

# FINARE ASSET MANAGEMENT S.A.

## Conflicts of Interest Policy

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## 1. Definitions

The following definitions focus on Conflicts of Interest:

- A “**Conflicts of Interest**” is a conflict between the professional duty and private interest of an individual or interest of his/her close family members, in which an individual has private capacity interest which could improperly influence the performance of his/her professional duties and responsibilities, or could compromise his/her impartiality, objectivity or independence (for example from another entity);
- “**Professional duty**” refers to the principal goals of the profession or activity, such as complying with the Law and Regulatory requirements, Rules of Conduct and Code of Conduct;
- An “**interest**” is a “source of advantage of whatever nature, whether material or immaterial, professional, commercial, financial or personal;
- “**Private interest**” include personal benefit and is not limited to only financial gain but also such motives as the desire for professional advancement, or the wish to do favours for family and friends;
- “**Relevant Persons**” means any of the following:
  - A director, partner or equivalent, or manager of the company;
  - An employee of the company, as well as any other natural person whose services are placed at the disposal and under the control of the Company and who is involved in the provision by the Company of collective portfolio management;
  - A natural person who is directly involved in the provision of services to the Company under a delegation arrangement to third parties for the purpose of the provision by the company of collective portfolio management;
- “**Other Client**” means any of the following:
  - A discretionary wealth management client of the Company;
  - An investment advice client of the Company.

The following definitions apply throughout this policy:

- The “**Board**” means the Board of Directors of the Company;
- The “**Board Members**” means the Members of the Board of Directors of the Company;

- The “**Conducting Officers**” means the Members of Senior Management;
- The “**Senior Management**” means the persons who effectively conduct the business of the Company on a day-to-day basis;
- The “**Internal Control Functions**” refers collectively to:
  - The Permanent Risk Management Function;
  - The Compliance Function;
  - The Internal Audit Function;
- “**Employee**” means employee (a member of staff) or secondee;
- “**Professionals**” means employee, Board Member or Senior Manager.

## **2. Introduction to the Company**

The company is authorised under agreement 27/15 to manage following activities:

- Investment Advisor
- Broker on financial Instruments
- Commissioner
- Portfolio Manager
- Distributor of UCI shares
- Registrar Agent
- Family office

## **3. Scope**

This Policy applies to:

- The Company;
- The Members of the Board of the Company;
- All employees

#### **4. Purpose of the policy**

Conflicts of Interest are inherent in many aspects of the business of the Company. They are not prohibited. The purpose of this Conflicts of Interest Policy (the “Policy”) is to provide the minimum standards for dealing with actual and potential Conflicts of Interest.

Conflicts of Interest must:

- Firstly, be identified and;
- Secondly, either be:
  - Avoided where possible (i.e. prevented) or;
  - Managed, monitored and, where required, disclosed to investors.

This Policy lays down the procedures to be followed and measures to be adopted in order to identify, prevent or manage, monitor and, where required, disclose Conflicts of Interest to investors and other Clients.

The Policy covers the activities of collective portfolio management carried out by or on behalf of the Company (including activities carried out by a delegate, sub-delegate, external valuer or counterparty) and the activities of discretionary portfolio management and investment advice.

The Policy aims to ensure that:

- The Company **identifies** circumstances which constitute or may give rise to a Conflict of Interest,

*inter alia*:

- Conflicts of Interest arising for the role of a “relevant person” inside the Company and, at the same time, in another related entity which may have an opposite interest compared to the Company;
  - Conflicts of Interest arising from any contract with third parties in which a relevant person has an economic or personal interest, which may be in opposition with Company interest;
  - Conflicts of Interest arising for a Company as being part of a group which interest can be opposite to the interest of the company.
- Appropriate procedures and systems to **prevent or manage** those conflicts are implemented and maintained, considering the nature, scale and complexity of AIM’s business;
  - Records are maintained to **monitor** actual and potential Conflicts of Interest and how they are managed;
  - Where organisational arrangements made by the Company to identify, prevent or manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interest will be prevented, the Company clearly **discloses** the general nature or

sources of conflicts of interest to the investors before undertaking business on their behalf, and develops appropriate policies and procedures.

## **5. Regulatory framework**

The applicable Laws and Regulations in the context of Conflicts of Interest include:

*European framework:* **FINARE AM providing wealth management services:**

- Directive No 2014/65/EU of 15 May 2014 on markets in financial instruments, as amended (the “MiFID Directive” or “MiFID II”);
- Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, and in particular Section 3 Conflicts of interest thereof.

## **6. Roles and responsibilities**

### **a. Board Members, Conducting Officers and employees**

This Policy is applicable to each Board Member, Conducting Officer and employee of the Company

Each Board Member, Conducting Officer and employee is responsible for compliance with the relevant provisions of this Policy.

Board Members, Conducting Officers and employees must always be vigilant in relation to Conflicts of Interest and potential Conflicts of Interest.

Whosoever, within the Company, has a potential or actual Conflict of Interest is required to disclose it to the Conducting Officer responsible for Conflicts of Interest, including those which may have inadvertently occurred due to either business or personal relationships with clients, suppliers, business associates or competitors of the Company or remained unreported or unidentified.

In case a Board Member, Conducting Officer or employee detects a new circumstance that aggravates a pre-existing Conflict of Interest, or that generates a new one, without delay, he must inform the Conducting Officer responsible for Conflicts of Interest.

## **b. Board of the Company**

This Policy is approved by the Board of Directors of the Company and may be amended from time to time.

The Board of the AIM oversees, and is ultimately responsible for, the implementation of this Policy. The Board reviews the management of Conflicts of Interest, including at least the Conflicts of Interest Register, at least on an annual basis, as well as to remedy any shortcomings of these measures and procedures.

Board Members are required to make disclosures in relation to Conflicts of Interest at each Board meeting.

The Board of Directors is responsible for:

- Ensuring all persons in scope adhere to this Policy.
- Assessment of the significance of each case of Conflict of Interest identified with it and updating the mapping;
- The definition of the measures deemed appropriate to the management of the cases of Conflict of Interest, in accordance with the principles and provisions of the applicable legislation and this Conflict of Interest Policy;
- The reports to investors referred to article 22 ar 3 referring to 22 paragraph (2) CSSF Regulation No 10-04.

## **c. Executive Committee**

The Executive Committee is responsible for the implementation of this Policy, including:

- Ensuring that:
  - The Company identifies actual or potential Conflicts of Interest:
  - Type and nature of the conflict of interest;
  - The scope of the conflict area;
  - Stakeholders (the Company or other companies / Relevant Persons);
  - Acquire, where necessary, information and / or relevant documentation to the examination of the case for the conflict detected;
  - The Company implements and maintains appropriate procedures and systems to prevent or manage those conflicts;
  - The Company maintains records to monitor actual and potential Conflicts of Interest and how they are managed;

- The Company discloses Conflicts of Interest to the Funds it manages, the investors and other Clients, where relevant;
  - The Company maintains records of actual and potential Conflicts of Interest and how they are managed;
- Maintaining and reviewing this Policy and submitting it to the Board for approval;
- Reviewing the Conflicts of Interest Register at least on an annual basis and in case any significant new Conflicts of Interest arise.

Members of Senior Management are required to make disclosures in relation to Conflicts of Interest at each Board meeting.

#### **d. Compliance Function**

The Compliance Function assesses the Company's compliance with the Legal and Regulatory requirements on Conflicts of Interest and reports to the Conducting Officer responsible for Conflicts of Interest and, where relevant, the Board.

### **7. Identification of Conflicts of Interest**

A Conflict of Interest is likely to arise if the Company, a Relevant Person or a person directly or indirectly linked to the Company, by way of control, finds itself in one or more of the following situations, whether as a result of providing services or otherwise:

- The Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Fund or its investors or another Client;
- The Company or that person has an interest in the outcome of a service or an activity provided to the Fund or its investors or to another Client or of a transaction carried out on behalf of the Fund or another Client, which is distinct from the Fund's or the other Client's interest in that outcome;
- The Company or that person has a financial or other incentive to favour:
- The interest of one Fund or other Client over another Fund, another Client or group of Clients;
  - The interest of one investor over the interest of another investor or group of investors in the same Fund;
- The Company or that person carries out the same activities for one Fund or other Client as for



one or several other Funds or other Clients;

- The Company or that person receives or will receive from a person other than the Fund or its investors or other Client an inducement in relation to the collective and discretionary portfolio management activities or other activities provided to the Fund or other Client, in the form of monies, goods or services, other than the acceptable commission or fee for that service.

The Company identifies Conflicts of Interest that may arise in the course of its business activities:

- Between the Company, including its Board, Conducting Officers, employees or any person directly or indirectly linked to the Company itself by control, and the Funds managed by the Company or the investors in that Fund or any Client;
- Between the Fund or the investors in that Fund, and another Fund or the investors in that Fund;
- Between the Fund or the investors in that Fund, and another Client of the Company;
- Between two Clients of the Company;
- Between a delegate from the Company or other service providers and the Company itself, its Board, Conducting Officers, employees, any person directly or indirectly linked to the Company itself by control, a Fund it manages or another Client.

A Conflict of Interest may arise in a variety of situations. Some of the areas of concern could include, but are not limited to:

- Personal account dealing;
- Provision of professional advice by a Relevant Person that may be in favour of his own interest;
- Inducements/gifts/entertainment;
- Remuneration incentives such as performance related fees;
- Potential misuse of confidential information;
- Outside business activities of Relevant Persons.

The Company ensures that Conflicts of Interest declarations are made by:

- Members of the Board at each Board meeting;
- Members of Senior Management at each Board meeting.

## **8. Preventing and Managing Conflicts of Interest**

The Company ensures that systems, controls and procedures are adequate to identify, prevent or manage, monitor and, where required, disclose Conflicts of Interest that may arise in the course of its business activities.

The procedures and measures established for the prevention or management of Conflicts of Interest are designed to ensure that the relevant persons engaged in different business activities involving a risk of Conflict of Interest carry out these activities and have a degree of independence which is appropriate to the size and activities of the Company and of the group to which it belongs, and to the materiality of the risk of damage to the interest of the Fund or its investors or other Clients.

This includes, *inter alia*:

- Implementing effective procedures to prevent or control the exchange of information between Relevant Persons engaged in collective and discretionary portfolio management activities or other activities involving a risk of Conflict of Interest where the exchange of information may harm the interest of one or more Funds or their investors or other Clients (e.g. Chinese walls);
- Separate supervision of Relevant Persons, whose principal functions involve carrying out collective and discretionary portfolio management activities on behalf of, or providing services to, clients or investors, whose interest may conflict, or who otherwise represent different interest that may conflict, including those of the Company;
- Implementing specific safeguards against Conflicts of Interest to allow for the independent performance of control functions (risk management, compliance and internal audit) and valuation;
- Measures to avoid Conflicts of Interest in the remuneration policy including the removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activity, where a Conflict of Interest may arise in relation to those activities (e.g. Board, Senior Management, where relevant, and internal control functions should not be remunerated on the basis of performance of Funds or other Client mandates);
- Measures to prevent or restrain any person from exercising inappropriate influence over the way in which a Relevant Person carries out collective and discretionary portfolio management or other activities (e.g. ensuring that a conflicted person does not participate in investment

management decisions);

- Measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate collective and discretionary portfolio management activities or other activities where such involvement may impair the proper management of Conflicts of Interest (e.g. segregating the investment management of different Funds and/or other Client mandates).

In relation to delegates and service providers, the specific measures implemented include the following:

- For each Fund managed by the Company a depositary is appointed. The Company does not act as depositary;
- The Company does not delegate portfolio management or risk management to the depositary or a delegate of the depositary;
- The Company does not delegate portfolio management or risk management to any entity whose interest may conflict with those of the Company or the investors of the Fund, unless such entity has functionally and hierarchically separated the performance of its portfolio management or risk management tasks from its other potentially conflicting tasks, and the potential Conflicts of Interest are properly identified, managed, monitored and disclosed to the investors of the Fund;
- A prime broker acting as counterparty to a Fund does not act as depositary for that Fund, unless it has functionally and hierarchically separated the performance of its depositary functions from its tasks as prime broker and the potential Conflicts of Interest are properly identified, managed, monitored and disclosed to the investors of the Fund;
- Where the depositary is appointed for a Fund as external valuer of that Fund, the Company ensures that depositary functionally and hierarchically separated the performance of its depositary functions from its tasks as external valuer and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the Fund.

Where the adoption or the application of one or more of these measures and procedures does not ensure the requisite degree of independence, the Company adopts alternative or additional

measures and procedures as are necessary and appropriate for those purposes.

Where the organisational or administrative arrangements made by the Company are not sufficient to ensure, with reasonable confidence, that risks of damage to the interest of the Funds or investors in the Funds or other Clients are prevented, the Senior Management is promptly informed in order to take any necessary decision or action to ensure that the Company acts in the best interest of the Funds or investors in the Funds or other Clients.

### A) General Measures to Mitigate Conflicts of Interest

In order to prevent, avoid or at least mitigate conflicts of interest, the following precautions, *inter alia*, are taken:

	For Board Members	For Conducting Officers	For Employees	For other Clients and Investors
Potential professional conflict of interest	Declaration of any other commitment.	Declaration of any other commitment.	Declaration of any other activities (remunerated or not), conflicting with their commitment inside the Company.	They have an activity that could conflict with decision regarding the management of their investments
Potential investment based conflict of interest	Declaration of investment in the company's products, per sub-fund and per Board Member	Declaration of investment in the company's products, per sub-fund and per Conducting Officer	Declaration of investment in the company's products, per sub-fund and per employee	Investigating background and monitoring of amount of investment per investor and per sub-fund
Personal Link	Declaration of any personal link	Declaration of any personal link	Declaration of any personal link	Dialogue with client
Gifts & entertainment	Declaration of any gift or entertainment received by 3 <sup>rd</sup> parties (Clients / Investors included) and refusal above 250 euros value. Any gift or entertainment must be notified to the Compliance Officer and documented in a dedicated register.			

The following independence criteria shall apply:

- Neither a Board Member nor a Conducting Officer nor any other person of the Company shall have single signing authority save for as otherwise decided by the Board;

- At least one Conducting Officer must be fully independent from the Investment Manager and;
- The Risk Management and Compliance Function must be hierarchically and functionally independent from operating units of the Company.

***B) Handling of conflict due to personal interest of Relevant Persons***

The Relevant Persons, while participating in decision-making processes relating to Company investments, shall refrain from suggesting and performing personal transactions. Relevant Persons shall have the responsibility to inform the Conducting Officer responsible of personal investments which may be “price sensitive”. This sensitiveness has to be assessed based on the impact of the Company transactions on the price of the investments in question.

**9. Monitoring Conflicts of Interest**

The Company maintains and regularly updates a record of the types of activities undertaken by or on behalf of the Company in which a Conflict of Interest entailing a material risk of damage to the interest of one or more Funds or its investors or other clients has arisen or, in the case of an ongoing activity, may arise.

The record is kept in the form of a Conflicts of Interest Register (the “COI Register”), which documents any identified potential and actual Conflicts of Interest, the measures taken to prevent or mitigate the conflict, information on its disclosure, if any, and the estimated level of risk of damage to the interest of one or more Funds or its investors or other clients.

The COI Register must be updated regularly. It is updated when any new significant Conflicts of Interest arise, and at least on an annual basis.

The Compliance Officer is responsible for maintaining the COI Register, following the instructions given by the Board.

Access to the COI Register may be restricted. In any case, all of the Members of Senior Management, the Compliance Function and the Internal Audit Function must have access to the register.

The Board must receive on a regular basis, and at least annually, written reports by the compliance officer or Conducting Officers on identified Conflicts of Interest. The written report takes the form of the COI Register and the summary on Conflicts of Interest in the annual Compliance Report.

The COI Register is submitted annually for review and approval to the Board.

#### Disclosure of Conflicts of Interest

##### **a. Internal disclosure by Board Members, Conducting Officers, employees**

Board Members, Conducting Officers and employees who have a potential or actual Conflict of Interest are required to disclose it to the Conducting Officer responsible for Conflicts of Interest, including those which may have inadvertently occurred due to either business or personal relationships with clients, suppliers, business associates or competitors of the Company or remained unreported or unidentified.

The Company ensures that regular Conflicts of Interest disclosures are made by:

- Members of the Board by including declarations of any new Conflicts of Interest as a standing item on the Board agenda;
- Members of Senior Management by including declarations of any new Conflicts of Interest as a standing item on the Executive Committee agenda.

The Conflicts of Interest disclosures made by Members of the Board and Members of Senior Management during their meetings should include:

- Any new Conflicts of Interest that may have arisen since the previous meeting;
- Any Conflict of Interest in relation with the current agenda of the meeting.

In case a Board Member, Conducting Officer or employee detects a new circumstance that aggravates a pre-existing Conflict of Interest, or that generates a new one, without delay, must inform the Conducting Officer responsible for Conflicts of Interest.

##### **b. Disclosures to Clients / Investors**

Where organizational arrangements made by the Company to identify, prevent, manage and monitor Conflicts of Interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' or other Clients' interest will be prevented, the Company clearly discloses the general nature or sources of Conflicts of Interest to the investors or other Clients before undertaking business on their behalf.

The disclosure may be made:

- In the prospectus or offering document of a Fund or in the contract with the Client;
- In the regular reporting to Clients;

- In a specific disclosure;
- By means of a website.

The following Conflicts of Interest disclosures must be made to investors before they invest:

- Any delegation of portfolio management or risk management whose interest may conflict with those of the Company or the investors of the Fund;
- Any Conflicts of Interest arising from any safe-keeping function delegated by the depositary;
- The identity of the prime broker and a description of any material arrangements of the Fund with its prime brokers and the way the conflicts of interest in relation thereto are managed;

Where information is disclosed by means of a website and is not addressed personally to the investor or other Client, the following conditions are satisfied:

- The investor or Client has been notified of the address of the website, and the place on the website where the information may be accessed;
- The information is up to date;
- The information is accessible continuously by means of that website for such period of time as the investor or Client may reasonably need to inspect it.

Investors have the right to receive, more information on the contents of the Policy at any time and through simple request.

### **c. Disclosure in case of acquisition of control**

In the case where the Company acquires, individually or jointly, control over a non-listed company, the Company is required to make available the following information:

- The names of the management companies which either individually or in agreement with other management companies manage the Fund(s) that have acquired control;
- The policy for preventing and managing Conflicts of Interest, in particular between the Company, the Fund and the company, including information about the specific safeguards established to ensure that any agreement between the Company and/or the Funds and the company is concluded at arm's length and;
- The policy for external and internal communication relating to the company in particular as regards employees.

The aforementioned information shall be made available to:

- The company concerned;
- The shareholders whose identities and addresses are available at the Company or can be made available by the non-listed company or through a register to which the Company has or can obtain access and;
- The CSSF.