

THE PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST

The prevention and management of conflicts of interest at FINANCIERE DE CHAMPLAIN is inscribed within the framework of general principles laid out by Directive 2004/39/CE concerning Markets in Financial Instruments (MiFID), which was transposed into French law on April 12, 2007. Article L.533-4 of the Monetary-Financial Code (MFC), articles 322-33 and 322-38 of the General Rules of the Authority for Financial Markets (RGAMF), article L.533-10 of the MFC, and articles 313-18 to 313-22 of the RGAMF applicable beginning on November 01, 2007, particularly specifying the following obligations for FINANCIERE DE CHAMPLAIN:

- > to establish a conflict of interest management policy;
- > to detect conflict of interest situations;
- > to keep a register of conflict of interest situations encountered;
- > to inform the principals or holders when conflicts of interest have not been able to be resolved.

The objective of FINANCIERE DE CHAMPLAIN's policy for the prevention and resolution of conflicts of interests is to define organizational measures and administrative procedures in order to detect and manage conflicts of interests that may arise during the implementation of investment services.

A conflict of interest is defined as a detrimental conflict between the interests of the company and those of its principals or holders or between the interests of several principals or holders of the company. Thus, a conflict of interest may occur when a physical person from the company (directors, employees) or a person connected with the company;

- o Is likely to receive financial benefit (or to avoid a loss) at the expense of the partners or holders
- o Holds an interest in the result of a service provided to a client or of a transaction completed on behalf of that client that is different from the interest of the principal or the holder.
- o Is urged for financial or other reasons to privilege the interests of another principal or holder over the interests of the principals or holders to which the service is provided
- o Exercises the same professional activity as the principal or holder
- o Receives or will receive, from a person other than the principal or the holder, an advantage in relation to the service provided to the principal or holder, in any form whatsoever, other than the commission or fees normally billed for this service.

FINANCIERE DE CHAMPLAIN has provided itself with a provision relevant to the responsibility of the Internal Control Manager (ICM), who ensures, independently, the implementation of preventive and control measures concerning conflicts of interest.

Preventive Measures

1. Conformance Functions

The establishment of a provision for the prevention and management of conflicts of interest at FINANCIERE DE CHAMPLAIN and its evaluation comes from the ICM, who exercises his prerogatives within the company according to the new provisions of the RGAMF in force since September 21, 2006.

2. Professional Ethics

The officers of FINANCIERE DE CHAMPLAIN are subject to an integrity policy defined in the bylaws, professional ethics regulations concerning the management of individual portfolios under mandate, and the professional ethics regulations for mutual funds sent to each of them upon their hiring by the company. This code of conduct to which employees are obligated to adhere, aims to guarantee the respect of principles concerning the primacy of the interests of the principals or holders and the prevention of conflicts of interest. In fact, each officer of FINANCIERE DE CHAMPLAIN is obligated to behave honestly and to act in an equitable manner in the interest of the principals or holders by respecting the integrity, transparency, and security of the market.

3. Complementary Measures

The policy for the prevention and management of conflicts of interests is complemented by various measures applicable to all of the officers in order to prevent conflicts of interest. This specifically includes rules related:

- > to the protection of confidential information, privileged information, and professional secrecy;
- > to operations executed by the officers on their own behalf exercising sensitive professions or functions;
- > to advantages and gifts received by the officers from clients or suppliers;
- > to the use of computerized means of communication by the officers.

Control Measures

FINANCIERE DE CHAMPLAIN has undertaken a review of all of the activities exercised in order to detect the situations that are likely to produce conflicts of interest. It has also adopted appropriate procedures in order to manage in an equitable manner any potential conflict situations. To this end, the ICM has ensured the separation of sensitive activities within the company by the implementation of "Chinese Walls" to prevent any potential conflicts likely to arise.

Moreover, the ICM monitors compliance with the provision implemented within FINANCIERE DE CHAMPLAIN to prevent and manage conflicts by specifically ensuring:

- > the circulation of confidential or privileged information by respecting the lists of banned transactions and surveillance;
- > the respect of special provisions related to operations on shares carried out by officers exercising sensitive professions or functions;
- > the establishment of a register of conflict of interest situations encountered.

Client Information

Finally, if FINANCIERE DE CHAMPLAIN notices that the measures in use appear insufficient to guarantee, with reasonable certainty, that the risk of infringing upon the interests of the principals or holders is avoided, the company may inform the principals or holders concerned in writing of the nature of the conflict or its source so that these latter may make their decisions in full knowledge of all the considerations involved. All complementary information on this policy for the prevention and resolution of conflicts of interest may be obtained by any principal or holder by sending a written request to FINANCIERE DE CHAMPLAIN – 3, rue La Boétie 75008 PARIS.