



# Conflict of Interest Policy

Fondaco Lux S.A.

NOVEMBER 2019

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# GENERAL

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## I. FONDACO LUX S.A.

Fondaco Lux S.A. (hereinafter, "the Company") was incorporated on 7 March 2008. Currently the Company's sole and controlling shareholder is Fondaco SGR. S.p.A.

## II. INTRODUCTION

The legal requirement for the conflict of interests that have entered successively in force has changed the approach to be adopted with regard to any conflicts of interest which may arise between the Company and its customers in respect of the provision of investment services.

The new approach is intended to make investment companies more accountable and ensure greater transparency for customers.

Within the Company: Particular care is therefore required to ensure the proper treatment, at all times, of customers in situations where there may be a potential conflict between the interests of the investment company and those of the investor (or investors).

The aim of the Company is to set out, in this document, its own conflict management policy (i.e. the Policy).

This Policy was approved by the Board of Directors and then brought to the attention of the Company as a whole, which must comply with it rigorously.

## III. DEFINITIONS AND PERSONS TO WHOM THE POLICY APPLIES

A number of definitions are provided below to make the Policy easier to read and understand.

- "Fund" and "Sub-Fund": All Funds or Sub-funds issued and active from time to time by Fondaco Lux and governed by the applicable Luxembourg laws (UCITS law, AIFM law, SIF law, etc.).
- "Relevant persons": persons belonging to one of the following categories:
  - members of the company's governing bodies, the directors, any financial advisers to the Company and the members who, depending on the size of their holding (major or amounting to 5%) may find themselves faced with situations where there is a conflict of interest;
  - the Company's staff and any other natural persons providing services to and who are controlled by the Company and are involved in the provision by the Company of investment services;
  - natural persons involved directly in the activities and services provided by the Company on the basis of an outsourcing contract (this being any form of agreement between the Company and a service provider under which the latter performs a procedure, service or activity for the Company).
- "Close ties": a situation in which two or more natural or legal persons are linked:
  - through a participating interest, namely holding, directly or indirectly or through a controlling interest, 20% or more of the voting rights or capital of a company;
  - through a controlling interest, whether it is a relationship which exists between a parent company and a subsidiary within the meaning of Art. 1(1) and (2) of Directive 83/349/EC, or a relationship of that nature existing between a natural or legal person and a company; the subsidiary of a subsidiary company is likewise deemed to be a subsidiary of the parent company which is at the head of these companies. A close tie includes situations in which two or more natural or legal persons have an enduring link with the same person through a controlling interest.
- "Durable medium": any instrument which enables the customer to conserve information intended for him personally so that it can be retrieved for a reasonable period of time and which makes it possible to reproduce the information unaltered.

- "Services": investment services and activities and ancillary services.
- "Customer": a natural or legal person to whom the activities and/or services are provided.
- "Personal transactions": a financial instrument transaction undertaken by, or on behalf of, a relevant person who satisfies at least one of the following conditions:
  - the relevant person is acting outside the scope of the activities for which he is competent;
  - the transaction is undertaken on behalf of any of the following persons:
    - a relevant person;
    - a person with whom the relevant person has ties of kinship, up to the fourth degree, or has other close ties;
    - a person whose relationship with the relevant person is such that the latter has a direct or indirect material interest in the outcome of the transaction, other than a fee or commission for the execution of that transaction.
- "Investment Manager": An investment firm to which the Company has delegated investment portfolio activities for a Fund/Sub-Fund through an investment management agreement.

The Policy applies to the Relevant Persons.

## IV. MAIN LEGAL FRAMEWORK

1. Regulation CSSF No. 10-4 concerning the application of Directive 2010/43/EU.
2. CSSF Regulation N° 12-01 laying down detailed rules for the application of Article 42a of the law of 13 February 2007 relating to specialized investment funds concerning the requirements regarding risk management and conflicts of interest.
3. The law of 12 July 2013 on Alternative Fund Investment Managers.
4. Law of 13 February 2011 - Reinforcement of the fight against corruption.
5. Directive 2004/39/CE (MiFID) and the following Directive 201/65/UE (MiFID II).

# CONFLICTS OF INTEREST - INTRODUCTION

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## I. WHAT IS MEANT BY A CONFLICT OF INTEREST?

In general, a conflict of interest is when one or more interests of the Company (or a company in the same group, as the case may be) or persons forming part of the Company (or of any group) do not coincide with those of the Fund/Sub-Fund or its clients.

### 1. General obligations

The Company has put in place and regularly applies effective organizational and administrative procedures for the adoption of all reasonable measures designed to prevent conflicts of interest having a detrimental impact on the interests of the Fund/Sub-Fund and their clients.

To prevent any of the Fund/Sub-Fund or their client from being adversely affected, it is necessary that the Company:

- adopts all reasonable measures to identify conflicts of interest which may arise during the course of managing the Fund/Sub-Fund between:
  - The Company, including its managers, employees or any person directly or indirectly linked to the Company by control, and the Sub-Fund/Fund managed by Company or its investors;
  - The Company or the investors in a Fund/Sub-Fund and another Fund/Sub-Fund or the investors in that Fund/Sub-Fund;

- One Fund/Sub-Fund or its investors and other client of the Company, including also a potential conflict of interests between an alternative investment fund and a UCITS fund or their investors;
- Between two clients of the Company.
- Informs the customer in a durable medium about the general nature and/or sources of conflict of interests in the event that the measures adopted by the Company are considered insufficient to provide reasonable assurance that the risk of harm to the interests of the Fund/Sub-Fund/customer have been avoided;
  - Factor in the minimum criteria for identifying the type of conflict that may arise when the investment services and activities are provided;
  - Operates in a way that ensures that responsibility for different structures does not lie in the hands of one person since a fusion of responsibilities provides scope for that person to harm the interests of individual Fund/Sub-Fund /customers;
  - Draws up, apply and maintain an effective conflict of interests' management policy which must be set down in writing, be appropriate to the Company's size and organization, make it possible to identify circumstances which give rise, or may give rise, to a conflict, and determine the procedure to be followed and measures to be adopted to manage conflicts;
  - Guarantees a degree of independence to relevant persons involved in the professional activities giving rise to a conflict of interest, making allowance for the fact that the procedure must:
    - Prevent or check the exchange of information between relevant persons;
    - Segregate the environment and create the necessary barriers for information flow;
    - Provide for separate supervision of relevant persons;
    - Eliminate any direct link between the different forms of remuneration received by relevant persons undertaking a range of activities;
    - Prevent from, or limit, the exercise by third parties of undue influence over the way in which the activities of the relevant person are undertaken;
    - Prevent from, or control, the simultaneous or consecutive involvement of a relevant person in investment services and activities or ancillary services;
    - Prevent any conflict of interests resulting from the exercise of voting right in relation to the instruments held;
    - Prevent any relevant person from making any personal transaction that might arise a conflict of interest.
  - Maintains and regularly updates a register in which a record is kept of the types of investment or ancillary services or investment activities for which there have been or may be a conflict of interests which risks seriously damaging the interests of one or more Fund/Sub-Fund/customer;
  - Develops independent, sound and prudent management and adopts measures designed to safeguard the rights of Fund/Sub-Fund/customers in respect of the assets of the clients;

Since the potential situations could cause damage to the Investors, the Management Company will ensure that systems, controls and procedures aiming at avoiding damage to Investors are put in place, and that these are adequate to identify, manage and disclose conflicts of interest.

## II. RELEVANT CONFLICTS OF INTEREST

Relevant conflicts of interest are those which, if not adequately identified and managed, could result in unfair and material prejudice to the Fund/Sub-Fund and its customers.

A relevant conflict of interest exists when the Company or a Relevant person:

- Can achieve a financial gain or avoid a financial loss to the detriment of the customer/Fund/Sub-Fund;
- In the case of a transaction undertaken on behalf of the Fund/Sub-Fund has an interest in the outcome of the service provided to the Fund/Sub-Fund or its investors or of a transaction carried out on behalf of the Fund/Sub-Fund or of another client that is distinct from the interest of the fund in that outcome has an incentive to favor the interests of other customers or Funds/Sub-Funds other than interests of those to whom the service is provided or those of the Fund/Sub-Funds concerned;
- Carries out the same activities for the Fund/Sub-Funds and for another Funds/Sub-Fund or its customer; or

- Receives, or will receive, from a person other than the Fund/Sub-Fund or its clients an inducement in relation to collective portfolio management activities provided to the Fund/Sub-Fund in the form of monies, goods or services and other than the standard commissions or fee for that service.

The classification given to customers is irrelevant for the purposes of the procedure for the identification of potential conflicts of interest.

### III. POLICY OBJECTIVES

The aim of this Policy is to lay down the policy for managing conflicts of interest that the Company intends to adopt to prevent, identify, monitor and manage relevant conflicts of interest. This will include determining the criteria and procedures to be used for that management.

The Policy for managing conflicts of interest does not deal with situations of potential conflict on a case by case basis, but sets out the measures that could be adopted to identify and manage such situations correctly.

The ways of identifying and managing conflicts of interest described in the Policy take the form of a series of activities and rules which the Company has adopted to determine the best procedure for responding appropriately to the requirement to safeguard customer and Fund/Sub-Fund interests. The following activities are involved in this process:

- Analyses and evaluation: Identification of situations of potentially conflicts of interest (this is the phase in which the Company, through Compliance and Internal Audit functions, proceeds to identify situations of potential conflict of interest).
- Management of relevant conflicts of interest (this is the subsequent and consequent phase, which puts into effect the organizational, procedural and monitoring controls which the Company has adopted to prevent and manage situations of major conflicts of interest).

## ANALYSES AND EVALUATION: IDENTIFICATION OF SITUATIONS OF POTENTIALLY MAJOR CONFLICTS OF INTEREST

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### I. MINIMUM CRITERIA FOR IDENTIFYING CONFLICTS OF INTEREST

The prevailing statutory provisions place the focus on the capacity of the Company to identify correctly all potential situations of a conflict of interest inherent in the provision of investment services. To this end, the Company has identified Compliance and Internal Audit functions (each within their own sphere of competence) as being the appropriate persons for correctly listing situations of relevant conflicts of interest, on the clear understanding that it is the duty and responsibility of all structures of the company concerned to draw attention to and report all possible interests in conflict with those of customers, which take precedence.

In identifying potential conflicts, the Company takes due account of circumstances which may unduly favor the Company, or one or more customers, as compared with the interests of the Fund/Sub-Fund.

The Company regularly reviews this document for the purposes of establishing the existence or otherwise of potential conflicts.

# ADVANCED

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## I. PREVENTION OF CONFLICTS OF INTEREST: THE CODE OF ETHICS

The Company's guiding principles, including those relating to the prevention of conflicts of interest, are enshrined in the Code of Ethics, which every employee, associate, member of the governing body and member of the Company's internal committees undertake to comply with at all times in performing their tasks within the Company.

Integrity, fairness, impartiality, compliance with the duty of professional secrecy and the primacy of customer interests are some of the principles established in the Code of Ethics approved by the governing body of Fondaco Lux S.A..

The Code of Ethics, which is a cornerstone of this Policy, states, amongst other things, that the persons addressed must refrain from undertaking activities that conflict with the interests of the Company, citing certain examples:

- exploitation of one's own job function to satisfy interests other than those of the Company;
- the use of information obtained in the course of undertaking work activities for one's own advantage or for the benefit of third parties and that conflicts with the interests of the Company;
- undertaking work activities of any kind for customers, suppliers or competitors and/or third parties that conflicts with the interests of the Company;
- accepting money or any other benefit in favor of a person or company which has or intends to have professional relationships with the Company.

Any work activities or any service performed for the Company but which conflict with the interests of the latter must be declared and authorized.

The Code of Ethics also states that all those undertaking work within and on behalf of the Company must:

- Retain their independence of judgement and decision-making autonomy in providing their services;
- Refuse external offices or remuneration which has not been authorized in advance by a de facto manager or the Chairman of the Board of Directors;
- Not conclude or personally sign contracts for the provision of services and sales contracts with companies in which one has an interest, directly or indirectly, without the prior authorization of a de facto manager or the Chairman of the Board of Directors;
- Refuse any gifts or personal advantages other than those expressly authorized under the specific rules of the Company;
- Not undertake any personal market transactions without complying fully with the specific restrictions and precautions laid down;
- Report any situations of conflict of interest encountered in respect of the Company and/the Funds to the Chairman of the Board of Directors and to Compliance and Internal Audit functions in a timely manner when they arise.

## II. MANAGEMENT OF RELEVANT CONFLICTS OF INTEREST

All the Company's departments are required to monitor their daily activities and report to a superior, Compliance and Internal Audit functions, the occurrence of any new situations of potential conflicts of interest.

In managing relevant conflicts of interest, the Company:

- associates with each activity undertaken the potential conflicts that could arise and the measures which will be adopted to prevent such conflicts arising;
- keeps activities and offices which could give rise to conflicts separate by putting in place so-called Chinese walls, which:



manage and contain flows of information to and from business activities in order to safeguard the interests of customers;

ensure that such activities are undertaken entirely separately from all other activities to rule out any potential for a conflict of interest between them;

- draws up and regularly updates a reference manual for the operational procedures for managing such incidents, conferring appropriate powers on specific posts in respect of the prevention of potential conflicts.

To prevent and manage situations of genuine conflict with a view to preventing any adverse impact on the Fund/Sub-Fund and – consequently – to customers, the Company adopts suitable organizational, procedural and monitoring controls.

The measures laid down are intended to prevent conflicts having an adverse impact on Fund/Sub-Fund (in the sense of imposing charges on their assets which could otherwise have been avoided or preventing them receiving any benefit to which they are entitled) or resulting in a benefit to which the Fund/Sub-Fund would normally be entitled not being allocated correctly.

In particular, the Company imposes appropriate rules of conduct on relevant persons designed to foster the adoption of behavior that complies with the rules on correctness and independence when a situation arises which could give rise to a conflict of interest adversely impacting on the Fund/Sub-Fund, allowing for the extent of the potential harm.

### **III. ORGANIZATIONAL CONTROLS AND DECISION-MAKING PROCESS**

The organizational structure of the Company is designed to guarantee that the services provided to customers are undertaken solely in the interests of the latter.

The Company's individual offices operate independently from each other; operational responsibility for each of the Company's departments and offices is allocated to different persons, each independent from each other. The provision of each activity is entrusted to a separate structure, each independent from each other. These structures are functionally and organizationally separate from each other and suitable barriers have been adopted to prevent the circulation within the Company of insider information or, in any event, information not strictly necessary for proper performance of the activities by areas of the business other than which originally held that information. Such barriers also include criteria for ensuring technological separation: impossibility of accessing applications and/or databases (or the functions of such databases) other than those needed to undertake the particular activity concerned.

### **IV. THE DECISION-MAKING PROCESSES AND OPERATIONAL PROCEDURES**

The functional decision-making and operational autonomy of the Company ensures the absence of any exchange of information which could affect the provision of services to customers through the structures involved in the process. The decision-making procedures which govern the provision of the asset management service have been suitably formalized by the Company. The purpose of the decision-making process is to guarantee professionalism, loyalty, honesty, transparency and due diligence in making choices which could impact on the investments made on behalf of managed funds, aligning customer interests and policy. Such procedures are constantly monitored by the control functions designated by the Company's administrative body.

With regard to the duty of confidentiality (dealt with in particular in the paragraph below on "business practices"), the operational procedure guarantees the physical security of data and imposes disciplinary measures for, inter alia, internal flows of information between different structures and lays down, in particular, the ways in which the circulation of information which could give rise to conflicts of interest is permitted. This ensures adequate confidentiality, security and separation of the data and operational functions available. The measures ensuring organizational separation make it possible to allocate direct responsibility for the various organizational units involved in performance of the business activities. Each person involved in providing the service is also responsible for complying with the Policy applying to the area concerned.

## 1. Controls procedure

The objects of the procedural controls, which are coordinated with the provisions of the procedural manual adopted by the Company, are:

- Compliance with the Code of Ethics;
- Personal transaction dealing policy and approval form;
- A correct and transparent procedure for the execution and submission of orders;
- Compliance with in-house other policies.

The managers for each of the business structures are responsible for checking for the occurrence of conflicts of interest deriving from the operational activities undertaken by the structure and by the resources which they coordinate.

As indicated above, the Compliance and Internal Audit functions are responsible for checking compliance and regular application of the procedure adopted for managing and, where appropriate, reporting individual conflicts of interest. These structures have also been granted the power to undertake any other verification deemed to be necessary to monitor and control conflicts of interest.

## V. CONFLICT OF INTEREST INVOLVING THE MEMBERS OF THE COMPANY

If any manager, or officer of the Company has an interest different to the interests of the Funds in any transaction of the Funds, such manager or officer shall disclose to the Board such conflict of interest, and shall not consider, or vote on any such transaction, and such transaction, and such manager's or officer's interest therein shall be reported to the Board.

## VI. CONFLICTS OF INTEREST INVOLVING THIRD PARTIES

The Company makes that the Investment Manager and, if applicable, the custodian bank of the Fund/Sub-Fund, and their respective affiliates, directors, officers and shareholders ensure that the performance of their respective duties towards the Fund/Sub-Fund will not be impaired by any such involvement that each of the above-mentioned entities or person may have. If a conflict of interest arises, the Relevant Person(s) shall endeavor to ensure that the conflict is resolved fairly, within a reasonable time and in the interest of the Fund/Sub-Fund. The Company undertakes, in particular, for each identified conflict of interest:

- To take all necessary steps to procure the relevant information;
- To set aside, as far as possible, the implicated person from the execution of the transaction;
- To supervise the implicated person during the realization of the transaction if its participation proves necessary;
- To limit the influence of any implicated person through adequate measures;
- To disclose it to the Board of Directors of the Company; and/or
- If required by the law, to adequately inform the Investors of the Fund/Sub-Fund of the identified conflict of interest.

## VII. OBLIGATIONS OF THE COMPLIANCE AND INTERNAL AUDIT FUNCTIONS

In order to satisfy the statutory obligations referred to above, the Compliance and Internal Audit functions (each within their own area of competence) have the task, with the assistance of the individual business areas concerned, of:

- Identifying, in relation to the management activities and the investment services provided by the Company, the circumstances which give rise to, or may give rise to, a conflict of interest to the detriment of one or more Fund/Sub-Fund /customers. The Company will reanalyze the mapping in the following cases:

- variation of existing services and activities;
- changes to the organizational, operational and/or strategic arrangements;
- changes in the shareholder base;
- changes to the interests of relevant persons;
- Taking into account, by monitoring conflicts of interest, situations in which:
  - the interests of the Company (including management, employees, directors, persons having direct/indirect link with the Company) conflict with those of one or more Fund/Sub-Fund/its customers;
  - the interests of one or more relevant persons conflict with those of one or more Fund/Sub-Fund/its customers;
  - the interests of one or more Fund/Sub-Fund its customers conflict with those of one or more Fund/Sub-Fund/its customers;
- Inputting information provided by other business managers to monitor correct compliance with its obligations;
- Setting up and managing the register of activities and services which give rise to conflicts of interest potentially harmful to Fund/Sub-Fund/its customers. In any event, there is an ongoing duty on the part of the business structures concerned to highlight and report all possible interests conflicting with those of investors, which take precedence;
- Monitoring changes to statutory provisions relating to conflicts of interest;
- Checking the implementation by the competent business structures of the following operational activities:
  - drawing up the procedure to be followed and the measures to be adopted to manage such conflicts;
  - communicating the management policy to all relevant persons involved and checking that the procedure for managing conflicts is applied;
  - providing any information required to customers on their durable medium and managing any requests for information (ex-ante general information and disclosure);
  - reviewing the Personal Transaction Dealing Form and in case of lack of potential conflict of interest providing approval for personal transaction.

The Compliance and Internal Audit functions – depending on the individual situations of potential conflict and based on the information received later under the procedures laid down in the Policy – are responsible for assessing which of the features examined gives rise to relevant conflicts of interest.

The Compliance and Internal Audit functions are therefore responsible for assessing the scale of the conflict in individual cases. They are also required to undertake a quantitative evaluation of the effectiveness of the controls put in place to eliminate the risk of conflicts damaging to Fund/Sub-Fund/customers. In this regard, the control is deemed to be adequate if it guarantees the elimination of prejudice to customers/Fund/Sub-Fund in the event of the occurrence of the conflict identified.

These structures have also been granted the power to undertake any other verification deemed to be necessary to analyze, monitor and control conflicts of interest.

## **VIII. THE OBLIGATIONS OF MANAGERS OF CORPORATE STRUCTURES AND RELEVANT PERSONS**

With regard to the management of conflicts of interest, the individual departmental managers are responsible for:

- Avoiding the execution of transactions where there is a potential conflict of interest with the department's own activities or with information received;
- Avoiding the exchange of information with other business areas which would enable the latter to acquire information that could result in a potential conflict of interests;
- Cooperating with the Compliance and Internal Audit functions in undertaking the mapping of major conflicts of interest and the measures put in place to prevent them and to inform customers;
- Providing constant updates on conflicts of interest which could arise in the area for which the manager is competent, specifically bearing in mind the following cases:

- variation of existing services and activities;
- changes to the Company's organizational, operational and/or strategic arrangements;
- changes to the interests of relevant persons;
- Taking into account, by monitoring major conflicts of interest, situations in which:
  - the interests of the Company conflict with those of customers;
  - the interests of one or more relevant persons conflict with those of customers;
  - the interests of one or more customers conflict with those of other customers.

## IX. BUSINESS PRACTICES

Certain business practices relating to the prevention and management of major conflicts of interest are analyzed below.

With regard to the question of confidentiality, the Company states that where there are situations of potential conflict of interests, service providers have a duty to follow the correct behavioral rules, and in particular:

- a duty to ensure the confidentiality of information relating to customers;
- a duty to refrain from using confidential information received from customer for one's own ends or in the interests of associated persons;
- a duty on the part of all those with inside information obtained as a result of an equity holding or of holding a public, professional or official office;
- a duty not to release false, exaggerated or tendentious news or bring about sham transactions with the aim of influencing the price of financial instruments;
- a duty not to communicate any confidential information held to third parties without good reason or to advise third parties to undertake financial instrument transactions on the basis of such information;
- a duty not to take legal instruments and documents belonging to the Company outside the company premises where this is not directly linked to the performance of a job function.

With regard to integrity and professionalism in providing services to customer, employees responsible for managing funds established by the Company must:

- undertake transactions for investors which do not generate a benefit for the manager;
- refrain from favoring one investor to the detriment of another or one Fund to the detriment of another;
- comply with the rules of the market in which they are operating;
- act with the greatest professionalism and competence;
- refrain from accepting incentives from third parties which could lead to behavior in conflict with the interests of investors.

With regard to relationships with intermediaries, the Company prohibits agreements which grant a rebate, in the employee's own favor, of part of the brokerage commission paid. Such practices conflict with the principle of transparency and of aligning the interests of the employee concerned with those of the investor.

To protect customer interests and the smooth operation of the reference markets, the Company has also put in place limits on financial instrument transactions that can be undertaken by employees on their own behalf. In particular, employees need to comply with the Personal Transaction Dealing Policy and Procedure and need to report to the Company's compliance officer in each case when they perform personal transaction.

As regards the Board of Directors, where a Director has an interest, personally or through a third party, which conflicts with that of the Company, he must inform his colleagues in a timely manner and shall abstain from voting where the Board holds that this is justified.

Members of the Board of Directors are required to inform their colleagues of all offices held, providing timely updates in the event of any changes.

A Director must take particular care not to behave (acts or omissions) in a manner which harms the interests of customers and/or the Fund/Sub-Fund and which is done in the interests of the Member he represents (directly or indirectly) on the Company's Board.

Top management is involved in managing conflicts of interest at various levels, and in particular:

- in the regular review and constant updating of the Policy (to reflect changes in the organizational structures and statutory requirements);
- in the ongoing revision and updating of the instruments used for analysis;
- in the identification of effective instruments for flagging situations of potential conflict;
- in recording situations of conflict and the activities undertaken to resolve such cases.

## **X. SUPPLEMENTARY OR ALTERNATIVE MEASURES FOR MANAGING CONFLICTS**

In certain situations, where there is a conflict of interests, despite the strong commitment to introducing measures for preventing and managing such conflicts, it may not be possible for the Company to ensure the requisite independence of service provision. In such situations, supplementary or alternative measures may be necessary to managing conflicts of interest, these measures consisting of:

- the creation of a list of instruments and issuers where direct investment by the Company might constitute a potential conflict of interests' situation;
- disclosure to the customer;
- refraining from carrying out the transactions.

## **XI. CUSTOMER CONSENT**

If it is not possible to avoid situations of conflicts of interest and if the precautions taken cannot provide reasonable assurance that the risk of harm to the interests of subscribers can be avoided, the Company will inform the customers concerned forthwith of the type of conflict identified.

Such information will be sent with all due speed to the customer by recorded delivery post preceded by an e-mail and will be entered in the conflicts of interest register of situations provided by the Company.

## **XII. CONFLICTS OF INTEREST REGISTER**

The Company has established and regularly updates a register (hereinafter, "the Register"), kept by the Compliance function, in which a record is kept of the services and investment activities concerned and the situations in which a conflict of interest which risks seriously harming the interests of one or more customers have arisen, or, in the case of services or activities underway, may arise. If a conflict of interest situation is identified (even if it is only potential), the Compliance and Internal Audit functions update the Register on the basis of the information received from the structures following control of the activity concerned.

At least once every six months, the Compliance function shall undertake a check of each conflict of interest registered in order to assess whether it continues.

## **XIII. INDUCEMENTS, GIFTS AND ENTERTAINMENT**

In the course of business, the employees might receive from the business associates small gift or can be invited to an event to maintain a good relationship. Such gifts or entertainment however cannot create an appearance of illicit payment or create a potential conflict of interests therefore in order to avoid unequal treatment of investors as well as in order to fight against bribery and corruption as determined in the relevant provisions the company sets out a number of rules that all employees shall respect once receiving gift or taking part in a entertainment which are made in connection with their professional activity performed within the Company.

Moreover, the Company shall act in the best interests of the funds and its investors by prohibiting the employees from receiving inducements in relation to its professional activity.

## 1. Inducements

In order to ensure that the Company acts honestly, fairly, and in accordance to the best interests of the Funds/Sub-funds and its investors the company shall not pay any commission and provide any non-monetary benefits other than:

- Fees, commissions or non-monetary benefits paid or provided to or by Fund/Sub-fund or a person acting on behalf of the Fund/Sub-Fund;
- Fees, commissions or non-monetary benefits provided by a third party or a person acting on behalf of the third party when the company is able to demonstrate:
  - the existence, nature and amount of the fee of the commission or non-monetary benefits or its method of calculation (in case when the amount cannot be identified) and explicitly disclose such information to the investors;
  - that the payment of the fee, commission or non-monetary benefits are paid solely to enhance the quality of relevant service.

Under no circumstances might the employees of the Company accept or grant cash or cash-like inducements (including regular inducements) in connection with their work.

## 2. Gifts

The employees of the Company (including the Board members, senior managers) can accept gifts offered to them due to the activities they carry out in the Company provided that:

- each gift does not exceed the value of 100 Euro or its equivalent in another currency.
- upon prior compliance officer's written approval.

Under no circumstances however can an employee receive monetary gifts/donations.

During the Christmas period, which starts approximately on 1st December and ends 24th December of the same year, the employees are allowed to receive gifts, donations regardless exceeding the threshold of 100 Euros unless there are not:

- reasonable grounds to suspect that such donation/gift is linked to/is in connection with a bribe/corruption committed in circumstance as determined by the relevant Luxembourg governing law or can cause a conflict of interests.
- The value of such gift significantly exceeds the reasonable limits for such gifts usually received during the Christmas period.
- In case the gift offered in connection to the employees' professional activity is sent out on the employees' private address, the employee shall refuse it and immediately inform the company about such event.

## 3. Entertainment

The employees of the Company (including the Board members, senior managers) can accept invitations to events, such as, but not limited to: sports events and theatre performance, provided that such employee (included members of the Board of Directors and senior management) complies with the procedure set out in the Policy.

Whenever it is possible, in case of lunch/dinner with third parties (advisors, investment managers, service providers, etc.), the employee (included members of the Board of Directors and senior management) is required to treat those third parties in order to avoid any altered evaluation of such third parties. In general, business trips shall be borne by the Company.

## **XIV. PERSONAL TRANSACTIONS**

Personal transactions are dealt with in greater detail in the Personal Transaction Dealings Policy and Procedure adopted by the Company.

### **1. Revision and update of the policy**

The Policy will be the subject of ongoing revision and updated on a regular basis (also in the wake of the checks undertaken by the competent functions) to reflect developments within the business.