

MARCELLUS INVESTMENT MANAGERS PRIVATE LIMITED

MARCELLUS CONFLICT OF INTERESTS POLICY

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2	Widening the scope of the policy to make it applicable to companies associates	27 th May 2022	Compliance Team	V.2	Board of Directors
3	Added Point 8 in Part III & made applicable to Gift city branch.	16 th August 2023	Compliance Team	V.3	Board of Directors

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I. INTRODUCTION

Marcellus Investment Managers Private Limited and its subsidiaries (“Marcellus” or “Investment Manager”) are a SEBI regulated Portfolio Manager, Investment Adviser and as an investment manager to SEBI regulated Alternative Investment Funds (“AIF/Funds”). Further, Marcellus has also as Fund Management Entity (Non-Retail) under IFSCA (Fund Management) Regulations, 2022 (“FME Regulations”) for providing Investment Management Services in IFSCA (hereinafter referred as “GIFT City Branch”).

Marcellus owes fiduciary obligation to its clients to act diligently, fairly and by exercising care. The regulations Marcellus is subjected to as well require Marcellus to establish standards of conduct that are fair towards clients. One such standard is establishing a system to identify and mitigate actual and perceived conflicts of interests.

Conflicts of Interest is a situation where Marcellus’ interests (including its directors, employees) are not aligned to the interests of the mandates, Funds under its care. This Policy provides the ethos Marcellus follows while handling situations that might involve conflicts of interests.

II. OBJECTIVES

The objective of this Policy is to guide Marcellus:

1. To Identify possible situations where conflict of interests may arise.
2. To provide for a framework for managing conflicts.
3. To provide guidance on reporting of such conflicts, if they arise, to relevant clients/Funds.
4. To establish roles and responsibilities for implementation of this Policy.

III. CONFLICT OF INTEREST SITUATIONS AND MEASURES OF MITIGATION

An Investment Manager like Marcellus may face certain typical conflicts situations considering the client expectations, regulations and fiduciary duty owed to each client. Following is a list of possible conflicts that may arise, and the safeguards to mitigate conflicts in such situations:

1. The employees of the Investment Manager may only devote so much of their time to the Fund's operations as is, in their judgment, reasonably required. The employees that provide services to the Fund will have, in addition to their responsibilities for the Fund, responsibilities for other strategies and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Fund and such other clients. The employees may provide services to other entities / clients in financial services space and will not work exclusively for the Fund. The employees shall resolve any such conflict by allocating time (reasonably required in their best judgement) towards their obligations in respect of Fund and their other responsibilities towards other clients.
2. The Investment Manager will be subject to conflicts of interest in allocating investment opportunities among the Fund and mandates managed/advised by them. Investment opportunities identified by the Company may be suitable for the Fund or more than one Fund. Such conflicts will be addressed

by the Investment Manager in a reasonable manner, considering amongst other things, parameters such as investment objectives, strategy, investment guidelines and investment policies of each Fund, remaining un-invested capital of each Fund, the level of diversification of each Fund and regulatory issues, etc.

3. The employees or directors of the Investment Manager may hold personal investments in the investee companies. Investment Manager's Code of Conduct for insider Trading and Personal Trading ensures that employees do not enter into trades that are in conflict with that of the Funds/mandates or that they do not create an unfavorable outcome for the Funds/mandates.
4. The Investment Manager may purchase investments from or sell investments to the interested parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase. Further, the interested parties and their personnel may have information about the investment policies and strategy that may assist the interested parties willing to purchase from or sell investments to the Fund.
5. The Investment Manager may hold/trade proprietary investments that may appear to be in conflict with the Fund/mandates/ clients' trades. The Investment Manager will ensure that rationales for trades that are not in line with its view with respect to investments held in the Fund/ mandates are maintained.
6. Cross Trades between Funds and mandates are avoided. If there are reasons for Investment Managers to believe that such trades are beneficial for clients of the respective Funds/mandates, such trades may be carried out only after recording rationales for such trades. Such trades will be reported along with rational to Investment Committee for notice.
7. Investment Manager may make investments in investee companies that have been rejected by the Investment Manager after evaluation for investment by the Fund in accordance with its investment objective and strategy. Further, the Interested Parties may provide investment opportunities that have been rejected by Investment Manager after evaluation for investment by the Fund, to any third party for a fee/commission. Thus, once investment opportunities are rejected by the Fund, such investment opportunities may not be available to the Fund if pursued by other mandates/clients the Investment Manager advises/manages money for. The Investment Manager will maintain rationales for every trade recommended.
8. Investment Manager may make investment in associates and/or buy or sell investments from or to i) its associate or ii) scheme of AIF managed by its manager sponsor or associate of its manager or sponsor or iii) investor who has commitment more than 50% of the corpus of the scheme of AIF, subject to the approvals as may be required under applicable regulations.

Mitigating Factors:

1. In managing the aforesaid conflicts of interest, the Investment Manager will have regard to its obligations under the Fund documents, scheme details and will act in the best interests of the Investors in the Fund and mandates.
2. The Investment Manager will be transparent with respect to conflicts of interest that the Investment Manager determines may have arisen in any transaction (or prospective transaction) between the Investment Manager and the Fund.

3. The Investment Manager will make efforts to see that any transaction involving a potential conflict of interest will be affected on terms that are not less favourable to the Investors in the Fund/Mandates than if the potential conflict had not existed. The Investment Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.
4. The Investment Manager will ensure that the interest of all the Investors is paramount and all personal interests, relationships or arrangements of the Investment Manager and those of Interested Parties do not work against the Investors' interest.
5. The Investment Manager will take appropriate measures intended to assure that it will not unfairly profit from any transaction between its affiliates/group entities and the Fund, and all such transactions shall strictly be done on an arm's length basis. The Investment Manager will use reasonable efforts to apportion or allocate business opportunities among persons or entities to or with which they have fiduciary duties and other relationships on a basis that is as fair and equitable as possible to each of such persons or entities, including the Fund.
6. Investment Manager's employees will devote so much of their time to the Fund/mandates as is, in their judgment, reasonably required.

IV. ROLES AND RESPONSIBILITIES

1. The Investment Committee of the respective Fund/Mandates and/or the Investment manager' Investment Committee shall be responsible to ensure that any conflict is handled appropriately. Any conflicts need to be documented in the minutes or investment approvals so that resolution of conflicts can be demonstrated.
2. The employees shall maintain high standard of integrity in the conduct of the business of Marcellus. The employees are responsible to highlight conflicts they are subjected to or conflicts that they believe are prejudicial to interest of the Fund/clients.
3. If a member of Investment Committee or any employee has any actual/ potential conflict of interest such person shall disclose the interest and recuse from decision making in the transaction.
4. The Compliance Officer shall be consulted by Investment Committee for any conflict or potential conflict of interest situation. It will be Investment Committee's responsibility to report such conflicts so that Compliance officer can advise on resolution and any reporting that he/she needs to do under stewardship or other requirements.

V. REPORTING

1. The Compliance Officer shall ensure that all reported conflicts are reported as required under the applicable regulations e.g., the Stewardship Code applicable under SEBI (Alternative Investment Funds) Regulations, 2012 or SEBI (Portfolio managers) Regulations, 2020 or SEBI (Investment Advisers) Regulations 2013.
2. Compliance Officer may respond to specific requests of investors about the conflicts reported.

VI. GIFT CITY BRANCH

1. The provisions of this Policy shall *mutatis mutandis* applicable to GIFT City Branch. Further the reference to Investment Committee shall be deemed to be referred to as Principal Officer of the GIFT City Branch.

2. Compliance Officer of Gift City Branch may provide clarification in consultation with Principal Officer, as may be required.

VII. POLICY REVIEW

This Policy shall be reviewed periodically.