

NPX Conflicts of Interest Policy

November 12th, 2021

NPX shall maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.

In the normal course of business, as in any large financial institution, situations resulting in potential or actual conflicts of interests may arise. There is nothing inherently unethical if and when such situations arise, subject to compliance with regulatory and legal requirements. However, the abuse of such situations is clearly improper and NPX is committed to managing these conflicts of interest to prevent abuse and protect our clients, employees and other counterparties.

NPX and its Affiliates, as a fiduciary, are required to take all reasonable and appropriate steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between ourselves (including our managers, employees, directors and any person directly or indirectly linked) and our clients and between one client and another and to have in place a policy relating to conflicts of interest. NPX entities should keep an updated mapping of all potential conflicts of interest related to their activities.

Any employee or associated person should let their manager know if they are aware of a material conflict of interest. Each directors are responsible for coordinating the listing of material conflicts of interest to which Affiliate is subject. In doing so, director will use such tools that it deems appropriate, such as a review of the activities of Affiliate that might give rise to a conflict between the interests of Affiliate and its affiliates, on the one hand, and the interests of its clients, including the Funds, on the other. Once such conflicts are identified, director will oversee the consideration of appropriate disclosure and/or mitigation of the conflicts.

Employees are responsible for identifying and reporting any breaches of the policy to the General Counsel.

A conflict of interest is the source of any advantage, direct or indirect, of whatever nature, tangible or intangible, professional, commercial, financial, non-financial or personal. However, it should be noted that it is not enough that NPX may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom NPX owes a duty may make a gain or avoid a loss without there being a concomitant possible loss to another such client.

The material conflicts of interest which Affiliate anticipates could be encountered by the Funds include those discussed below (non-exhaustive), although the discussion below does not necessarily describe all of the conflicts that may be faced by Affiliate and/or the Funds. Other conflicts may be disclosed throughout this Manual and other dedicated Policies / Procedures and these documents should be read in their entirety for other conflicts.

1. Potential Conflicts

Here below is presented a non-exhaustive list of situations that may create a Conflict of Interest:

Fundraising – A conflict of interest can arise between a fund manager that seeks to maximize the size of the fund in order to increase the amount of management fees generated by the fund and the fund's investors that seek to limit the size of the fund to ensure that the capital raised is deployed more selectively.

Valuation – The methodology used for valuing portfolio companies can affect the amount of management fees the fund manager receives as well as affect fund performance numbers, so the fund manager can face significant conflicts of interest when making decisions regarding the selection of such methodologies.

Co-Investment – Co-investment situations arise where the fund manager, individual investors in the fund, other funds affiliated with the manager or employees of the manager have the opportunity to separately invest in one of the fund’s portfolio companies. If the terms under which the fund manager or such other investors invest differ from the terms under which the fund invests, significant conflicts of interest can arise in the course of negotiating the fund’s investment.

Competing Funds – When a fund adviser is affiliated with more than one fund, it must determine which investment opportunities will be offered to which fund and when, and determine which fund gets priority at any given time.

Navigating Affiliated Transactions – Transactions might arise between the fund manager or its affiliates and the fund itself or its individual investments. The fund manager would face a conflict of interest if it approved such transactions on behalf of the fund.

Fees and Expenses – A fund manager must be careful to allocate transaction expenses and broken deal expenses between the fund, the fund manager, and any co-investors in accordance with the fund’s limited partnership agreement and in accordance with reasonable investor expectations.

Carried Interest – The entitlement of a fund manager and the underlying portfolio fund managers to carried interest over and above their basic management fees could create an incentive for the fund manager and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case.

Inter-Fund Sales – When a fund exits an investment, it’s not uncommon for that fund to sell its assets to another fund that shares the same fund manager, creating a potential conflict of interest for the manager in determining the terms of such sale.

Dealing with Investor Defaults – If an investor is unable to make the investment after the manager makes a capital call, the manager typically has discretion in determining what remedies the manager will use against the defaulting investor. The fund manager’s relationship to that investor may cause the fund manager to face conflicts of interest in the enforcement of such remedies.

Cross-Fund Investments – Firms could have several Funds with different investing strategies that may invest in the same portfolio company in different assets. The alignment of the investments may be thrown off if the portfolio company experiences distress and the debt holders’ interests may no longer align with the equity holders.

2. Resolution of Conflicts

In the case of all conflicts of interest, NPX’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using NPX’s best judgment, but in its sole discretion. In resolving conflicts, the Firm may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. If conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

A Fund will not make an investment unless the Firm believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;

Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds;

Where NPX deems appropriate, an unaffiliated third-party valuation agent may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;

Prior to subscribing for interests in one of the Funds, each investor will receive information relating to significant potential conflicts of interest which may arise from the proposed activities of the Fund; and

Affiliate Compliance will be responsible, as described in the Regulatory Filings section of this manual, for ensuring that all appropriate regulatory filings related to Conflicts of Interest are made, directly or through the Natixis Group, or exemptions are complied with, as required by applicable laws.

3. Disclosing conflicts of interest

Where internal arrangements maintained by NPX are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, then: the general nature and/or sources of the conflict will be disclosed to the relevant client(s) before undertaking relevant investment business for the client(s);

Disclosures must:

- detail the general nature or sources of conflicts of interest, or both;
- detail the steps taken to mitigate those risks;
- clearly state that the organizational and administrative arrangements established by NPX to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- include specific description of the conflicts of interest that arise in respect of the services provided; and
- explain the risks to the client that arise as a result of the conflicts of interest.

Disclosures made will include sufficient detail, taking into account the nature of the client to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises. Disclosures will be made in an appropriate durable medium such as the Report and Accounts, the Prospectus, letters, e-mail, etc.

The disclosure of a conflict of interest to a client does not exempt NPX from maintaining and operating effective organizational and administrative arrangements with a view to taking all reasonable and appropriate steps to prevent or manage conflicts of interest from constituting or giving rise to damage to the interests of its clients.

NPX must treat disclosure of conflicts of interest as a measure of last resort to be used only where the effective organizational and administrative arrangements in place to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

Where NPX identifies a situation, which will potentially necessitate the disclosure of conflicts of interest, this matter will be referred to the relevant director that will consider and agree the most appropriate course of action.

4. Records of conflicts of interest

The Conflict of Interest Policy will be reviewed when necessary to ensure it remains current based upon the scope of NPX's activities, its operating structure, strategic plans, applicable regulatory changes and the nature of its clients. This review should take all appropriate measures to address any deficiencies, such as over reliance on disclosure of conflicts of interest.