

Version 6.2

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# CONFLICT OF INTEREST POLICY

## I. Introduction

Pure Capital S.A. (hereafter referred to as '*the Company*') is a Fund Management Company under Chapter 15 of the Luxembourg UCITS and AIFMD legislation, offering services to a wide range of funds and discretionary management and advisory services to its clients.

This may result in conflicts of interest arising between different units and/or functions of the Company (including the Board of Directors, Senior Management, employees and tied agents, or any person directly or indirectly linked to them by control), the funds and/or the investors, Sub-Fund or unit/share class/the Funds, investors, or between one or more investors/clients.

All measures described in this policy aim at preventing, identifying and managing potential conflicts of interest relate to the Company's client base:

- investment funds promoted by the Company or for external funds for which the Company acts as management company under the UCITS and AIFMD legislation;
- the investors into such investment funds;
- the clients under a discretionary management or investment advisory mandate.

(collectively hereafter referred to as '*the Funds/Investors or Clients*')

The main measure to prevent conflicts of Interest from adversely affecting Funds/Investors or Clients is to ensure that actions are taken with the purpose to be in the best interest of the Funds/Investors or Clients, and are taken independently of the interests of any of the Company's other investors, activities, or employees etc. With regard to investors in the funds, actions should be taken in the common interests of the unitholders/ shareholders.

## II. Legal reference

In the context of identifying and managing conflicts of interests, there are various Luxembourg legal and regulatory requirements which have to be respected. This policy explains, how the Company complies with the following European and local regulatory demands (hereafter referred to as 'the Policy'):

- Law of 12 July 2013 on Alternative Investment Fund Managers ("AIFM");
- Law of December 17th, 2010 on "undertakings for collective investment ("UCI"), especially regarding the requirements for management companies;
- Law of 13 February 2007 on Specialised Investment Funds;
- Luxembourg law on the financial sector dated April 5, 2003 (art 37 and 38);
- Luxembourg law on Market Abuse dated May 9, 2006 (implementing the European Market Abuse Directive 2003/6/CE);
- Luxembourg law dated 13/07/2007 relating to Market in Financial Instruments (implementing the Markets in Financial Instruments Directive 2004/39/EC (MiFID I)). According to legal and regulatory obligations as per this Directive (hereafter referred to as '*MiFID or the Directive*'), key stakeholders including clients, shareholders and regulators expect or require a legally authorized entity under the Directive to identify and manage conflicts of interests appropriately;
- EU Directive 2014/65/EU of the European Parliament and of the council of 15 May 2014 on markets in financial instruments (MiFID II);
- Delegated Regulation of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards to organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (hereafter referred to as the "*MiFID II Delegated Regulation*").
- Delegated Regulation of the EU Commission supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
- Luxembourg "*Règlement grand-ducal*" dated 13/07/2007 related to the organizational requirements and rules of conduct in the financial sector (implementing Directive 2006/73/EC as regards to organizational requirements and operating conditions for investment firms);

- CSSF Circular 12/546;
- CSSF Circular 12/552;
- CSSF Circular 2000/15 related to rules of conduct in the financial sector (point 6);
- CSSF Circular 06/257 on Market Abuse; and
- CSSF Circular 14/585 on Remuneration Policies and Practices.
- CSSF Circular 18/698 on authorisation and organisation of investment fund managers incorporated under Luxembourg law

In addition to the prevailing laws and regulations, Pure Capital has decided to adopt the ALFI Code of Conduct for Luxembourg Investment Funds.

### **III. Objectives**

In accordance with article 18 (1) of MiFID, the Company will take all reasonable steps to identify conflicts of interest between:

- (1) the Company, including its managers, employees and appointed representatives (or where applicable, tied agents), or any person directly or indirectly linked to them by control, and a client of the firm; or
- (2) one client of the firm and another client; that arise or may arise in the course of the firm providing its services.

The Company recognizes its responsibilities under the laws and regulations mentioned under this policy and is committed to identifying and managing actual or potential conflicts of interest appropriately, so as to ensure that its clients and service partners are treated fairly and protected from any damage due to conflicts of interest.

Noting the limitations that a policy has in eliminating all conflicts and ensuring its total effectiveness, the Company would like to define its objectives and purpose.

This Policy therefore sets out the Company's overall approach in properly identifying and managing conflicts of interest. The approach primarily taken is to consider the following:

- identify circumstances or potential circumstances that may give rise to a conflict of interest, including those entailing a material risk of financial damage to the interests of one or more clients or investors;
- detail procedures and measures to be adopted and followed in order to manage such actual or potential conflicts of interest,
- provide a framework, and escalation rules, for dealing with conflicts of interest internally and allocate responsibilities; and
- implement obligations and requirements to record and disclose conflicts of interest.

### **IV. Responsibilities, relevant persons**

Relevant persons in the context of this Policy are:

- Employees, senior staff, the Executive Committee (EC or 'Comité des Instances Dirigeantes') and the Board of Directors of the Company;
- Directors and partners that, based on their interest(s) held, may be in a situation of conflict, also managers or agents of administered funds;
- Any other individual whose services are available and under the supervision of the Company, and who participate in the provision of investment services and activities on behalf of the Company; and
- Any other individual who is directly involved in the provision of services to the Company, on the basis of an outsourcing agreement, having as its objective the provision of investment services and activities provided to the Company or its administered funds.

It is the responsibility of the Company's Executive Committee (EC) to take all reasonable steps in order to ensure compliance with the Policy and provide the human and technical resources necessary for its implementation.

It is the responsibility of all relevant persons to adhere to the Policy. Infringement of its content may result in disciplinary action, including dismissal.

The responsibility for assessing the compliance of relevant persons with this Policy has been assigned to the permanent Compliance Function within the Company, under supervision of the Board of Directors. The assigned Chief Compliance Officer (CCO) has to control for adherence to this Policy and must inform the EC, or if necessary the Board of Directors, in the case of any breach or violation he may become aware of in the normal course of his ongoing assessments.

## V. Guiding principles

The following guiding principles apply to the Company's approach in identifying and managing conflicts of interest:

- The company is committed to treat its clients fairly and with integrity;
- The Company is committed to comply with all applicable legal, regulatory requirements relating to conflicts of interest;
- The Company is committed to maintain and operating effective organizational and administrative arrangements to identify and manage conflicts of interest, including those possibly arising as a result of the structure and business activities conducted jointly with other service providers;
- The Company recognizes the importance of a culture of integrity to manage conflicts of interest. As such all employees have a duty to be mindful of conflicts of interest and to take all reasonable steps to assist in their identification and proper management, this includes prompt and expedient escalation of conflicts as they arise to relevant management functions and/or to the Compliance Function;
- The EC takes reasonable steps to ensure that employees' remuneration and reward structures are aligned with the overall goals of this Policy. For further details please refer to the Remuneration Policy of the Company;
- The Company expects that where an employee is aware that they or the Company have a material interest, which could influence their dealings with or advice to a client and its investors, that the interest must be disregarded and the employee must act in the interest of the client. Additionally, the interests of the Company also precede the interests of any employee;
- The Company is committed to take all reasonable steps to ensure proper disclosure of residual conflicts of interests (if any) to the client.

## VI. Identification of conflicts of interest/ Relevant Persons

In accordance with article 21 of MiFID and article 17(1) of the UCITS implementing Directive, for the purposes of identifying conflicts of interest that may arise for the Company, for a relevant person or a person directly or indirectly linked by control to the Company (hereafter referred to as '*the Person*'), the following criteria must be considered when rendering services to the Company's investment funds (AIF and UCITS) and clients whether:

- the Company / Person has an interest in the outcome of the product / service provided to the client, or on his behalf, which is distinct from the client's interest;
- the Company / Person is likely to make a financial gain, or avoid financial loss, at the expense of the client or one of its investors;
- the Company / Person has an incentive, for financial or other reasons, to favor the interest of another client or group of clients over the interests of the client or one of its investors;
- the company / Person carries out the same business as the client or one of its investors;
- the company / Person receives or may receive from a person other than the investor, an incentive for the services provided in the form of money, goods or services outside of contractual agreements (inducements). The Company will not accept and not keep any monetary or non-monetary payments related to investments within the framework of a discretionary management or advisory mandate and will be fully reimbursed to the client, in order to be compliant with MIFID II;
- the appointment of employees as a board member or in the investment funds the Company manages, obtains the formal approval from the manager or Board of Directors for such assignments;

- the appointment of persons in the board of directors of investments funds the Company manages who are also acting as board member for other investment funds the Company manages, obtains the formal approval from the manager or Board of Directors for such assignments;
- introduction within the investment funds managed by the Company of shares/units of other investment funds managed by the Company;
- introduction within the investment funds managed by the Company of securities/investment funds linked to the directors or portfolio managers of the investment funds managed by the Company;
- cross sub-fund investments;
- the perception of commissions of underlying investment funds of the investment funds managed by the Company;
- the Company's employee has an incentive to favor the provision of a service to a client or one of its investors or group of clients or one of their investors over the interests of the Company / Person;
- an employee, or senior management of the Company will not exchange confidential information about a Fund/Investor or Client, where the exchange of that information is not necessary and/or could harm the best interest of the Fund/Investor or Client.

In accordance with MiFID, the necessary competence and access to resources must be in place within the Company in order to secure that the Company can act professional and with the requisite independence in relation to various interested parties.

The Company has a number of counterparts, service providers and commercial partners. These can be external parties supplying among other things custody services, legal services, different administrative services and execution and trading services. Therefore, the Company will handle the following principles:

- Engaged parties shall be assessed, selected and followed-up in a formal process to ensure that they are diligent, professional and that all such relationships are engaged into on a strictly professional basis with focus on quality, compliance and pricing of those services.
- The Senior Management shall monitor that all costs paid from the Company and/or the Funds to another legal entity are based on fair market conditions and in line with commercial agreements. The EC shall also monitor that the reverse situation is handled at fair market conditions, e.g. when the Company is compensated for services rendered to another legal entity.
- If the Company outsources activities or functions to an external party, a commercial agreement and a service level agreement shall regulate the outsourced activities and functions. The agreement shall in sufficient detail specify the services that should be performed and delivered. If applicable the service level agreement shall specify what kind and frequency of reporting the Company will receive.
- The quality and ongoing performance of contracted services and delegated functions shall be evaluated by the risk and legal unit within the Company and reported to the EC and summarized to the Board of Directors.
- Any material change in significant transactions carried out with related parties must be brought to the attention of the supervisory body as soon as possible.
- Transactions with related parties must be carried out in the interest of the credit institution. The credit institution's interest is not met where transactions with related parties :
  - are carried out on less advantageous terms for the credit institution than those which would apply to the same transaction carried out with a third party (at arm's length);
  - impair the solvency, liquidity situation or risk management abilities of the credit institution from a regulatory or internal point of view;
  - exceed the risk management and control capacities of the institution or are not part of the standard activities of the credit institution;
  - are contrary to the sound and prudent management principles in the interest of the credit institution.

There is a **special focus** on investment advice and portfolio management and investment funds services rendered by the Company. The Company ensures on an ongoing basis and in an objective and transparent manner any investment decisions or investment advices provided to its clients. A potential conflict of Interest arises when the Company issues/provides/promotes investment funds or financial instruments and whereby the Company within the scope of its discretionary management and advisory services should be improperly affected to invest in these products on behalf of the Funds or Clients managed by the Company. The Company has implemented a high standard of due diligence requirements in relations to investment by the investment funds it manages.

In these cases as well as in similar transactions handled by an external party, the Company shall act as an independent entity and evaluate every transaction. An individual fund shall only take part in transactions if it is in the best interest of the clients. It is the responsibility of the investment managers within the Company for each fund or portfolio to decide if the fund or portfolio should invest in an instrument or a product. The overall reason to invest in instruments or products is the contribution to performance. The investment managers within the Company are among other things evaluated with regard to the performance in the managed funds on an on-going basis.

The Company has established and maintains a best execution and orders handling procedure and arrangements which provide for prompt, fair and expeditious execution of orders on behalf of the Funds/Investor and Clients. The Company shall at least yearly perform a control of the quality of the Company's Best Execution policy, which shall be reported to the Board of Directors of the Company, who shall follow up the counterparties used.

The Company takes also into account of conflict of interest related to client's sustainability preferences and other conflicts of interest that may arise as a result of the integration of sustainability risks in processes, systems and internal controls.

These conflicts of interest could, among others, give rise to greenwashing, misrepresentation of investment strategies, or insufficient consideration of client's sustainability preferences, which are by no means tolerated by the Company.

Related to the investment funds:

- the Company places all orders in the name of those funds, the Company has no conflicts of Interest related to block-order handling.
- All trading in fund units/shares must occur at an unknown price to ensure that all investors are treated equally and in order to eliminate the risk of late trading. To ensure all trading occurs at unknown prices, subscription and redemption of fund units/shares shall strictly observe the cut-off time provided for each fund. Exceptions can be done in special cases. Such special cases can be, but are not limited to e.g. interruption in technical systems, interruptions in the operation or by a correction of mistaken instructions. If trading occurs during such an exceptional circumstance, special attention to established routines and standard principles shall be observed in order to ensure that trading in fund units/shares still occurs at an unknown price. The Compliance Officer shall monitor that all trading is at unknown prices. To limit the risk of "market timing" events (e.g. exploitation of time zone differences) the Company shall ensure that routines are established which shall make it possible to do a control and monitor the flow in a fund to detect "market timing" opportunities. Should such an opportunity or incident be detected, the Company shall take measures to prevent this, which shall be monitored by the Compliance Officer. To prevent any Conflict of Interest from occurring, the Company's trading a fund shall be closed for subscription and redemption if the fund's underlying instruments cannot be valued at market prices to ensure equal justice for the unitholders/ shareholders. The Compliance Officer shall ensure that routines and principles according to the instruction regarding the closing of a fund for subscription are monitored.
- To prevent any Conflicts of Interest the Company's trading with units in own funds should be executed at the same conditions as for other clients according to the instruction of the investment managers. When investing in own funds the purpose shall be through cost effective long-term investments to get an exposure towards a certain market or a certain market segment. The same is applicable when trading within the fund-of-funds products managed by the Company. If kickbacks (retrocessions or discounts) apply in connection with a fund's trading in units in other funds, they should accrue to the fund less a customary (depository) transaction fee. The Company's trading in own funds shall be monitored by the Compliance Officer on an on-going basis.

- A possible Conflict of Interest occurs when the Company is acting as (founding) shareholder. The Company shall in the role as shareholder act exclusively in the common interests of the investors according to the Company's policy for the exercise of voting rights.
- The Company is not using soft commissions, i.e. remuneration in the form of goods and services received by the Company in conjunction with business transactions and which do not form part of the normal range of services offered by the trading partner, which is monitored by the Compliance officer. The revenue within the Company mostly exists of management fees and other fees from the managed funds according to the provisions for the funds. The management fee is normally a fixed percentage and it is therefore important to specify costs included in the management fee and costs, a specific fund shall pay beside the management fee. A Conflict of Interest can arise in case where it is not clear whether the Company or a Fund should pay a cost or receive revenue. The Company has an instruction specifying this issue.
- Examples of fees and charges paid directly from a fund are transaction costs such as commissions, settlement fees etc. These costs shall be market competitive and the service paid for is of high quality. A potential Conflict of Interest can be that other factors such as business interests of another related party to the Fund should influence these fees and charges. The Company shall ensure that a fund only pays for services, which is to the benefit of the investors. When choosing counterparties the choice shall be based on the best interest for the investors.
- The investment management agreement between the Company and the funds provide for a clause relating to the prevention of potential conflicts of interests.

This is a **non-exhaustive** list that should be taken into account when considering the identification of a conflict of interest which may or may not arise.

In general, there are four main types of conflicts of interest that have been identified by the Company:

- those between clients and the Company, where their respective interests in a particular outcome may be different;
- those between the personal interests of staff of the Company and the interests of the Company, or its clients, where those interests may be different;
- those between clients with competing interests; and
- those between third party service providers and clients.

Where the staff members are or have been faced with a conflict of interest, they shall promptly inform their senior manager on their own initiative.

It is the responsibility of all employees to identify such potential conflicts of interests and it is the responsibility of the compliance officer to regularly review, within the course of the Compliance Monitoring Plan, the company's processes, potential conflicts of interest associated with them and the procedures in place in order to mitigate them. To enable the CCO to perform his monitoring duties properly, it is an obligation that any Client Relationship Manager (CRM) fill out and keep up to date a "*Conflict of Interest Assessment*" for each client/ product/ investment fund that he/ she is responsible for. To guarantee a consistent approach, the "Conflict of Interest Assessment" should be used when initially performing this exercise for a new client/ product/ investment fund. The CCO and/or the Chief Risk Officer (CRO) will provide advice and assistance whenever this is requested.

Such potential conflicts of interest are to be mentioned in the document "*Entrée en Relation*" which is assessed by the Acceptance Committee for any new business relationship.

For any existing client/ product/ investment fund, the Conflict of Interest Assessment should be regularly reviewed by the responsible client relationship manager at least on a bi-annual basis or whenever major changes occur which need to be reflected immediately.

## **VII. Late trading / market timing**

Trading of Fund's units or shares must occur at an unknown price to ensure that all Funds are treated equally and eliminate the risk of late trading. To ensure that all trading is at unknown prices, subscription and redemption of the Funds units or shares shall strictly respect the cut-off time described in the fund's prospectus.

The Company takes all necessary actions that ensure that the Funds are not exposed to a particular risk of market timing (exploitation of time zone differences) and monitors the flow in the UCITS fund to detect and prevent "market timing".

## **VIII. Special focus on investment research**

MiFID II considers that the provision of research constitutes for the recipient a form of inducement, i.e., a benefit, in the broadest sense, which carries potential conflicts of interest.

To receive any form of inducement is now prohibited for the Company when providing portfolio management services on behalf of third parties (i.e., discretionary management) or investment advice on an independent basis.

In addition, Article 13 of the Delegated Regulation details the manner in which inducement rules should apply in the particular case of the provision of research by third parties to the Company. More specifically, Article 13 now requires the funding of research through one of the following two methods:

- direct payment for research using the Company's own resources; or
- payment charged to the Company's Clients from a separate research payment account that is controlled by the Company, under certain operational and transparency conditions.

The Company will pay for such investment research out of its own resources and therefore eliminate potential conflicts of interest. However, in accordance with the scope of application of MiFID II, the new provisions related to research-related inducements apply solely to the Company as part of their third-party portfolio management or independent investment advice activities.

Nevertheless, the Company when managing UCITS or AIFs will be free to extend this mechanism to the consumption of research as part of its collective management activities providing that the holders of the collective investments are clearly informed in advance. The practical arrangements will comply with the specific provisions of UCITS and AIF regulations relating to client information. In any case, research costs invoiced to clients managed under mandates should not fund the research used for the collective management activity and vice versa.

## **IX. Independence in relation to inducements**

The Company, in the course of its business potentially receives incomes derived from inducements in relation to a service provided to the Client. As a rule, any income derived from inducements is accrued to the Client. In order to ensure compliance with Directive 2014/65/EU ("MiFID II") and more specifically regarding the management of inducements, the Company follows the principle stated in Article 11 and 12 of the Commission Delegated Directive 2017/593 ("Level 2 Directive"), titled "Inducements", which sets out requirements for the receipt by an investment firm of a fee, commission or non-monetary benefit.

The purpose of this section is to define the criteria to be used by the Compliance Officer in order to ensure that each relevant fee and commission paid or received by the Company is properly analysed and processed.

The Compliance Officer uses a decision tree that is reflecting the mean of classification established when assessing the compliance of the fees paid and received by the Company when providing services.

In this context, the Compliance Officer should distinguish between the following types of fees:

1. Payments received from the Client;

2. Proper fees (this category will typically include settlement and exchange fees, regulatory levies or legal fees which enable or are necessary for the provision of the Company's services, and which, by their nature, cannot give rise to conflicts with the Management Company's duties to act honestly, fairly and professionally in accordance with the best interests of its Clients These fees shall be referred to as "Proper fees".

No further test is required to be performed by the Compliance Officer in this regard. However, payments not qualifying as "proper fees" will be considered as inducements, and will be repaid to the Client.

## **X. Rules in relation to remuneration principles**

The Company shall act in the interests of the Clients. To prevent any conflicts of interest, the Company shall ensure that remuneration principles do not conflict with the interests of the Clients. The Company has adopted a remuneration policy and ensures that principles for remuneration to employees, especially incentive compensation, do not conflict with the interests of the Clients, promote a sound and prudent risk management and do not give rise to a conflict of interest. To avoid any conflicts of interest regarding employees trading in securities for own and closely related persons' account, the Company has adopted a Personal Transactions Policy.

## **XI. Independence of control functions**

The Internal Governance policy of the Company lays out the different conducting officers and board members' mandates.

In order to prevent conflicts of interest in the split of internal functions, the Company applies the following principles:

## **XII. Prevention and management of potential and actual conflicts of interest**

In general, the Company's and its funds' market reputation and financial standing can be severely harmed following even the mere appearance of a conflict of interest. Therefore, the Company will take whatever steps are deemed necessary in order to avoid any negative implication for the Company and its administered funds due to a conflict of interest.

To manage conflicts of interests effectively requires adherence to specified procedures and/or adopting appropriate measures as described in the following items of this section.

This list is not exhaustive. The measures and procedures below may be combined to manage conflicts of interest, as well as aiming to ensure the appropriate level of independence. The fact that a particular practice or condition is not mentioned, or prohibited below, does not mean that it has been approved. In case of doubt, the CCO should be consulted. The list below should be read in conjunction with article VI here above.

If the measures and procedures listed do not in some way reasonably ensure appropriate management of the conflict of interest, the concerned department/employee must adopt alternative and/or additional measures and procedures, including appropriate use of disclosure, to accomplish that purpose.

It is to be mentioned that the Company does not hold any omnibus account for clients being in investment advice and portfolio management, nor does the Company maintain a trading book or negotiation portfolio. This situation excludes potential conflicts of interest in the field of Investment Research.

### **A. Delegation**

The Company will delegate for its investment funds the central administration functions to third party service providers.

The Company has a number of counterparties, service providers and commercial partners. These can be legal entities supplying among other things depository services, different administrative services and act as broker /

trading partner under market conditions. If the Company outsources business to another legal entity, an agreement or/and a service level agreement should regulate the outsourced business taking into account the provisions of the local regulator regarding outsourcing. The agreement and the service level agreement specify the frame of the services that should be carried out by different entities. If the Company on behalf of a Client enters into an agreement with a legal entity, the Company shall ensure that the agreement is adjusted to the conditions of the market and is in the interest of the Client and / or the Company.

To avoid any rise of potential conflicts of interest, the Company shall ensure that all business which involves any legal entity is on market conditions (arm's length basis). In cases that transactions handled by an internal or external party, the Company and each Client shall only take part in transactions if it is in the interest of the Client.

## **B. Culture of integrity**

The EC promotes within the company a culture of integrity which highlights that employees have a fiduciary duty to be watchful for potential conflicts of interest and has adopted an internal Code of Conduct. In addition, the EC is dedicated to taking all reasonable steps to assist in the management and remediation of potential conflicts of interests or actual conflicts of interests.

## **C. Prompt information on personal transactions**

Under MiFID, a personal transaction shall be a trade in a financial instrument effected by or on behalf of a relevant person:

- a) the relevant person is acting outside the scope of its professional capacity;
- b) or the trade is carried out for the account of:
  - the relevant person ;
  - any person with whom he has a family relationship, or with whom he has close link ;
  - a person in respect of whom the relevant person has a direct or indirect material interest in the outcome of the trade, other than obtaining a fee or commission for the execution of the trade.

The Company is informed promptly in accordance with MiFID requirements of any personal transaction entered into by a relevant person, either by notification of that transaction or by other procedures enabling the firm to identify such transactions.

A record is kept of the personal transaction notified to the Company or identified by it, including any authorization or prohibition in connection with such a transaction.

Each staff member is aware of the restrictions on personal transactions, and of the measures established by the Company in connection with personal transactions and disclosure as laid out in the Personal Transaction policy and the Code of Conduct of the Company.

## **D. Chinese walls for private/complementary activities by staff members**

There is an ongoing separation between the interests of the Company and the private/complementary interests of staff members. Such potential conflict of interest could exist when staff members accept a complementary activity with an existing client and needs prior approval from the EC.

## **E. Absence of remuneration of staff members acting as board member**

The partners, directors or employees who act as a board member within investment funds will not perceive any remuneration for such role.

## **F. No duplication of investment management fees**

In principle, the investment management fees of underlying target investment funds managed by the Company perceived by the Company for which the latter also acts as investment manager may be entirely reimbursed to the investment fund invested in the target funds.

## **G. Supervision and levels of independence**

The Company implements:

- levels of independence/ supervision for persons engaged in activities entailing a conflict of interest, including a full separation of portfolio and risk management (Chinese Walls) according to the requirements of article 42 of the Delegated Regulation of the EU Commission, supplementing Directive 2011/61/EU (in particular article 15);
- the at-arms-length principle. In particular, preventative measures to limit any person from exercising influence, that may be deemed as inappropriate, on the way a relevant person may carry out a service or business. The fact that a person holds a certain position within the Company should not be misused to seek or accept any business opportunity, favor or benefit to the detriment of clients or other employees or to achieve certain decisions;
- measures to remove any direct links between the remuneration of different relevant persons engaging in different activities, where the remuneration arising from such activities could lead to a conflict of interest;
- separate supervision of relevant persons where their principal activities or service provision could lead to a conflict;
- procedures to prevent or control the exchange of information where there is a risk that the exchange would harm the interests of one or more clients;
- preventative measures to limit the involvement of a relevant person in a number of separate services or businesses, where involvement may impair the proper management of conflicts of interest;
- limits to prevent inappropriate influence over the way in which a relevant person carries out investment or ancillary activities.

## **H. Miscellaneous**

The Company's organizational structures, its systems and the separation of tasks and segregation of activities provided for within the Company, as well as its policy for managing conflicts of interest are designed to ensure the provision of services on a fully impartial basis.

In this context the following other policies apply:

- Code of Conduct – Including staff regulations and personal transactions
- Remuneration Policy

## **XIII. Escalation/clearance of conflicts of interest**

In accordance with article 23 of MiFID and article 20(1) of the UCITS implementing Directive, the Company keeps and regularly updates a record of the kinds of service or activity carried out by or on behalf of the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

The Compliance function keeps this record of all such report and business activities undertaken by or on behalf of the Company, which entail Conflict of Interest issues. A review is undertaken at least on an annual basis (or more frequently as required) with the purpose of identifying any actual or potential Conflicts of Interest that could have a material effect on the interests of the Funds/Investors or Clients, and ensures that the provisions which the Company has implemented pursuant to this Policy remain adequate.

A copy of this review shall be provided to the Compliance Officer. The Compliance function is responsible for monitoring of the effectiveness of the measures and procedures implemented pursuant to this Policy, and for updating this Policy as and when deemed necessary and report to the Board of Directors of the Company, at least once a year.

The Compliance function shall keep a register of all situations, where a Conflict of Interest with a considerable risk of one or more Funds/investors or Client's interests being negatively affected has arisen or could have arisen.

When a conflict of interest is identified and it cannot be dealt with or addressed within the normal procedures as stated above then the formal escalation procedure applies and it must be reported immediately to the Compliance Function. The Compliance Function will record the conflict of interest on the register and consider possible solutions.

Should the Compliance Function need further guidance on such conflicts, it will report them to the EC or the Board of Directors. They will consider the potential conflict situation in detail and thereafter decide on further proceedings.

#### ***Disclosure as last resort***

In accordance with article 34 of the MiFID II Delegated Regulation, if arrangements made by the Company to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, the Company must clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client.

The disclosure will:

- (a) be made in a durable medium; and
- (b) 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.

The disclosure will moreover include:

- (a) specific description of the conflict of interest in question;
- (b) explain the general nature and/or sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflict and the steps undertaken to mitigate these risks; and;
- (c) explain that the Company's organizational and administrative arrangements are not sufficient to protect the client.

Such disclosure is a last resort and should only be adopted in specific cases where the measures otherwise put in place are judged to be inadequate to prevent the risk of material damage to the party (ies) affected.

In such cases, the Company shall disclose the relevant Conflict of Interest to the Fund/investor or client before undertaking business with or for it, giving sufficient information to enable the Fund/Investor or client to take an informed decision on whether or not to proceed with the proposed transaction.

## **XIV. Approval by the Board of Directors**

This policy has been extracted from the current procedure manual, approved by the Board of Directors of the Company.

## **XV. Recordkeeping and self-certification from employees**

In accordance with article 22 (1) of the CSSF Regulation 10-4, the Company ensures that a record is kept of all reports and actions taken by the Company. The Company shall document all situations, where a conflict of interest with a considerable risk of one or more Clients or unit holders' interest being affected negatively has arisen, and shall also include the procedures to be followed and the measures to be adopted in order to manage such conflicts of interest.

All employees of the Management Company will be required to complete on a yearly basis an affidavit report regarding their adherence to the policies and procedures of the Company, and if applicable any conflict of interests.

## **XVI. Consultation**

The Funds/Investor or Clients can freely consult this Policy upon request.

## **XVII. Review of the policy**

In relation to this Policy, and in accordance with article 34 of the MiFID II Delegated Regulation the Company will assess and periodically review - at least annually - the Policy and take all appropriate measures to address any deficiencies.

The Board of Directors of the Company