

## **Conflict of Interest Policy ('Policy')**

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## 1. INTRODUCTION AND REGULATORY BACKGROUND

### 1.1 Legislative & Regulatory Background

DSP Asset Managers Private Limited (DSPAM/the AMC) has both statutory and common law obligations that require it to manage conflicts of interest that arise in the course of the provision of its investment management and advisory services ('Investment Management Activities') to both retail and institutional clients.

#### Statutory Duties

In terms of the Companies Act, 2013 and SEBI Regulations and circulars/guidelines issued thereunder from time to time, DSP is obliged to have in place ***“adequate arrangements to manage conflicts of interest”*** that may arise wholly or partially in relation to the Investment Management Activities of DSPAM .

The conflicts management obligation is interconnected to a number of other statutory duties imposed on DSP, its directors and officers including:

- 1 DSP's duty to do all things necessary to ensure that its investment management activities are provided ***efficiently, honestly and fairly***.
- 2 DSP's duty to ***act in the best interest of the clients*** for which it acts as a responsible entity and if there is a conflict between clients' interests and its own interests, to give priority to the clients' interests.
- 3 The duty imposed on Directors to give notice to the other Directors of any material personal interest in a matter relating to the affairs of a company.
- 4 Manage conflicts arising out of dealing with multiple clients or managing multiple schemes.
- 5 DSP's duty as a Trustee to ensure that the Trustee's duties and powers are performed and exercised in the best interests of the clients.

#### Common Law – Fiduciaries Duties

In addition, to the above statutory duties, DSP has a common law fiduciary obligation to its clients relating to managing conflicts of interest.

### 1.2 Specific Regulatory Provisions

- i. Regulation 24 of SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") read with Part B of Fifth Schedule of MF Regulations with 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, Alternative Investment Funds etc.
- ii. Further, Regulation 21(2) of SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") read with Fourth Schedule of AIF Regulations pertaining to code of conduct for AIFs requires managers to establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business.
- iii. SEBI vide Circular no. CIR/MIRSD/5/2013 dated August 27, 2013, prescribed general guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market

- iv. Clause 6.16.15 of SEBI Master Circular for Mutual Funds No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 and Clause 13.3 SEBI Master Circular for Alternative Investment Funds (AIFs) no. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 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.

## **2. PURPOSE OF THE POLICY**

This Policy sets out the processes and procedures for identifying, assessing, documenting, responding and escalating conflicts of interest.

The aim of this Policy is to:

- a) Provide a framework to assist members of DSPAM Boards of Directors and Employees to develop, implement and maintain adequate arrangements to manage conflicts of interest; and
- b) Assist DSP in complying with its legal and regulatory obligations in this regard.

This Policy sets out and cross-refers to a number of other related DSP policies and procedures, which when read together constitute DSP's conflict management arrangements.

This Policy applies to Directors and employees of following entities – also referred to as “representatives” in this Policy and all these entities along with its subsidiaries and affiliates together referred as DSP.

- a) DSP Asset Managers Private Limited (DSPAM)
- b) DSP Trustee Private Limited
- c) DSP Fund Managers IFSC Private Limited.

For the purpose of this Policy, 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/Alternative Investments Funds. Conflicts of Interest may arise from an investor / scheme of the Mutual Fund/ Alternative Investments Funds or between two or more investors under the schemes of the Mutual Fund/ Alternative Investments Funds, or between the investors of schemes of Mutual Fund and Alternative Investments Funds 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.

## **3. EXCEPTIONS TO THIS POLICY**

In some circumstances, compliance with the Policy may not be possible or would result in an outcome that is inconsistent with the purpose of the Policy or other governing documents (including but not limited to legislation, constitution or trust deed or industry standard).

Any deviation from the Policy should be approved by the Executive Committee of DSPAM.

## **4. WHAT IS A “CONFLICT OF INTEREST**

A “conflict of interest” is defined as:

*A circumstance in which some or all of the interests of clients are inconsistent or divergent from some or all of the interests of DSP (or its representatives).*

This includes conflicts of interest that are actual, potential or apparent.

Conflicts are likely to arise when DSP (or its representatives) is either motivated or susceptible to being motivated, otherwise than by the client's interest.

Thus, conflicts may arise where DSP (or its representative) without sufficient disclosure and consent:

- Provides services in a manner intended to put DSP's interests (or its representatives' interests) ahead of the client's interest; and/or
- Provides services in a way intended to put the interests of one client ahead of other clients' interests; and/or
- Uses knowledge about clients to advance their own or another client's interests.

Conflicts may arise between various parties not limited to the following:

1. Among various business activities within DSP
2. one client and another (client versus client);
2. DSP and a client (DSP versus client);
3. an employee and a client (employee versus client); and/or
4. an employee and DSP (employee versus DSP)

## 5. BASIC PRINCIPLES REGARDING CONFLICTS OF INTEREST

DSP is committed to the highest standards of business conduct. Employees/representative must always protect the integrity of DSP and act in the best interest of its clients. There must be no conflict or appearance of conflict, between the self-interest of any employee/representative and the responsibility of that employee/representative to DSP or its clients. Employee/representative must never improperly use his/her position with DSP for personal or private gain to him, his family or any other person.

As a general rule, a conflict of interest or the appearance of a conflict, might arise if your duties involve any actual or potential business with a person, entity or organisation in which you or your family members or associates have a substantial personal or financial interest. Accordingly, the following rules apply:

You may not act on behalf of DSP in connection with any business or potential business involving any person, entity or organisation in which you or your family members or associates have direct or indirect:

1. Managerial influence, such as serving as an executive officer, director, general partner or similar position; or
2. Substantial ownership or beneficial interest.

Family Members include a spouse or partner, minor children and other persons who reside in your household or depend upon you for financial support.

The requirements governing the day to day activities of all the DSP employees are addressed in the policy, titled "Code of Business Conduct and Ethics" – this policy can be found on the Company's intranet.

## 6. PREVENTING OR MANAGING CONFLICTS OF INTEREST

DSP is required to have in place **adequate arrangements** to manage actual, apparent or potential conflicts of interest.

In managing these conflicts, DSP has in place policies and procedures which aim to:

**6.1 Control** conflicts of interests;

**6.2 Avoid** conflicts of interests and/or

**6.3 Disclose** conflicts of interest (*where appropriate*).

### **6.1 Controlling Conflicts of Interest**

DSP must ensure that a conflict does not affect the quality of the service being provided to a client.

To this extent, DSP is required to:

- a. Identify conflicts of interest relating to the provision of its services;
- b. Assess and evaluate these conflicts; and
- c. Decide how to respond to them.

In satisfying this requirement, DSP requires all the DSP employees/representative to report any potential, apparent or actual conflicts of interest.

Below are some measures placed to prevent and manage conflict of interest:

### **i. ORGANIZATIONAL MEASURES**

**Segregation of Functions:** All permissible activities are clearly segregated and structured & carried in such a way so that potential conflicts of interests, if any, can be avoided. Further, all the asset and liabilities of such activities are appropriately ring fenced and are subject to compliance of applicable regulations. In case support is provided to the subsidiary companies, the same shall be based on duly executed cost sharing arrangement.

### **ii. POLICY, PROCEDURES & CONTROLS**

The key measures and controls implemented to prevent and manage conflicts of interest are as follows:

#### **a) PERSONAL SECURITIES TRANSACTIONS POLICY AND CODE OF CONDUCT & CODE OF BUSINESS CONDUCT & ETHICS**

The AMC has The Personal Securities Transactions Policy in order to regulate 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 personal securities transactions.

For details, please refer the Personal Securities Trading Policy of the AMC. The AMC have Code of Ethics Policy in place. Further, Code of Business Conduct and Ethics covers a wide range of business activities, practices and procedures to guide employees on the issue that may arise in the course of DSP's business activities.

#### **b) PROXY VOTING POLICY**

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.

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

#### **c) STEWARDSHIP POLICY**

The AMC has policy on discharge of stewardship responsibilities in place which sets out the framework and guidelines on discharge of the stewardship responsibilities of the Company in accordance with Clause no. 6.16.15 of SEBI Master Circular for Mutual Funds no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023. For details, please refer the Stewardship Policy of the AMC.

**d) BEST EXECUTION POLICY and TRADE EXECUTION & ALLOCATION POLICY**

The AMC has policy on Best Execution which governs the general obligation of DSPAM to act in the best interests of clients when transacting in the schemes/funds managed by DSP.

The AMC has the Trade Execution and Allocation Policy in place which governs the fair and equitable allocation of investment opportunities and trades amongst the schemes floated under DSP Mutual Fund (Schemes) and funds under Non-MF Portfolios managed DSPAM in order to meet its fiduciary, legal, and regulatory obligations.

**e) BROKER EMPANELMENT & RANKING POLICY:**

DSPAM has been diligent in empaneling the brokers and have a policy for the empanelment of brokers to be engaged for securities transactions.

**f) APPROPRIATE TRAINING OF RELEVANT EMPLOYEES**

Appropriate training of relevant employees are provided to ensure that they are fully aware of their responsibilities and obligations.

**g) Training to distributors and employees**

Training to distributors would continue to be imparted as a constant effort being taken by DSPAM to create awareness to prohibit mis-selling & create awareness of suitability of product.

**6.1.1 Reporting Potential, Apparent or Actual Conflicts of Interest**

All DSP employees/representative are required to report, in the first instance, to their immediate Manager of any actual, apparent or potential conflicts of interests in the course of their daily operations.

The Manager, after making a preliminary assessment as to the nature of the conflict must report the matter to Legal & Compliance Department.

Legal & Compliance Department will assess and evaluate the reported conflict and report the matter to the Executive Committee of the Company for its consideration.

The Executive Committee will make a recommendation as to whether the reported conflict should be referred to the Board for a decision.

**6.1.2** DSP has summarized the sources of potential conflicts of interest at various levels within the organization and how each conflict situation is being proposed to be mitigated/addressed (**refer Annexure A**). Some of the examples of conflict of interest are provided below:

- an employee deciding to engage, on behalf of DSP with an entity to which the employee has personal interests;
- personal account dealing conducted by employee of DSP who have access to inside information;
- an employee of DSP receiving a gift/entertainment that may impair their professional judgement in a way that conflicts with the interests of DSP;

- an employee of DSP having an external role in an organisation that might create a conflict of interest with the duties/responsibilities that the employee has towards DSP.

The Directors are required to report to Legal & Compliance Department of any actual, apparent or potential conflicts of interests.

## **6.2 Avoiding Conflicts of Interest**

DSP is committed to avoiding those conflicts of interest that may potentially have a serious impact on DSP or its clients and where mere disclosure or imposition of internal controls with regards to these conflicts is inadequate or cannot be fully mitigated.

In assessing responses to conflicts of interest identified, DSP may decide to avoid the conflict and not engage in the relevant conduct giving rise to the conflict.

All DSP employee/representative are required to avoid all conflicts of interests that have (or potentially have) a material adverse impact on the provision of DSP's services to its clients and its legal and regulatory obligations.

All DSP employees/representative are also required to avoid placing themselves and DSP in a position where there is a material conflict between either their own or DSP's interests and those of its clients.

## **6.3 Disclosing Conflicts of Interest**

DSP is committed to disclosing material conflicts of interest in a clear, concise and effective manner.

To this extent, an assessment as to whether an identified/escalated conflict of interest needs to be disclosed is initially undertaken by Legal & Compliance Department when assessing the conflict.

Legal & Compliance Department will take into account all the applicable legal or regulatory requirements which require all material conflicts to be disclosed.

Where DSP, through the processes identified above, determines that a conflict is to be disclosed, such disclosure must:

- 1 Be timely, prominent, specific and meaningful to the client(s);
- 2 Occur before or when the service is provided, but in any case at a time that allows the client a reasonable time to assess its implications; and
- 3 Refer to the specific service to which the conflict relates.

## **7. MONITORING AND REPORTING**

DSP is committed to developing and maintaining policies and procedures for monitoring, detecting, recording and dealing with breaches to its arrangements for managing conflicts of interests (including this Policy).

## **8. RECORD KEEPING**

DSP (through Legal & Compliance Department) will maintain, for at least 8 years, records of:

1. Conflicts identified and actions taken to mitigate/address these conflicts;
2. All Conflicts of Interest Reporting and other reports created;
3. Copies of written conflict of interest disclosures made by representative and action taken.
4. Breaches reported and action taken.



## **9. TRAINING**

Legal & Compliance Department provides required guidance and training on a periodic basis.

## **10. REVIEW OF POLICY**

This Policy shall be reviewed on periodic basis and necessary changes, regulatory or otherwise, shall be carried out and updated in the said Policy.

The provisions of SEBI (Mutual Fund) Regulations, 1996 and circulars/notifications/letters issued thereunder from time to time read with guidelines/notifications issued by AMFI shall prevail over the provisions of the Policy.

Legal & Compliance Department will be responsible for ensuring DSP's compliance with this requirement.

Version	Date of Revision
1.1	April 01, 2023
1.2	April 26, 2024
1.3	April 25, 2025

**Annexure A**

<b>Sr. No.</b>	<b>Level</b>	<b>POTENTIAL AREAS OF CONFLICTS</b>	<b>HOW THE CONFLICTS ARE MITIGATED</b>
1.	<b>Employee level</b>	Personal Security Transaction	Employee's incentive not linked to fees charged to clients/portfolios.  Personal Securities Transactions Policy.
		Using information obtained as a result of their position within the Company or having a material interest in other company for personal gain for:	Outside Activity Policy & PST Policy
		a. Investing in companies which are of investors	Adherence to Stewardship Policy of the DSP Asset Managers Private Limited and code of conduct for the fund managers and dealers
		b. Investing in companies which are associate	
		c. Investing in companies which are part of the group companies	
		d. Investing in companies which are vendor / service providers of DSP Asset Managers Private Limited	
		e. Transacting in illiquid securities having personal position to influence the price.	
		Acceptance or offering of gift	Gift and Entertainment Policy
		Employees carrying on different activities which may be in conflict and impacting ability to take impartial decisions	Outside Activity Policy
		Order allocation among various schemes/portfolios	Trade Execution and Allocation Policy
2.	<b>Director level</b>	Serving on board of different companies	Board level disclosure and adherence to Companies Act, 2013
		Director's remuneration	Only Independent Directors are paid sitting fees in case of DSPAM
		Personal Interest in a matter	Adherence to Companies Act, 2013 and Compliance Manual
		Personal securities dealing/transaction	Personal Securities Transactions Policy

Sr. No.	Level	POTENTIAL AREAS OF CONFLICTS	HOW THE CONFLICTS ARE MITIGATED
3.	<b>Group Company/Associates</b>	Common shareholders for different business activities	Adherence to applicable clauses of SEBI Regulations/Pension Fund Regulatory and Development Authority Guidelines for transactions with group and associate companies/entities.
		Flow of confidential information to nominated/associated directors	Adherence to Privacy norms
4.	<b>Distributor level</b>	Interest of potential investor in the Schemes compromised as a result of commission practices which unduly influences distributors to recommend DSP product over and above competitors	Disclosure of commission to investors  Adherence to AMFI code of conduct
5.	<b>Company level</b>	Engagement in different activities/business	Board and shareholder approvals Chinese Wall policy (Compliance Manual)
		Financial interest taking over the Investors and clients interest	Adherence to code of conduct and Investment Management Agreement.  SEBI Regulation  Appropriate review and due diligence of service provider while empaneling
		Execution of trades with affiliated brokers and brokerage transactions not at arm's length	Broker empanelment policy and Brokerage/commission sign off
		Seeding of new schemes from existing schemes	Investment Committee oversight and adherence to regulatory investment restrictions.
		Inter scheme trade in securities	Valuation Policy of inter scheme and Enterprise Risk Management oversight
		Investment by one Scheme in other Scheme managed by DSP entities	Board oversight and adequate disclosures in the offer document
		Proxy Voting	Proxy Voting Policy
		Buy and Sell execution process	Best Execution Policy