



# Policy

## Conflict of Interest

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## 1. Policy Objectives

The Canadian Securities Administrators released regulations under NI 31-103, which came into effect September 28, 2009, requiring investment management firms to have a Conflict of Interest Policy (the “Policy”). Its purpose is to require firms to take reasonable steps to identify any existing or potential material conflicts of interest by avoiding, controlling or disclosing them.

In light of this, Addenda Capital (“Addenda”) has prepared the following Policy in order to remain in compliance with regulations.

## 2. Coverage

The Policy applies to all employees. The employee agrees to read the Policy and to abide by its provisions, as well as by any special instruction or guideline that may be provided with respect to the application of the Policy, and to take appropriate action to avoid any situation likely to lead to a conflict of interest.

Should there be any doubt as to the scope or application of a provision, it is the employee’s responsibility to consult with the Chief Compliance Officer. It is also the employee’s responsibility to be on the lookout for situations that are contrary to the principles set out in the Policy and to advise the Chief Compliance Officer of any situation likely to lead to a violation.

## 3. Roles and Responsibilities

The Chief Compliance Officer (CCO) is ultimately responsible for the application of the Policy.

The Chief Compliance Officer is responsible to report annually to Executive Committee on the application of this Policy during the year.

## 4. Conflict of Interest Model

### 4.1 Definition of a Conflict of Interest

The definition of a conflict of interest is “any situation subject where at least two factors are in conflict with each other”.

## 4.2 Types of Conflict

The client's interest is of paramount importance; it forms a point of reference for the origins of the conflict and a starting point for the measure to be taken. A conflict with the interests of the client may occur:

- In respect of Addenda's interests, those of Addenda's employees;
- In respect of Addenda's other client interests.

Likewise, a conflict of interest may occur between the interests of Addenda's employees, with those of the firm, Addenda.

## 4.3 Identified Circumstances

The identified circumstances which constitute or may constitute a conflict of interest include elements that touch on portfolio management, execution of orders, code of ethics and professional conduct, ownership, legal and regulatory aspects. Specifically, these include dealing with:

- Related issuers;
- Related registrants;
- Investment in securities issued by our clients;
- Handling of cross trades in clients account;
- Managing Addenda's pooled funds;
- Employees Personal transactions;
- Transactions in a responsible person account as defined in NI 31-103;
- Concentration of responsibilities.
- Employees Outside activities.
- Compensation practice.

## 4.4 Measures against Conflicts of Interest

Any measures established have to be reasonable in nature, act effectively and where required, be a deterrent.

Ensuring that appropriate measures and controls are in place to avoid and otherwise handle any identified, perceived or potential conflicts of interest is a priority.

The measures in place include:

- An annual training given by the Compliance department to ensure that the following organizational and quality-securing measures are properly explained to all employees, implemented and adopted throughout Addenda, and monitored effectively. They include:
  - Code of Ethics and Professional Conduct
  - Complaint Policy
  - Conflict of Interest Policy
  - Fairness Policy
  - Pre-compliance process of personal trades and the restricted securities list
  - Reference Handbook
  - Confidentiality Policy
  - Soft Dollars Policy

#### **4.5 Escalation and Disclosure of Conflicts of Interest**

Should a conflict arise, not covered by the existing measures in place, it will be escalated to the Chief Compliance Officer for evaluation and further review. If the CCO deems that there is no other means to sufficiently protect the interests of the client(s), appropriate disclosure measures to the client(s) affected will be taken, highlighting the nature and extent of the conflict, in a timely manner. This will enable the client(s) to make an informed decision, while ensuring that their interests continue to be protected.

#### **4.6 Monitoring of Conflicts**

The Chief Compliance Officer will ensure that any conflicts that arise, whether they are captured or not handled by the measures in place, will be appropriately documented and tracked. A summary of the conflicts that occur will be provided to the Executive Committee for further review and analysis, on an annual basis. This will help to confirm where any improvements may be required to the existing measures and controls currently in place.