

## **Conflict of Interest Policy Veer Palthe Voutê (VPV)**

### **1. Introduction**

The Level 2 Directive of MiFID specifies that a firm must establish, implement and maintain an effective conflict of interest policy. This policy must be in writing and be appropriate to the size and organisation of the firm and the nature, scale and complexity of its business.

#### **1.1 Aim of this policy**

This conflict of interest policy will *identify circumstances* that may give rise to a conflict of interest and *specify procedures* to be followed and measures to be taken in managing the conflict. In doing so, it takes the following conflicts of interest into account:

- conflicts of interest between VPV and their clients;
- conflicts of interest between clients.

#### **1.2 Activities of VPV**

The current activities of VPV can be divided in:

- Discretionary asset management;
- Execution only of securities orders;
- Banking services (are complementary to asset management and execution-only activities);
- Management of listed investment funds (Delta Deelnemingen Fonds N.V.(DDF), Dresdner VPV European Value Fund N.V., Dresdner VPV Income Fund N.V. (IF) and Phoenix Fund N.V. (PF));
- Management of unlisted investment funds (Dresdner VPV Europe Fund (EF), Dresdner VPV Emerging Markets Fund (EMF) and VPV Value Fund (VF));
- Management of special purpose products.

## **2. Potential situations for conflict arising**

### **2.1 Introduction**

For asset managers in general there are certain situations which potentially may give rise to a conflict of interest. This section will provide five potentially conflicting situations as are described in the *MiFID level 1 directive (2004/39/ec)*. Whether these situations or other situations that are more applicable to the specific situation at VPV exist, will be set out in section three.

### **2.2 Potential situations**

The following five situations are generally applicable for asset managers:

- A. If the asset manager, or a relevant person, or a person directly or indirectly linked to control to the firm is *likely to make a financial gain, or avoid a financial loss*, at the expense of the client.
- B. If the asset manager, or a relevant person, or a person directly or indirectly linked by control to the firm, *has an interest in the outcome of a service provided to the client*, or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
- C. If the asset manager, or a relevant person, or a person directly or indirectly linked by control to the firm *has a financial or other incentive to favour the interest of another client* or group of clients over the interest of the client.
- D. If the asset manager, or a relevant person, or a person directly or indirectly linked by control to the firm *carries on the same business* as the client.
- E. If the asset manager, or a person directly or indirectly linked by control to the firm receives or will *receive from a person other than the client an inducement* in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

### **3. Circumstances at VPV that may give rise to a conflict of interest**

#### **3.1 Introduction**

Taking the potential conflict of interest situations, mentioned in the previous section, into account, we identified the following potential conflict of interest situations for VPV.

#### **3.2 Circumstances at VPV**

1. A conflict of interest may arise when executing block trades consisting of both small and large firm orders. VPV may have an incentive to favour the interest of one client over the interest of another client. This may be the case when a block-order is partly executed.
2. Inducement situations, mentioned in the previous section under E, may occur at VPV. The fact that VPV makes use of brokers who are paid brokerage fees, makes the company susceptible for inducements.
3. VPV may trigger useless transactions with the sole intent to generate commissions and kick backs (churning). These transactions will most probably not be in the interest of the client.

## **4. General applicable measures in mitigating the conflicts of interest**

### **4.1 Introduction**

In order to effectively mitigate a conflict of interest, VPV has several actions it can take. One does not automatically rule out the other and it may be useful to implement more than one method. The measures mentioned in the next paragraph are prescribed by the *MiFID level 1 directive (2004//39/ec)*.

### **4.2 Measures available**

First of all it should set up effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interest of one or more clients.

Secondly, VPV can separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interest may conflict, or who otherwise represent different interest that may conflict, including those of the firm.

Thirdly, VPV can remove any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated, by relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

Fourthly, VPV can take measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.

A fifth and final measure is to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or additional services or activities where such involvement may impair proper conflicts management.

## **5. Measures taken by VPV in managing the conflict of interest situations at VPV**

### **5.1 Introduction**

VPV has taken measures in order to prevent for or mitigate a conflict of interest. Some of them, like a separate compliance function and effective procedures in place, were mentioned in the previous section too. The next paragraph will elaborate on the measures taken by VPV in managing or preventing potential conflict of interest situations.

### **5.2 Measures taken by VPV**

1. To prevent for situations where a (large) client is favoured above other (smaller) clients when executing block trades, back office assigns the partly executed block-orders to clients using the automatic random order assignment function in Antares. A second measure taken to prevent conflicting interest between large and small clients, is not to accept small clients at a certain point.

2. In order to prevent for potential inducement situations, VPV makes clear and transparent payment agreements with brokers. Complicated or vague payment structures will be anticipated for since VPV itself pays the broker and charges the client with a fixed fee. This way the client is not charged with the provision paid to the broker.

3. In order to anticipate for situations where churning may occur, VPV has established a separate compliance function. The compliance function monitors transactions and investigates whether transactions are useful for the client. In addition, the relationship manager will report if the transaction volume is exceptional.