

# Conflicts of Interest Policy

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**fundcraft Management S.à r.l.**

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**fundcraft**

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## 1. Glossary

| Term                                 | Description  |
|--------------------------------------|--|
| <b>AIF</b>                           | Alternative Investment Fund, as defined under Article 1(39) of the AIFM Law  |
| <b>AIFM</b>                          | Alternative Investment Fund Manager  |
| <b>AIFM Law</b>                      | Law of 12 July 2013 on Alternative Investment Fund Managers, as amended  |
| <b>Board</b>                         | Board of Managers of the Company   |
| <b>Company / Fundcraft</b>           | fundcraft Management S.à r.l., authorised in Luxembourg as AIFM  |
| <b>Conflict of Interest</b>          | Situation in which a Staff member is involved in multiple interests, financial or otherwise, one of which could possibly impair its motivation or decision-making.   |
| <b>Compliance Officer</b>            | Person appointed by the Company to be responsible for managing the Compliance Function   |
| <b>Delegate or Service Providers</b> | Any entity providing services to the Company   |
| <b>Fund(s)</b>                       | AIFs for which the Company acts as AIFM  |
| <b>Investor(s)</b>                   | The investor(s) of the Funds   |
| <b>Policy</b>                        | This Conflicts of Interest Policy  |
| <b>Senior Manager</b>                | The person who is part of the senior management, responsible for the management of the Company, authorised by the CSSF, also known as “authorised manager” or “conducting officer”   |
| <b>Staff</b>                         | Any individual, without restriction, being part of the management or employee of the Company (including secondments) as well as all Service Providers engaged by the Company in order to perform the dedicated tasks/functions |

## 2. Applicable regulations

|                        |  |
|------------------------|--|
| <b>Law</b>             | Luxembourg law of the 12 July 2013 on AIFM, as amended                   |
| <b>Regulation</b>      | Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012     |
| <b>CSSF Regulation</b> | CSSF Regulation 10-04  |
| <b>Circular</b>        | CSSF Circular 18/698 regarding the substance of investment fund managers |

## 3. Scope and purpose of the Policy

Fundcraft Management S.à r.l., qualifies as an AIFM in accordance with the provisions of the AIFM Law. As such, the Company is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor Conflicts of Interest in order to prevent them from adversely affecting the interests of the Funds and the Investors.

The Company must notably take all reasonable steps to identify Conflicts of interest that arise in the course of managing the Funds between:

- a) the Company, including its managers, Staff members or any person directly or indirectly linked to the Company by control, and the Funds or the Investors; or
- b) one of the Funds or its Investors and another Fund or its Investors.

The purpose of the Policy is therefore to describe the arrangements referred to above and to inform the Staff members of their own obligations in terms of conflicts of interest.

#### **4. Initial identification and management of potential Conflicts of Interest**

A Conflict of Interest is likely to exist where the Company, a Staff member or a third party under the direct or indirect control of the Company:

- is likely to make a financial gain, or avoid a financial loss at the expense of one of the Funds or its Investors;
- has an interest in the outcome of a service/activity provided to any of the Funds or its Investors or of a transaction carried out on behalf of any of the Funds, which is distinct from the Fund's interest in that outcome;
- has a financial or other incentive to favor the interest of one of the Funds over the interests of another of the Funds, or to favor the interest of one Investor over the interest of another Investor or group of Investors in the same Fund;
- carries out the same activities different Funds; or
- receives from (or gives to) a person other than a Fund and/or its Investors an inducement for entering into a transaction or for providing a service, in the form of monies, goods or services, other than the standard commission or fee for that service.

The main measure to prevent Conflicts of Interest from adversely affecting a Fund and/or Investors is to ensure that actions that may impact the Fund and/or Investors are taken in the best interest of the Fund and/or Investors, and that they are taken independently of the interests of any of the Company's other clients activities or staff members, etc. With regard to Investors, actions should be taken in the common interest of all of them.

The Company has identified the following categories of situations where potential Conflicts of Interest may materialize and has put in place measures to prevent the occurrence of such conflicts.

##### **4.1 Conflicts of Interest internal to the Company**

Several types of situations can lead to a Conflict of Interest:

- **One or several Staff members may have a directorship in a Fund managed by The Company.**

*Preventive measure:* it is ensured that the board of directors of the Fund and of the Company are not predominantly composed of the same people and that the majority of vote in the board of directors of the Fund is never with the Staff members.

- **Staff members of the Company have relatives or relationships with persons in the management of Service Providers of the Company or of the Funds.**

*Preventive measure:* The Company's Staff members are subject to professional secrecy and are aware of the fact that violation of this principle may constitute a serious misconduct according to the labor legislation. All employees have to declare to the Compliance Officer if they have relatives or private relationships with persons in the management of Service Providers of the Company or of the Funds. Appropriate decisions will be taken on a case-by-case basis.

- **Staff members of the Management Company are in charge of certain activities and operations and are at the same time in charge of the control of these activities.**

*Preventive measures:* The Company applies the principle of segregation of functions and reporting lines. An organization chart showing the separation of functions is established. People working in control functions are never involved in operations they control so that independence of controls is not compromised.

- **The Company's Staff members being part of activities giving rise to Conflicts of Interest or having access to privileged information or any other confidential information relating to the Funds or transactions with or on behalf of the Funds, do personal transaction or have another person doing transactions which have the character of personal transaction which are unlawful or based on confidential information.**

*Preventive measure:* the Company has put in place a policy regarding personal transactions which aims at ensuring that all employees are aware of the applicable restrictions and that they notify the Compliance Officer who can authorize or refuse the transaction if a Conflicts of Interest that would be detrimental for the Fund(s)/Investors may arise. In addition, effective procedures have been taken to prevent or control the exchange of information between Staff members engaged in collective portfolio

management activities involving a risk of a Conflict of Interest where the exchange of information may harm the interests of one or more Funds and their Investors.

- **Remuneration of Staff members of the Company is connected to the revenues generated by another person within the Company or other related parties where a Conflict of Interest may arise in relation to those activities**

*Preventive measure:* potential variable part of the remuneration of Staff members is based on the individual assessment of the performance of the person's attributed function, according to the AIFM remuneration rules. Potential links between the remuneration of Staff members and the remuneration or the revenues generated by others are systematically removed if the link is encouraging behaviors which could be detrimental to the Funds or Investors interests.

- **The Management Company receives inducements or kickbacks from third parties in relation to services provided to the Funds or a transaction.**

*Preventive measure:* the Management Company is only entitled to receive a service fee paid by the Funds which is indicated in the Funds documentation.

#### **4.2 Conflicts resulting from the fact that the Management Company provides services to different Funds/Investors**

- **The Company may be performing its activities in a way that the interest of an Investor or a group of Investors is favored over the interest of other Investors.**

*Preventive measures:* the Company ensures that Investors are all treated according to the standard trading processes which are designed to prevent late trading and market timing practices and to ensure that the terms of the Funds' documentation are properly applied.

- **The Company may happen to manage a Fund that is in direct competition with another Fund managed by the Company.**

*Preventive measures:* the Company ensures information barriers are in place to avoid exchange of information which may be harmful for the Funds or the Investors or for the asset managers.

## 5. Identification and management of Conflicts of Interest on an on-going basis

### 5.1 Identification and escalation

There are numerous occasions which may give rise to potential Conflicts of Interest in the course of the Company's business and operations. Entering into new business relationships or changes within the organization are crucial moments and circumstances requiring particular attention to the potential risk of Conflicts of Interest.

New business relationships include client on-boarding and Delegate designation. Every time the Company enters into a relationship with a new client and/or a Delegate is designated, the new relationship must be submitted to careful examination regarding the potential risk of Conflicts of Interest. The Compliance Officer escalates to the senior management any new situation where potential Conflicts of Interest may arise.

A change within the organization such as the internal restructuring of the activity or the appointment of new Staff members can give rise to Conflicts of Interest. The Compliance Officer escalates to the senior management if the change within the organization creates a new situation where potential Conflicts of Interest may arise.

Where a Staff member becomes aware of circumstances which he/she believes could constitute a Conflict of Interest, which is likely to have a material impact on the interests of a Fund and/or Investors, he/she must report the point to his/her immediate superior or to the Compliance Officer without delay. The Compliance Officer will escalate the information to the senior management if the risk is established. An ad hoc Conflict of Interest committee is scheduled which will analyze the potential Conflict of Interest and decide on the most appropriate measure to be taken.

The Company organizes at least once a year an internal communication to draw Staff's attention on their responsibility to escalate any potential risk of Conflict of Interest.

### 5.2 Management of potential Conflicts of Interest emerging in the course of business

If the measures adopted under this Policy are not sufficient to prevent the risk of material damage to the Funds and/or the Investors, or if no preventive measure is in place to prevent the risk of material damage to the Funds and/or the Investors, the Compliance Officer will raise the situation to the attention of the senior management which will decide the most appropriate measure to be taken.

If the senior management is not confident that the conflict can be adequately managed, it must clearly disclose it to the concerned parties. Such disclosure is a last resort and should only be

adopted in specific cases where the measures otherwise put in place are judged to be inadequate.

## **6. Disclosure of Conflicts of Interest**

All potential Conflicts of Interest which have been identified are disclosed in a durable medium or by means of a website. Any disclosure made must be clear, fair and not misleading and must contain sufficient details about the relevant Conflict of Interest and the organizational arrangements made to ensure that risks of damage to the Funds/Investors' interests will be prevented.

Where information is provided by means of a website and is not addressed personally to the investor, the following conditions shall be satisfied:

- (a) the Investor has been notified of the address of the website, and the place on the website where the information may be accessed, and has consented to the provision of the information by such means;
- (b) the information must be up to date;
- (c) the information must be accessible continuously by means of that website for such a period of time as the investor may reasonably need to inspect it.

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' interests will be prevented, the Company must clearly disclose the general nature or sources of Conflicts of Interest to the Funds and/or the Investors before undertaking business on their behalf, giving sufficient information to enable the Funds and/or Investors to take an informed decision on whether or not to proceed with the proposed transaction.

## **7. Maintenance of a register of Conflicts of Interest**

The Compliance Officer maintains and keeps up to date a register of the Conflicts of Interest that have been identified or which are likely to happen in relation to the activities undertaken by or on behalf of the Company, and which entail a material risk of damage to the interests of the Funds and/or the Investors.

The register details the date when the Conflict of Interest was identified, the decision taken to resolve it, and the date when the decision was taken or when it was disclosed to the relevant parties and/or to the Investors.

The list of potential Conflicts of Interest and preventive measures is not meant to be exhaustive. The list will be amended each time a new potential conflicting situation arises in the course of the Company's business and activities. To this end, the question of Conflicts of Interest is regularly at the agenda of the senior management meetings.

The Compliance Officer submits, on a frequent basis and at least annually, written reports on activities in which Conflicts of Interest have arisen or may arise.

## **8. Review of the Policy**

The Policy is reviewed on an on-going basis by the Compliance Officer and amended if necessary.

When reviewing the Policy, particular attention must be paid to the following points:

- The efficiency of the identification process;
- The adequacy of the preventive measures;
- The adequacy of the Conflicts of Interest management process;
- The communication to Investors.

Any material change to the Policy must be approved by the Board.

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## Annex I – Conflict of Interest register

| No. | Situation<br>(potential or<br>actual) | Unit/person<br>concerned | Date at which it<br>has been found | Actual or potential<br>impacts | Mitigation<br>Measures | Information to<br>investors |
|-----|---------------------------------------|--------------------------|------------------------------------|--------------------------------|------------------------|-----------------------------|
|     |                                       |                          |                                    |                                |                        |                             |