Conflicts of interest Directive

1. General

This Directive aims to identify, prevent, manage, monitor, and, where necessary, expose conflicts of interest in order to protect the interests of investors and, consequently, those of the fund in the long term. It therefore describes the principles for identifying and managing conflicts of interest at J. Safra Sarasin Fund Management (Luxembourg) S.A. ("JSSFML"), as well as setting out the respective responsibilities in relation to such conflicts of interest. It also describes the practical implementation, including the monitoring of potential conflicts of interest in relation to activities of its delegates, sub- delegates, external valuers and counterparties.

Every employee of J. Safra Sarasin Fund Management (Luxembourg) S.A. and its branches is subject to this directive and obliged to avoid situations that might lead to a conflict of interest between (i) an employee and JSSFML, (ii) between an employee and a client of JSSFML, (iii) and between JSSFML clients. Such a conflict of interest shall be deemed to exist if the objectivity of an employee, required for the discharge of his duties vis-à-vis JSSFML or its clients, appears to be impaired. Appropriate obligations to refrain from involvement must be observed.

Should a conflict of interest prove unavoidable, the interests concerned must be considered in consultation with an uninvolved branch of JSSFML or the parent company. If this consideration process finds that the conflict is to the detriment of a client of JSSFML or of the fund, the latter must be informed of this conflict of interest. In addition, the members of the Board of Directors shall openly declare their directors' interests at the beginning of each meeting of the Board of Directors.

2. Identifying conflicts of interest

(1) JSSFML endeavours to avoid conflicts of interest and to resolve them in the best interests of the investment funds under its management (the "Fund") it manages. For this purpose, it has established criteria for identifying the types of conflicts of interest that may arise in the course of providing services and activities and whose existence may damage the interests of the investment funds it manages. The following situations are in particular regarded as potential conflict situations insofar as they apply to the Management Company, a relevant person or a person directly or indirectly linked by way of control, whether as a result of providing collective portfolio management activities or otherwise:

a) JSSFML or the relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of a managed fund;

b) JSSFML or relevant person has an interest in the outcome of a service or an activity provided to a managed fund or another client or of a transaction carried out on behalf of a managed fund or another client, which is distinct from a managed fund interest in that outcome;

c) JSSFML or the relevant person has a financial or other incentive:

→ to favour the interest of another client or group of clients over the interests of a managed fund;

→ to favour the interests of a client over the interests of another client or another client group of the same managed fund

d) JSSFML or the relevant person carries out the same activities for a managed fund and for another client or clients which are not a managed fund;

e) JSSFML or the relevant person receives or will receive from a person other than a Fund an inducement in relation to collective portfolio management activities in the form of money, goods or services, other than the standard commission or fee for that service.

Other situations in which an employee with management or non-management roles, a service provider or a person referred to in this Directive or JSSFML as a whole pursues or has to pursue interests standing in conflict will be equated with the aforementioned situations.

(2) When identifying the types of conflict of interest, JSSFML will give consideration to:

a) both its own interests, including those resulting from the Management Company's membership in the J. Safra Sarasin Group, as well as from providing services and activities for others, the interest of clients and the obligation of the Management Company vis-à-vis the Fund;

b) and the interests of two or more of the Fund in parallel by the Management Company.

3. Types of conflicts of interest

(1) Portfolio Management

a) Unusual performance gains at the end of the relevant performance fee calculation period;

b) High risk appetite in relation to higher performance and corresponding performance fee:

c) Non reasonable investment decisions by portfolio managers, which might work to the benefit of other funds managed by the same portfolio manager, but to the detriment of the Funds;

d) Active breaches of investment restrictions or mistakes to shift Fund performance;

e) Abnormal or unusual transactions before the end of the calculation period;

f) Disregard of Best Execution Principles;

Rules:

a) Aggregation and allocation of transactions: When executing transactions for more than one client, the Portfolio Manager may combine orders if it is in the best interests of his clients or Funds. The allocation must take place in a just and fair way in accordance with the previously established factors. An allocation process must be established in accordance with regular monitoring and accountability controls. The service providers must confirm their compliance with these rules;

b) Timing of trades: Just and fair treatment of all orders must be guaranteed;

c) Investments in other Funds: Investment funds may invest from time to time in other investment funds. The decision to invest or divest must be made in the best interest of the Fund without any consideration of the interests of the target fund and under strict compliance with the prospectus of the Fund;

d) Market timing/late trading: Marketing timing/late trading is checked by JSSFML and a summary of findings is submitted to the attention of the Board of Directors of the Funds;

e) Misuse of confidential information: Portfolio managers are not allowed to use confidential information to the disadvantage of the Funds.

f) Soft commissions: It is prohibited for the staff of JSSFML and their service providers to offer or to accept any soft commissions that may conflict with their duties to their clients.

(2) Distribution

a) Distribution in breach of the relevant rules and regulations;
b) Volume-driven sales increases at the end of the distribution fee calculation period;
c) General behaviours to drive the distribution fee up;
d) Sales/purchasing initialisation after cut-off times.

(3) Management Company

a) Charging own costs as costs of the fund
b) Unduly high fees charged to the fund
c) Multiple roles; Staff of JSSFML, the staff of authorised third parties and the members of the Board of Directors may have other directorships or professional duties at other companies, or they may have multiple roles within JSSFML or in Group companies
d) Dedication of sufficient time: The members of the Board of Directors have a duty to provide information on this at the quarterly meetings of the Board of Directors and to confirm that they are able to dedicate sufficient time to their respective directorships
e) Personal transactions and misuse of insider information

Rules:

a) Exchange of information; It is prohibited for JSSFML staff to inappropriately use information obtained on the basis of their position or to disclose it or to allow its disclosure (unless such disclosure is authorised by the Board of Directors or is required by law). This prohibition is applicable regardless of whether staff would directly or indirectly obtain any personal benefit.
b) Costs may only be charged and adjusted in accordance with the regulations set out in the prospectus.
c) Composition of the Board of Directors includes extenrnal members
d) Consideration of conflicts between shareholders vs. service provider

4. Conflicts of interest profile

The possible conflicts of interest cannot be uniformly and clearly defined and listed for all types of funds. Instead, they must be identified for each Fund or group of Funds.

5. Procedures for managing conflicts of interest/measures to prevent conflicts of interest

Insofar as a managerial or non-managerial employee, service provider or other person addressed by this Directive or the Management Company as a whole finds itself in a conflict of interest situation, they must report this to their superiors. The superior will forward the report to the Managing Director of the Management Company who will decide on the need to escalate the matter to the Board of Directors. The Management Company ensures that within its internal organisation, the conflict management procedures and measures are organised in such a way that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of the Management Company and of the J. Safra Sarasin Group, as well as to the materiality of the potential risk of damage to the interests of clients. It has to be ensured that the corresponding superiors in the conflict management are themselves unaffected by such conflicts.

The measures to prevent conflicts of interest include the following:

a) procedures to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities involving a risk of a conflict of interest (e.g. “Chinese walls”) where the exchange of that information may harm the interests of one or more Funds; JSSFML does not itself carry out any active portfolio management (delegation);
b) Where possible, the separate supervision of relevant persons whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, Funds or to investors whose interests may conflict, or who otherwise represent different interests that may conflict. This also includes the interests of the Management Company. But JSSFML itself does not carry out any active portfolio management (delegation);
c) It will be assured that there is no 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;
d) In individual cases, appropriate measures will be taken to prevent or limit any inappropriate influence over the way in which a relevant person carries out collective portfolio management activities;
e) Appropriate measures will be taken to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective portfolio management activities where such involvement may impair the proper management of conflicts of interest.

Where the adoption or the practice of one or more of these measures and procedures does not ensure the necessary degree of independence in an individual case, the Management Company shall determine alternative or additional measures and procedures.

6. Management of activities giving rise to detrimental conflicts of interest

The Management Company will keep a record of the types of collective portfolio management activities undertaken by or on behalf of the Management Company in which a conflict of interest entailing a material risk of damage to the interests of one or Funds, its investors or other clients has arisen or, in the case of an ongoing collective portfolio management activity, may arise. This record will be updated regularly. Furthermore, the portfolio management is contractually obliged to prevent conflicts of interest (“Portfolio Manager Contract”).
Where the standard organisational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Funds or its investors will be prevented, the Executive Committee or the Board of Directors is promptly informed so that it may take any necessary action to ensure that the Management Company acts in the best interests of the Funds and its investors.

7. Responsibilities

The Board of Directors of JSSFML adopted this Directive. The Executive Board of JSSFML is responsible for the operational implementation, i.e. for managing any conflicts of interest in an appropriate manner.

8. Reporting

The Executive Committee will prepare a summary annual report on material conflicts of interest and notable incidents/changes since the last report to the Board of Directors of JSSFML.

9. Escalation

If a material, non-avoidable conflict of interests is observed/ identified, the Executive Committee will inform the Board of Directors of JSSFML and/ or the Board of Directors of the Fund. The relevant Board of Directors will then decide on a case-by-case basis on the further procedure and/or the instructions to the parties involved in the conflict of interest. Insofar as material and unavoidable conflicts of interest affect a Fund and/or its investors, a decision will be taken on a case-by-case basis by the Board of Directors on appropriate disclosure vis-à-vis the Fund and/or its investors.

JSSFML reserves the right to amend these Principles and worksteps to safeguard a proper monitoring and management of conflicts of interest in the best interest of the Funds and its investors.