

POLICY ON CONFLICT OF INTEREST
FOR DICKEY ALTERNATIVE INVESTMENT TRUST

1. BACKGROUND:

The Securities and Exchange Board of India (“SEBI”) vide its circular dated August 27, 2013, inter alia, requires all intermediaries to frame an internal code of conduct to identify and avoid or to deal with or manage actual or potential conflict of interest. Further, SEBI vide its circular no. CIR/CFD/CMD1/168/2019 dated December 24, 2019, has mandated all the Alternative Investment Funds to follow the Stewardship Code (“Code”), as prescribed in Annexure A of SEBI Circular, in relation to its investments in listed equities. As per Principle 2 of the Code, an institutional investor should have a clear policy on how they manage conflict of interest in fulfilling their stewardship responsibilities and publicly disclose it.

The Fund/ relevant Scheme may be subject to conflicts of interest relating to the Sponsor, the Manager, the Advisor, the directors of the Manager, the members of the Investment Committee and the member of the technical committee (if any appointed) and their affiliates (the “**Relevant Parties**”). It is intended for such conflicts to be managed primarily by complying with the applicable law, acting in good faith to develop equitable resolutions of known conflicts, and developing policies to reduce the possibilities of such conflicts.

For the purpose of this Policy, ‘Relevant Parties’ includes a director, manager, employee, or appointed representative of Dickey Asset Management Private Limited (“**DAMPL**” or “**Company**” or “**Manager**”).

2. SCOPE:

This Policy summarizes key conflicts of interest and the related policies and procedures and shall apply to DAMPL. This Policy has been drafted in accordance with Regulation 21(2) of SEBI AIF Regulations, 2012 by the manager to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business. This Policy is also in addition to the provisions, if any, contained in relevant regulations/ circulars issued by SEBI from time to time regarding dealing with conflict of interest.

3. OBJECTIVES AND APPLICABILITY OF POLICY:

- (a) To ensure that policies and procedures are put in place to address potential areas of conflicts as well as to ensure compliance with relevant regulatory requirements.
- (b) To provide guidance to DAMPL and Relevant Parties on the identification and management of conflicts of interest.

4. POTENTIAL CONFLICTS OF INTEREST

4.1 Other Activities of the Relevant Parties

The Relevant Parties or companies wholly or substantially owned by the Relevant Parties and/or their affiliates may:

- i. have existing relationships with the portfolio companies holding the Portfolio Investments and provide to such portfolio companies and potential portfolio companies a broad range of financial services including, but not limited to, bridge financing and long-term debt financing, underwriting or private placements of securities, debt syndication, financial advice and merger and acquisition advice;
- ii. have/ may have a majority or minority equity stake in portfolio companies holding Portfolio Investments or potential Portfolio Investments;
- iii. have relationships with leveraged buyout firms, private equity sponsors and other investors (including institutional investors and their senior management) who may invest or may have invested in portfolio companies holding Portfolio Investments;
- iv. have established long-term relationships with a substantial number of Indian companies;
- v. handle other accounts that invest in assets eligible for purchase by the Fund
- vi. become tenants in assets held by Portfolio Investments;
- vii. be competitors to the Fund/ any Scheme in acquiring interest in potential Portfolio Investments; and/or
- viii. be appointed by the Fund/ any Scheme as investment banker or advisor during investment or divestment of Portfolio Investments.

The interest of the Relevant Parties in maintaining and promoting their lending, investment and other activities may not in all cases be aligned with the Fund/ relevant Scheme and may affect the Investment Committee's decision on whether to pursue a transaction representing an investment opportunity for the Fund/ relevant Scheme or the manner in which such transaction is structured, negotiated and managed by the Manager. Due to confidentiality requirements, the Relevant Parties may not be in a position and will not be obliged to disclose any information in respect of the above-mentioned transactions.

The activities of the Relevant Parties may also restrict or preclude the Manager, and therefore the Fund/ relevant Scheme, from pursuing certain investment opportunities and from taking certain actions with respect to a portfolio company or Portfolio Investment.

Further, the Manager may take the pre-existing relationships of Relevant Parties with potential portfolio companies into consideration in determining whether to pursue investments or to take any other actions.

The Relevant Parties may receive fees, including investment banking fees, advisory fees from companies in which the Fund/ relevant Scheme invests and/or from other parties engaged in transactions in which the Fund is involved. The Fund/ relevant Scheme will not receive any such fees.

The Relevant Parties may represent potential buyers of businesses in their mergers and acquisition activities, or may be engaged to act as financial advisor to a company in connection with the sale of such company or subsidiaries or division thereof and may provide lending and other related financing services in connection with such transactions. When the Relevant Parties represent a buyer seeking to acquire a company, the Fund may be limited or precluded during the pendency of such assignment from investing in or selling securities issued by such portfolio company. Additionally, there may be seller assignments involving the relevant parties in which the seller permits the Fund to act as a participant in the purchase of the company. In such cases, certain conflicts of interest will be inherent in the situation, including those involved in negotiating a purchase price.

4.2 Allocation of Investment Opportunities

The Fund/ relevant Scheme may participate in projects and companies in which the Relevant Parties may have investments or other interests which may be on the same terms as the Fund's/ relevant Scheme's investment or on different terms. The Fund/ relevant Scheme may also participate in projects and companies which houses assets and which were enforced by the Advisor as collaterals or securities to recover loans granted by the Advisor. The Relevant Parties and their respective clients may themselves invest in investments that are appropriate for the Fund/ relevant Scheme and may compete with the Fund for investment opportunities. Further, the Relevant Parties may have some representation on the Investment Committee.

The Manager may also be responsible for other Funds/ Schemes ("**Other Fund**"). It may be possible that Other Funds may compete with the Fund/relevant Scheme for investments in Portfolio Investments and conflicts may arise in determining whether an investment opportunity will be offered to the Fund/ relevant Scheme or the Other Funds. Portfolio companies in which the Other Funds have invested may also compete with the Fund/ relevant Scheme for investment and the Manager may refer investment opportunities to such companies that might be suitable for the Fund.

The Fund/ relevant Scheme expects that there may be an overlap between the investment periods of the Fund/ relevant Scheme and the Other Funds. The Manager, will endeavour to resolve such conflicts in a reasonable manner, taking into account, inter alia, the investment policies and objectives of each fund/scheme. The Fund/ relevant Scheme will have priority over Other Funds set up subsequent to the fund for investment opportunities. In the event that any suitable investment opportunity is not consummated by the Fund/ relevant Scheme, the Other Funds set up subsequent to the Fund/ relevant Scheme will have a right to invest in such investment opportunities.

4.3 Business Time

The board of directors of the Manager may consist of people who may be employees of the Relevant Parties and/or affiliates. They may also be on the board of portfolio companies where Other Funds may have interests. Conflicts of interest may arise in allocating business time among the Fund and such other activities.

4.4 Conflict among Investors

The Investors may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Investors may relate to or arise from, among other things, the nature of Portfolio Investments made by the Fund, the structuring or the acquisition of Portfolio Investments and the timing of disposition of Portfolio Investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Manager, including with respect to the nature or structuring of Portfolio Investments, which may be more beneficial for one investor than for another investor, especially with respect to Investors' individual tax situations.

4.5 Incentive-Based Fees

Because the Manager will receive incentive-based fees in the form of Performance Fees, the Manager and its respective employees have a conflict of interest between their responsibility to manage the Fund for the benefit of Investors and their interest in maximising the fees that the Manager will receive. For example, the allocation of Performance Fees to the Manager may create an incentive for the Manager to engage in more speculative investing than might be the case were only a percentage-of-assets fee payable to the Manager.

5. RESOLUTION OF CONFLICTS

5.1 In the circumstances of potential conflict as set out hereinabove, the Manager or the Board will take such actions as may be necessary or appropriate within the context of the fund documents to attempt to ameliorate such conflict and where appropriate refer the matter to an Advisory Board to be constituted for the purpose having representatives of the Investors.

The Manager and its affiliates will not engage in any transaction with the Fund/ relevant Scheme, or any Portfolio Investment, other than on arms-length basis and on terms which are no less favourable to the Fund/ relevant Scheme than would be obtained in a transaction with an unaffiliated party. It is also intended that the Manager and the other members of the Investment Committee, in their functioning, will:

- i. act independently of their respective affiliates;
- ii. maintain proper information barriers and confidentiality of information;
- iii. act in the best interest of the Fund; and
- iv. act on an arm's length basis.

Further, if the conflict relates to a member of the Investment Committee, such member will be obliged to disclose the same to the other members of the Investment Committee and will not be entitled to vote in relation to such matters of conflict if such conflict would preclude such representative's ability to act independently and in the best interest of the Fund/ relevant Scheme. The Advisory Board to be constituted for the purpose shall not have any representative if he has any conflict. If after constitution of the Advisory Board it appears that the conflict relates to any member(s) of the Advisory Board, such members will be obliged to disclose the same to the other members of the Advisory Board and would not be entitled to vote in relation to the matters of conflict.

5.2 Approach For Managing Conflict Of Interest:

All Investment Committee members and Investment Team members involved in managing the investment portfolio/ involved in implementing the Stewardship Code will strive to avoid conflict of interest. Following are the approaches of managing conflict of interest:

- (a) The board of directors shall frame guidelines for dealing with conflict of interest.
- (b) Investment decisions pertaining to the schemes of Fund would be in accordance with the investment objectives of the relevant schemes.
- (c) Investment of schemes assets in associates should be at arm's length, with proper rationale, within necessary regulatory limits and approvals, if any, required under the regulations.
- (d) Compliance department would maintain a conflict of interest database and the Investment Team will co-ordinate with the compliance department for reviewing the potential conflict while making an investment decision.
- (e) On an annual basis, every employee, officer and director of the Fund must submit a securities statement setting out the details of the securities of listed companies and unlisted companies held by him/her (including the securities held by his/her immediate relative) as per insider trading Code of Conduct of the Company.

- (f) Rationale for voting on each shareholder resolution shall be recorded in the internal records.
- (g) A clear segregation between the investment teams, voting functions and business team shall be maintained.
- (h) Business-level conflicts shall be resolved on a case-to-case basis after factoring in the relevant considerations.
- (i) Conflicted employees, directors and officers will not be allowed to participate in the discussions and voting decisions/transactions in which they are interested.
- (j) Blanket bans on investments in certain cases.

DAMPL has put in place various guidelines, internal policies, and procedures for its employees to manage conflict of interest. Broad guidelines for employees to manage conflict of interest are listed below:

- (a) Maintain high standards of integrity.
- (b) Ensure fair treatment of their clients and not discriminate amongst them.
- (c) Ensure that the personal interest of relevant persons do not, at any time conflict with their duty to their clients.
- (d) Disclose to the clients possible source or potential areas of conflict of interest.
- (e) Have in place information barriers to block or hinder the flow of information from one department/unit to another.
- (f) Place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security to avoid any conflict.
- (g) Restrict the dealing in securities while in possession of material non-published information.
- (h) Not to communicate the material non-published information while dealing in securities on behalf of others.
- (i) Not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.
- (j) Not to have an incentive structure that encourages sale of products not suiting the risk profile of their clients.

DAMPL continuously reviews conflict situations and endeavours to keep its policies and procedures updated to address such situations.

6. REVIEW AND UPDATION OF POLICY:

The Policy shall be reviewed and updated to ensure it is in line with the existing applicable regulatory requirement.

However, there can be no assurance that the Manager will be able to satisfactorily ameliorate the conflict. Each Investor will be required to make a representation in the Contribution Agreement to the effect that it understands, acknowledges and agrees to the foregoing. By acquiring an Interest in the Fund/ relevant Scheme, each Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.