MAINFIRST

CONFLICT OF INTEREST

MAINFIRST AFFILIATED FUND MANAGERS S.A.

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Conflict of interest

Content

MAINFIRST AFFILIATED FUND MANAGERS S.A.
16, rue Gabriel Lippmann · 5365 Munsbach · Luxembourg
Phone +352 27691 20 · info-lux@mainfirst.com
www.mainfirst.com · R.C.S. Luxembourg No B 176025

As a management company and alternative investment fund manager, the Company's employees and officers are required to act solely in the interest of investors and to conduct business honestly, with due care and diligence, and in the best interest of the investment funds and managed accounts managed by the Company (as part of individual portfolio management under the Law of 2013) or of the investors in those investment funds and managed accounts and the integrity of the Luxembourg financial centre and the capital market.

Conflicts of interest cannot always be ruled out, especially in the case of capital management companies and alternative investment fund managers, which provide a range of services to a large number of investors and customers. This policy sets out the measures the Company considers appropriate to minimise the risk of conflicts of interest and any harm they may cause to customers. The policy also describes how conflicts of interest are dealt with in a fair and equitable manner, as well as appropriate strategies to avoid them.

Conflicts of interest cannot always be fully or partially eliminated in institutions that provide investment services to their customers. The employees and officers of the Company are aware of this conflict and have developed appropriate precautions and measures for handling this conflict, informing the employees and officers of the Company about compliance with these. Consideration has been given to the size and organisation of the Company, as well as the type, scope and complexity of its business, including other Group companies, and the principles of the following policy are based on this.

In compliance with relevant legislation, in its capacity as a UCITS management company and as an AIFM, the Company defines its policy on conflicts of interest as follows.

This policy, in implementation of Circular (CSSF) 18/698, covers in particular the following conflicts of interest between:

- the Company and its customers,
- two customers of the Company,
- a customer of the Company and a UCITS,
- two UCITS,
- the company as an AIFM, including its officers, employees or any other person directly or indirectly linked to the AIFM by a control relationship, and the AIF managed by the AIFM or the investors in that AIF,
- the AIF or the investors in that AIF and another AIF or the investors in that AIF,
- the AIF or the investors in that AIF and another customer of the Company,
- the AIF or the investors in that AIF and a UCITS managed by the Company or the investors in that UCITS.

At MainFirst Affiliated Fund Managers S.A., a director (namely **Ms. Anja Richter**) is entrusted with responsibility for compliance activities.

This director ensures the control, identification, avoidance and management of conflicts of interest within executive management.

All identified conflicts of interest can currently be prevented using suitable measures within MainFirst Affiliated Fund Managers S.A.. MainFirst Affiliated Fund Managers S.A. has taken organisational and administrative precautions to identify, prevent, resolve, manage and observe/monitor conflicts of interest, so as to prevent conflicts

of interest from damaging the interests of the investment funds, managed accounts and/or investors.

Given that the published list of conflicts of interest (register) only contains conflicts of interest that can be prevented with suitable measures, no publication by MainFirst Affiliated Fund Managers S.A. is necessary.

The present internal policy on conflicts of interest contains all possible conflicts of interest and a list of suitable preventative measures to adequately combat these conflicts of interest. If a conflict of interest is unavoidable, this policy defines rules on how to deal with it.

Conflicts of interest

When identifying conflicts of interest, the Company is guided by its business environment as well as relevant laws, CSSF Regulation 10-4 and CSSF Circular 18/698. Furthermore, the Company defines the following principles for handling conflicts of interest, indicates the circumstances under which conflicts of interest may arise and defines measures to take to manage conflicts of interest.

Conflicts of interest between the Company and the managed funds/managed accounts

The following situations are examples of where a personal financial advantage may be gained and/or a potential loss for investors may be avoided, to the detriment of the managed funds and managed accounts:

- Exploitation of information about the investment policy of the managed fund or managed accounts for own purposes
- Recommendation of financial instruments for which particularly high commission is
- charged
- Recommendation of financial instruments that trigger high bonuses or kickback payments
- Exploitation of the existence of compliance-related facts
- Mandate also with competitors of the managed fund, thereby creating the possibility of exploitation of confidential information for own advantage
- Shares in the managed fund or its competitors or financial instruments issued by them in the securities portfolio
- For example, for the managed fund, the existence of the following situations could mean that services are performed or business is conducted in its name where the Company or the people acting on the Company's behalf have a different interest in the results than the interest of the managed fund:
    - Sale of securities from the portfolio of a Company fund to the managed fund (so-called "slow sellers" that are currently barely sellable)
    - In the context of investment advice: Recommendation of transactions, preference for products from the Company or a company closely affiliated with the Company or its shareholders that are not in the interest of the managed fund

- Recommendation of transactions that are only used to generate commission income for the Company
- Recommendations in own interests
- Shares in managed funds or their competitors or financial instruments issued by these in the portfolio of proprietary funds
- Investors who want to withdraw their investments and investors who want to maintain their investments in the investment fund
- When setting the objective for portfolio management, investing in illiquid assets and deviating from the redemption principles of the investment fund

Situations that could result in possible financial incentives, leading to unequal treatment of the various managed funds:

- Sliding scale of fees or commission depending on the scope of the transaction performed or the granting of special conditions in situations where there is a possible business competition relationship
- Possible competition between companies for proprietary funds, managed accounts and managed third-party funds

Situations in which third parties remunerate services for the managed fund with monetary incentives or benefits outside the normal commission:

- Incentives (such as trips, invitations to events or material benefits)

Conflicts of interest between the employees and the managed funds/managed accounts of the Company

The following situations are examples of where a personal financial advantage may be gained and/or a potential loss for investors may be avoided, to the detriment of the managed funds and managed accounts:

- Use and transfer of confidential information
- Acting in awareness of orders
- Inappropriate differentiation between various managed funds during IPOs (Initial Public Offering)
- Unbalanced investment advice due to own interest in commission income
- Situations that could result in possible financial incentives, leading to unequal treatment of the various managed funds:
  - Accepting/ giving gifts
- Situations where there could be a possible business competition relationship with the managed fund:
  - Own transactions/orders for the managed funds
- Situations in which third parties remunerate services for the managed fund with monetary incentives outside the normal commission:
  - Monetary incentives outside the normal commission
  - Situations in which third parties remunerate services for the managed funds

Conflicts of interest between the managed funds and managed accounts of the Company with each other

The following situations are examples of where a personal financial advantage may be gained and/or a potential loss for investors may be avoided, to the detriment of the managed funds and managed accounts:

- Conflicting interests when executing orders
- OTC transactions by a fund manager between different managed funds / managed accounts
- Fund orders conflicting with other managed funds
- Situations that could result in possible financial incentives, leading to unequal treatment of the various managed funds:
    - Arrangement of terms (one managed fund is put in a better position than another when arranging terms, e.g. due to the size of the portfolio)
    - Internal allocation of a block order that has not been completely executed (one managed fund is disadvantaged compared to others in the allocation of pre-sold financial instruments, e.g. due to the size of the order)
    - Order execution, including subscription orders

Conflicts of interest between the Company and the shareholders/Directors of the Company

- Churning
- Increased restructuring of the funds to generate commission or additional income
- Mandatory custodian bank function
- Strict, preferred recommendation of the custodian bank or other preferred service provider
- Addition of other holdings of shareholders/directors of the Company to the investment funds managed by the Company
- Strict, preferred addition of holdings of shareholders/directors to the investment funds managed by the Company

Conflicts of interest due to taking on multiple mandates

With the assumption of multiple mandates with decision-making scope within and outside the group of companies and at the level of externally or self-managed investment companies (UCIs, UCITS and AIFs) and any securitisation vehicles, the following situations may lead to conflicts of interest:

- Assumption of other management mandates by the director of the Company
- Assumption of other board mandates (at fund level or company level) by a director of the Company
- Assumption of a board mandate at fund level by an employee from the portfolio management area

Conflicts of interest arising from the lending of securities in funds managed by the Company

The following situations can lead to conflicts of interest:

- Assumption of the function of securities lending agent by an affiliated party of the Company or of the fund's custodian
- Securities are lent at disproportionate rates to affiliates of the Company
- The securities lending agent receives disproportionately high fees for its services
- The Company, as management company, receives disproportionately high fees for services provided in connection with for securities lending for the funds
- The investment policy of the funds is based more on the borrowability of securities than on the best return prospects of the security itself

In accordance with CSSF Circular 18/698, the Company prohibits:

- employees of the risk management area from assuming board mandates at investment companies administered by the Company
- the position of compliance officer from being filled by a member of the Executive Board of the Company
- the internal audit function from being filled by a member of the Executive Board of the Company
- that the permanent risk management function from being filled by a member of the Executive Board of the Company

Conflicts of interest arising from the outsourcing of services to affiliated companies or third parties or the provision of services on the basis of outsourcing relationships with affiliated companies or third parties

The following situations can lead to conflicts of interest:

- Conflicts of interest due to multidimensional functionalities within the scope of the provision of original activities from the business purpose of the management company and as a service provider in outsourcing relationships
- Conflicts of interest within the framework of outsourcing controlling (ICS, MIS and others) at the level of the management company or with respect to the service recipient/third party
- Conflicts of interest in risk assessment and other assessments due to misjudgements or misinterpretations with respect to the management company and/or the service provider
- Conflicts of interest in relation to the service provider or service recipient
- Other conflicts of interest due to affiliation with the Group and the shareholder

Measures to avoid conflicts of interest

Measures that can help to avoid conflicts of interest are:

- The existence of appropriate work directives, the procedures manual, the compliance policy and detailed instructions for employee transactions
- The formulation of a target agreement system
- Compliance with and implementation of rules for employee conduct and transactions
- Disclosure obligations

- Obligations to report to Compliance
- The existence of a register of identified conflicts of interest and a watch list
- Implementing a trade ban under certain circumstances
- Compliance with the obligation to take into account the interests of the managed funds when providing investment advice, setting up the fund and giving investor-oriented advice
- Compliance with the obligation to take fund interests into account when receiving other monetary benefits (e.g. For technical support)
- Compliance with laws and avoiding unauthorised actions
- Investor-friendly advice
- Separation of trading activities and portfolio management activities
- Ban on front and parallel running
- Obligations to comply with the ban on exploiting insider information
- Cost transparency through honest, clear and non-misleading information about all costs associated with investment services and ancillary services, including all cost bases and any decision margins, as well as the existence of a price table
- Crediting commission, such as trailer fees, paid by the issuer/seller to the Company when acquiring assets as part of asset/fund management to the account/deposit of the respective fund
- Existence of any allocation principles
- Strict compliance with the Company's "Best Execution Policy"
- Initial and continuous due diligence processes
- Calculation of portfolio turnover rates and agreement with the auditor
- Monitoring of gifts in line with internal guidelines
- Keeping a register of possible conflicts of interest
- Intensive and regular training and awareness-raising of employees
- Ensuring the separation of functions and duties and, associated with this, the establishment of an internal control system through implementation of the Minimum Requirements for Risk Management of capital management companies
- Establishment of confidentiality areas (“Chinese walls”)
- Disclosure to customers of the general nature and source of conflicts of interest, where the measures taken are not sufficient to reasonably avoid the risk of customer interests being prejudiced

Handling conflicts of interest

Recording

The Company undertakes to record any types of asset management and fund management where a conflict of interest that is seriously detrimental to the interests of the managed fund and managed accounts has occurred or could occur.

Unavoidable conflicts of interest

In the event of unavoidable conflicts of interest, the executive management must be notified immediately. It is up to the executive management to take the necessary measures so that the Company always acts in the best interests of the investment fund and its investors. The decision of the overall executive management is justified and documented. Any detriment to the interests of investors of affected investment funds (UCI, UCITS and AIF) must be avoided in all cases.

Notifying investors in the event of unavoidable conflicts of interest

The Company notifies investors of unavoidable conflicts of interest and of its decision in this respect in accordance with the provisions of CSSF Circular 18/698, margin number 383.

This applies in particular to situations where the organisational or administrative arrangements established by the Company to manage conflicts of interest have not been sufficient to give reasonable assurance that the risk of damage to the interests of a UCI, UCITS or AIF or its unitholders can be avoided.

The decision of the Company should be explained and justified with all due consideration of the internal principles and procedures established to identify, prevent and regulate conflicts of interest, even if the decision was to do nothing.

Where this concerns AIFs (Law of 2013), the Company may communicate information on unavoidable conflicts of interest and the decisions taken in this respect by means of a website. Otherwise, the communication will be made by means of a durable data medium considered appropriate.

Independence in conflict management

Exchange of information between the relevant people

The following measures have been taken, among others, to prevent unauthorised access to information:

- Password-protected access to all computers in the Company
- Regular change of password
- Drives and files with department- and / or person-specific read and write permissions
- Implementation of policies for ensuring data protection through “clean desk” practices and “Orga security”

Activities with potentially conflicting interests

At the Company, all employees are classified as employees with special compliance relevance and are therefore subject to control and monitoring actions of the director responsible for compliance.

Independence of remuneration

The remuneration system used by the Company ensures that each employee receives individual remuneration on the basis of their individual agreement with the Company, which takes their individual abilities, potential and performance into account, irrespective of the services performed by third parties.

Influence on activities

The improper influence of other people on employees of the Company is prevented through the implementation of general codes of conduct, work directives and training.

Simultaneous involvement in multiple collective portfolio management functions or special funds

Investment decisions and strategies are analysed by a committee on a regular basis.
Conflicts of interest for individual fund managers as the result of multiple collective portfolio management functions are thereby counteracted.

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