



Conflict of Interest Policy

3.16. Conflict of Interest Policy

3.16.1. Introduction

Compliance Partners S.A. implements this conflict of interest policy to ensure a proper identification, management and disclosure on actual, potential or apparent conflicts of interests in its business. The requirements related to the identification and management of conflicts of interest stated in this policy derive from the following regulatory texts:

- Luxembourg law on the financial sector dated April 5, 1993 (especially articles 37 and 38).
- Luxembourg law on Market Abuse dated May 9, 2006 (implementing the European Market Abuse Directive 2003/6/CE).
- 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 law dated 13/07/2007 relating to Market in Financial Instruments (implementing the Markets in Financial Instruments Directive 2004/39/EC (MiFID)). According to legal and regulatory obligations as per this Directive (hereafter 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.
- 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 organizational requirements and operating conditions for investment firms).
- CSSF circular 06/257 on Market Abuse.
- CSSF circular 12/552 (as amended).
- CSSF Circular 14/585 on Remuneration Policies and Practices.

3.16.2. Objectives

Compliance Partners S.A. recognizes its responsibilities under the law 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 a conflicts of interest.

Noting the limitations that a policy has in eliminating all conflicts and ensuring its total effectiveness, Compliance Partners S.A. 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.

3.16.3. Responsibilities, relevant persons

Relevant persons in the context of this policy are:

- Employees, senior staff, EC and BoD of LIS;
- 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 Senior Management 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 the conflict of interest policy has been assigned to the permanent compliance function within Compliance Partners S.A., under supervision of the Board of Directors. The assigned CCO has to control for adherence to this policy and must inform senior management, 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.

3.16.4. Guiding Principles

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

- Compliance Partners S.A. is committed to treating its clients fairly and with integrity,
- Compliance Partners S.A. is committed to complying with all applicable legal, regulatory requirements relating to conflicts of interest,
- Compliance Partners S.A. is committed to maintaining 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,
- Compliance Partners S.A. 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.
- Senior Management 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.
- Compliance Partners S.A. expects that where an employee is aware that they or the company have a material interests 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.

- Compliance Partners S.A. is committed to taking all reasonable steps to ensure proper disclosure of residual conflicts of interests (if any) to the client.

3.16.5. Identification of COI / Relevant persons

For the purposes of identifying conflicts of interest that may arise for the company, for a relevant person (as defined above) or a person directly or indirectly linked by control to the company (the “person”), the following criteria must be considered, 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 Client / investor, an incentive for the services provided in the form of money, goods or services outside of contractual agreements; and
- 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;

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 of conflicts of interest that have been identified by Compliance Partners S.A.:

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

It is the responsibility of all employees to identify such potential conflicts of interests and it is the responsibility of the CCO 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.

3.16.6. Management of potential and actual COI

In general, the company’s and its services’ 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 provided services 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 Compliance officer should be consulted.

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.

3.16.5.1. Culture of integrity

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

3.16.5.2. Education and training

Appropriate training and education is delivered on a consistent basis to employees to educate and reinforce the company's culture of integrity and requirements regarding conflicts of interest. Accordingly:

- All employees have permanent and easy access to the company's Code of Conduct and policies & procedures; and
- Each employee receives, on commencing their employment a copy of the Organization Manual and especially the Code of Conduct. He/she signs for having read and understood these rules of conduct and commits in writing to respect them.

3.16.5.3. Supervision and levels of independence

The company implements:

- Levels of independence/ supervision for persons engaged in activities entailing a conflict of interest;
- 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; and
- 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.

3.16.5.4. 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 procedures apply:

- Code of Conduct – Including staff regulations and personal transactions (Section 3.15)
- Remuneration Policy (Section 3.20)
- Gift and Hospitality Policy (Section 3.17)

3.16.7. Escalation and Clearance of COI

In accordance with the regulations, specifically in relation to the article 37 of the Delegated Regulation of the EU Commission, supplementing Directive 2011/61/EU and the UCITS IV law, the company has in place a register to document all kinds of services or activities in which a conflict of interest has arisen or may arise. This record is regularly updated in view of changes to operations.

The register is maintained by the Compliance Function, and is amended whenever a conflict of interest is identified and generally whenever required by changing circumstances. The register is submitted to the BoD on a yearly basis.

The company defines this formal escalation procedure:

- 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 Senior Management or the Board of Directors. They will consider the potential conflict situation in detail and thereafter decide on further proceedings.
- If a conflict of interest cannot be avoided by other measures, the company will disclose the nature and the source of the remaining conflict of interest to the client in form of a written communication in a durable medium.

Approval by the EC

This policy has been extracted from the current Organizational Manual, approved by the EC of Compliance Partners.