company.

Clients can also file a complaint regarding a conflict of interest or if they believe their interests may be harmed. Complaints related to conflicts of interest will be **handled in accordance with the complaint management procedure**.

At the same time, and independently of a complaint made to the Company, clients can directly contact the FSMA to file such a complaint.

## **7. Evaluation of the policy and procedures**

The company plans a periodic evaluation of its policy and procedures regarding conflicts of interest to analyze whether they **are still sufficiently effective** in managing conflicts of interest that occur or may occur.

This evaluation is carried out by the Compliance Officer, in collaboration with all relevant operational departments.

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## ANNEX 1 - Procedure for maintaining the register of actual conflicts of interest and updating the mapping of potential conflicts of interest at Leleux Fund Management & Partners

The conflict of interest register is based on a mapping of potential conflicts identified by the Company :

**(i) The structure of the mapping should be read as follows :**

- Type of potential conflicts (from A to Z)
- Conflict number by type
- Involved parties
- Theoretical description of the conflict
- General preventive measures

**(ii) The structure of the register should be read as follows :**

- The date the confirmed conflict was recorded
- The person who identified the conflict
- Cartographic identification of the conflict (from A.1 to Z.10)
- Description of the conflict
- Management measures
- Status of the management measure (to be implemented / implemented)
- Date of the implementation
- Reporting to the executive committee (YES/NO)
- Date of the reporting

**(iii) Operating procedure:**

- Each time a conflict is identified, it must be reported to the Compliance Officer, who will record it in the register, indicating the date and referencing the nature of the conflict according to LFM&P's conflict mapping;
- If no existing mapping reference corresponds to the newly identified conflict, the Compliance Officer is required to update the mapping so that the register always refers to the mapping, and that it accurately reflects the new conflict of interest risks;
- The Compliance Officer provides a concrete description of the conflict that has been reported to them;
- They then propose one or more measures to manage or mitigate the identified conflict;
- If implementation is not possible immediately, the Compliance Officer indicates that the measure is « to be implemented » If deemed necessary, they prepare a communication to the client involved;
- Once the implementation is completed, they record the date;
- Periodically, the Compliance Officer reports to the members of the Executive Board the confirmed conflicts of interest that have been recorded, in order to inform them and seek decisions regarding the measures to be taken to prevent similar conflicts in the future. If necessary, the members of the Executive Board may decide to adjust the conflict-of-interest management policy;



- The Executive Board records the reporting and decisions made in its minutes;
- The Compliance Officer keeps the register available for the regulatory authorities.

#### **(iv) Architecture of the document**

The mapping and the register are two sheets in the same Excel document. In the register, column D, which contains the mapping reference, will be color-coded according to the type of conflict and the number of the relevant potential conflict. A dropdown selection facilitates communication between the two documents.

#### **(v) Staff training**

It is important that employees, directors, and administrators have a solid understanding of the concept of conflicts of interest. Only by doing so will they be able to identify conflicts of interest as they arise and communicate them to their hierarchy and the compliance department. To this end, training is planned for all employees, directors, and administrators.

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## ANNEX 2 Cartography of potential conflicts of interest

 <b>Cartography of potential conflicts of interest</b>				
Type of potential conflicts	Conflict number	Persons concerned	Description	General preventive measures
A. Gaining a financial benefit or avoiding a loss at the expense of the client	A.1	LFM&P / Clients	Recording a mistake made by the management company to the client's account	Description and justification of any investment decision, and a specific procedure outlining the order execution methods as well as daily operational controls
	A.2	Collaborators (including executives and directors) / Clients	Recording a transaction error on the client's account	Description and justification of any investment decision, along with a specific procedure detailing the order execution methods and daily operational controls
B. Being incentivized, for financial or other reasons, to prioritize the interests of another client or group of clients over those of the client in question	B.1	Collaborators (including executives and directors) / Clients	Prioritizing one group of clients in terms of reporting and information	Establish a minimum standard reporting for all clients; Investor reporting policy
	B.2	Collaborators (including executives and directors) / Clients	Failing to respect the principle of equal treatment of orders in the context of a strategic investment decision	A specific procedure outlines the order execution methods as well as the daily operational controls
	B.3	1 group of clients / another group of clients	Favoring a certain type of investor to the detriment of another	Verify that the measures taken are in compliance with the prospectus or the regulation of April 21, 2020, and are balanced in terms of penalties/bonuses
C. Having a compensation or incentive structure that does not place the client's interest at the center of all considerations	C.1	LFM&P / Clients	Management fee / Performance fee	Issuance prospectus - policy for controlling regulated funds
	C.2	Collaborators (including executives and directors) / Clients	Receiving kickbacks on transactions	Prohibited at LFM&P - audit rules - fund administration agreement and custodian agreement are complementary control levels
	C.3	Collaborators (including executives and directors) / Clients	Tying employee variable compensation to a sales target	Compensation and bonus allocation policy
	C.4	Collaborators (including executives and directors) / Clients	Failing to conduct (or respect) the analysis of sustainability criteria for the product recommended as such to the client	Adherence to the responsible investment policy, preparation of impact analyses that confirm the product's compliance with its prospectus and the client's interests
D. Having an interest in the outcome of the service provided to the client or a transaction carried out on their behalf that differs from the client's interest in that outcome	D.1	LFM&P/Clients	Performance fee	Prospectus - best practice - high watermark... Currently, the Leleux Invest SICAV does not apply a performance fee
	D.2	LFM&P / Clients (shareholders)	Order pooling for different managed UCITS to access an investment that may not align with the risk profile of one of the managed UCITS	Description and justification of any investment decision, along with a specific procedure outlining the order execution methods and daily operational controls – legal limits – adherence to the mandate
E. Receiving from someone other than the client a benefit related to the service provided to the client, in the form of money, goods, or services, other than the commission or fees normally charged for that service	E.1	LFM&P / Clients, Employees (including executives and directors) / Clients	Internal fraud / gifts/benefits	Procedure regarding fraud and corruption / code of conduct, policies on gifts
	E.2	LFM&P / Clients	Inducements	Policy and procedure regarding inducements. In the case of inducements received by an underlying investment fund, they are fully transferred to the UCITS
	E.3	Collaborator (including executives and directors) / LFM&P, Collaborator (including executives and directors) / Clients	Favoring an investment in a financial product for which an employee has a special connection	Investment Process / Due Diligence + Currently, no specific connection No employee has any particular connection (significant shareholding, corporate mandate) with a company in which LFM&P is required to invest in the interest of its clients
	E.4	Collaborator (including executives and directors) / LFM&P	Favoring a service provider in order to gain a personal advantage	Outsourcing and Counterparty Selection Policy – Justification of selection based on a quote and a comprehensive pro-con analysis
F. Corporate Risk / Analysis and consideration of interactions between the different entities of the group or other affiliated companies	F.1	Director(s) / LFM&P or clients	Favoring the selection of services from a group entity in order to gain an advantage through pricing that is disadvantageous to the client.	Outsourcing and Counterparty Selection Policy – Justification of selection based on a quote and a comprehensive pro-con analysis
	F.2	Members of the Executive Management / LFM&P or Clients	Favoring the choice of services from a group entity in order to gain an advantage through pricing that is disadvantageous to the client	Outsourcing and Counterparty Selection Policy – Justification of the selection based on a quote and a comprehensive pro-con analysis
	F.3	Members of the Executive Management / LFM&P or Clients	Favoring the choice of services from a group entity in order to gain an advantage	Outsourcing and Counterparty Selection Policy – Justification of the selection based on a quote and a comprehensive pro-con analysis
	F.4	Director(s) / LFM&P	Favoring the selection of services from a group entity in order to gain an advantage	Outsourcing and Counterparty Selection Policy – Justification of the selection based on a quote and a comprehensive pro-con analysis
	F.5	Director(s) / LFM&P	Granting exclusivity to a group entity as a distributor/promoter in order to gain an advantage	Outsourcing and Counterparty Selection Policy – Justification of the selection based on a quote and a comprehensive pro-con analysis
	F.6	Director(s) / LFM&P	e.g., O. Leleux, who is a director both at LAB and at LFM&P	Procedure for managing conflicts of interest under the Companies Code in the event that a director has a conflict of interest
G. Failing to adhere to the ethical procedures in place in order to gain a personal advantage or to please another employee (including executives and directors)	G.1	LFM&P / Collaborators (including executives and directors)	Case of an executive embezzling company or UCITS funds	Code of conduct, BEAMA Code, Integrity Policy – Principle of dual signatures and restriction of beneficiary accounts
	G.2	LFM&P / Collaborators (including executives and directors)	Using strategic information communicated by an employee holding one or more positions in competing companies	Internal Code of Conduct – An employee may only accept external remuneration or positions after informing the Executive Management – Transparency of mandates and PAD (Personal Account Dealing)
H. Having the same professional activity as the client	H.1	LFM&P/client	Case of managing Leleux UCITS and third-party UCITS by LFM&P	Internal Code of Conduct – Order allocation policy