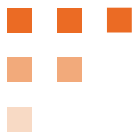




# Conflict of Interest Policy

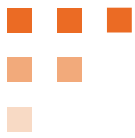
Part 19 of LIS Organizational Manual

V4Sep23



# Contents

<b>1. Introduction .....</b>	<b>3</b>
<b>2. Objectives .....</b>	<b>4</b>
<b>3. Responsibilities and relevant persons.....</b>	<b>4</b>
<b>4. Guiding principles.....</b>	<b>5</b>
<b>5. Identification of conflicts of interest.....</b>	<b>6</b>
5.1 Common situations .....	6
5.2 Main types of conflicts of interest .....	7
5.3 Common conflicts.....	7
5.4 Special situations .....	8
<b>6. Prevention .....</b>	<b>9</b>
6.1 Culture of integrity.....	9
6.2 Education and training.....	10
6.3 Supervision and levels of independence.....	10
6.4 Miscellaneous.....	10
6.5 Secondary employments/activities .....	11
6.6 Directors .....	11
<b>7. Escalation and management of conflicts of interest.....</b>	<b>11</b>
<b>8. Breach .....</b>	<b>13</b>
<b>9. Co-Applicable Documents .....</b>	<b>13</b>



# 1. Introduction

In the context of identifying and managing conflicts of interests, there are various legal and regulatory requirements which have to be respected. This policy explains how Sanne LIS S.A. (LIS) complies with the following European and local regulatory requirements in relation to conflict of interests:

- Law of 12 July 2013 on Alternative Investment Fund Managers (“AIFM”);
- Law of 17 December 2010 on “undertakings for collective investment (“UCI”), especially regarding the requirements for management companies;
- Law of 5 April 1993 on the financial sector;
- Law of 30 May 2018 on markets in financial instruments (MiFID);
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council;
- CSSF Circular 18/698;
- CSSF Circular 14/585 on Remuneration Policies and Practices;
- Regulation 10-04.

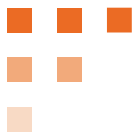
In addition to the prevailing laws and regulations, LIS has decided to adopt the ALFI Code of Conduct for Luxembourg Investment Funds.

Currently, the Law of 5 April 1993 on the financial sector and the Law of 30 May 2018 on markets in financial instruments (MiFID) are not applicable to LIS, because LIS does not conduct any business that falls under MIFID or the aforementioned laws.

As per CSSF Circular 18/698 and in accordance with Article 11(1)(d) of the 2013 Law, the AIFM must take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where appropriate, disclose, these conflicts of interest in order to ensure the fair treatment of clients and to reduce the risk of legal liability, regulatory censure or damage to its commercial interests and reputation.

There are four basic steps in the appropriate treatment of a conflicts of interest:

- Identification (5)
- Prevention (6)
- Escalation and Management (7)
- Breach (8)



## 2. Objectives

LIS recognizes its responsibilities under the laws and regulations mentioned under section 1 of this policy. LIS is further committed to identifying and managing actual or potential conflicts of interest properly, to ensure that its clients and service partners are treated fairly, are protected from any damage due to conflicts of interest and that directors perform their duties independently and objectively.

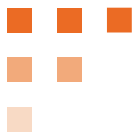
This Policy sets out the company's overall approach in identifying and managing conflicts of interest. The following approaches are therefore considered:

- identifying 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;
- detailing procedures and measures to be adopted and followed in order to manage such actual or potential conflicts of interest;
- providing a framework, and escalation rules, for dealing with conflicts of interest internally and allocate responsibilities;
- implementing obligations and requirements to record and disclose conflicts of interest; and
- defining consequences in case of failure to comply with this policy.

## 3. Responsibilities and relevant persons

The identification, management and resolution of conflicts and potential conflicts remains the responsibility of **all Sanne LIS staff**. In accordance with the terms of this policy, staff should:

- Learn to recognize when a conflict of interest may occur or has occurred;
- Always act in the best interest of the clients, when dealing with (potential) conflicts of interests;
- Regularly review in the teams whether the provision of services to clients causes a conflict of interest;
- Report and disclose conflicts and potential conflicts to the CCO **before this conflict can have an impact**, using the Conflict of Interest Disclosure form which can be found in the annex of this policy, on Knowledge Hub and on the internal K-Drive (K:\5. Orga Manual\LIS\FORMS);
- Obtain permanent and easy access to the company's Code of Conduct and policies and procedures.



**Relevant persons** in the context of this policy are:

- Employees, Senior Staff, the Management Committee (“MC”), the Conducting Officers and the Board of Directors (“BoD”) of LIS;
- Directors, prospective Directors, Partners and Managers or Agents of administered funds;
- Any other individual who acts under the supervision of the company, and who participates in the provision of investment services, activities on behalf of the company; and
- Any other individual who is directly involved in the provision of services to the company, based on an outsourcing agreement, or in the provision of investment services and activities provided to the company or its administered Funds.

It is the responsibility of the company’s **Management Committee (MC)** to take all reasonable steps to ensure compliance with this policy and provide the human and technical resources necessary for its implementation.

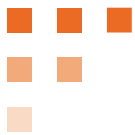
It is the responsibility of all relevant persons to adhere to the policy. Infringement of its content may result in disciplinary action, including dismissal.

The responsibility for assessing the compliance of relevant persons with the conflict of interest policy has been assigned to the permanent **Compliance Function** within LIS, under supervision of the BoD. The assigned **Chief Compliance Officer (CCO)** is responsible for monitoring compliance with this policy and must inform the MC, or if necessary the BoD, in the event of any breach or violation, of which the CCO may become aware as part of his ongoing assessments.

The CCO regularly reviews the company's processes, (potential) conflicts of interest and related processes and procedures as part of the compliance monitoring plan to mitigate them. In order to enable the CCO to perform his monitoring duties properly, each **Client Service Manager (CRM)** or **Product/Portfolio Manager (PM)** has the obligation to complete and keep up to date a unique “Conflict of Interest – Matrix” for each AIF/SIF client/product/investment/fund for which he/she is responsible. To ensure consistency in the above process, the blank form of the “Conflict of Interest – Matrix” should be used every time when initially setting up new client/ product/ investment fund. The CCO and/or the Chief Risk Officer (CRO) will provide advice and assistance whenever requested. For any existing client/ product/ investment fund, the Matrix should be regularly reviewed by the responsible CSM/ PM, at least on a bi-annual basis or whenever major changes occur which need to be reflected immediately. The outcome of this review must be reported to the CCO.

## 4. Guiding principles

**In all its activities, LIS shall act in the best interests of the client or its investors, and act honestly, fairly and professionally.**



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

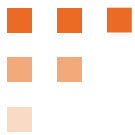
- LIS is committed to treating its clients fairly and with integrity;
- LIS is committed to complying with all applicable legal and regulatory requirements relating to conflicts of interest;
- LIS is committed to maintaining and operating effective organizational and administrative arrangements to identify and manage conflicts of interest, including those possibly arising as a result of the structure and business activities conducted jointly with other service providers;
- LIS recognizes the importance of a culture of integrity to manage conflicts of interest. As such all employees have the 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;
- The MC 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;
- LIS expects that where an employee is aware that he/she has personal interests or the company has a material interest that could affect their dealings with or advice to a client and its investors, that the interest must be disregarded and the employee must act in the best interest of the client. Additionally, the interests of the company always take precedence over the interests of any employee;
- LIS is committed to taking all reasonable steps to ensure proper disclosure of residual conflicts of interests (if any) to the client.

## 5. Identification of conflicts of interest

### 5.1 Common situations

In order to identify conflicts of interest, i.e. a situation, where competing obligations or motivations collide or potentially collide, the following non exhaustive criteria may be taken into consideration:

- 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 interests 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 an incentive for the services provided in the form of money, goods or services outside of contractual agreements from a person other than the investor; and
- the company's employee has been offered or has received 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.

## 5.2 Main types of conflicts of interest

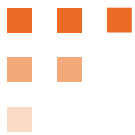
In general, there are four **main types of conflicts of interest** that have been identified by LIS:

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

## 5.3 Common conflicts

Details of **common conflicts** of interests, staff is likely to encounter on a day-to-day basis, are set out below in a non-exhaustive list:

- **Business conflicts:** The role of LIS as AIFM and the structure of the group to which it belongs bring certain conflicts. These include the allocation of time by key LIS staff between the various clients that the Group administers and the fact that the clients may on occasion invest in vehicles from other clients and act in competition with each other. In addition, in providing administration services to clients, LIS staff is often acting in dual capacities, both as directors of a client company and as employees of LIS in its capacity as AIFM. Furthermore, Group administered client entities may provide services to other administered client entities and funds, where the compensation for such services will not be determined through an arm's length negotiation.
- **Interests in Competitors, Clients, or third parties:** as an AIFM, it is not uncommon for staff (or their family members) to serve as employees, officers, directors or trustees of, or have substantial interests in a competitor, regulator or client of LIS that could create a divided loyalty or the appearance of one.
- **Inducements:** the offer or receipt of inducements in the course of carrying on business may conflict with duties owed to clients.



- **Interest in Transactions and Personal Account Dealing:** personal account dealing is not common but could create conflicts where LIS administers listed or trading funds or other entities that transact with listed entities.
- **Outside Employment, External Directorships and Business Interests:** outside employment, external directorship and business interests which are not in the scope of the contract of employment or contract of services with LIS can create clear conflicts. Although there may not be a clear link at the present moment, that employees should disclose such activities to Compliance to avoid potential complications, should LIS ever engage with that entity.
- **Employee Loyalty:** employee loyalty may be compromised where an employee may be considering employment with another entity that Sanne LIS S.A. or the Apex Group conducts business with.

If you think that a conflict of interest has arisen or is likely to arise, you may report this either (a) at the 'new business' stage if the conflict is identified at take-on, (b) at a periodic review or (c) by direct notification to the relevant Compliance Officer.

#### 5.4 Special situations

In order to avoid conflicts of interest between the **depository**, the management company or the AIFM or the UCITS or AIF or its investors, a management company or AIFM may not perform the tasks of a depository. In principle, a **prime broker**<sup>1</sup> who acts as a counterparty in transactions on behalf of the AIF may not take on the role of depository for this AIF.

Managing directors and the authorized representatives of the management company or AIFM who are authorized to carry out the entire business operation may not simultaneously be employees of the depository. If a natural person is appointed as depository, he or she may not simultaneously be a member of the board of directors or a managing director, partner or employee of the management company or AIFM or a company affiliated with it.

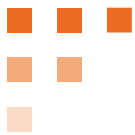
The depository appointed for a AIF cannot be appointed as an **external valuer** of this AIF unless there is a functional and hierarchical separation of the execution of its custody functions from its tasks as an external valuer and the potential conflicts of interest are properly identified, managed and monitored and disclosed to the AIF's investors.

A person from the management company may not simultaneously be a member of the management body or the staff of the depository. A person may not simultaneously be a member

---

<sup>1</sup> Prime broker: a credit institution, a regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional investors primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customised technology and operational support facilities.





of the management body of the depositary and an employee of the management company. If the management body of the management company/AIFM is not responsible for the supervisory functions within the company, a maximum of one third of its supervisory body shall consist of members who are also members of the management body or the supervisory body or employees of the depositary.

LIS as a management company has implemented a decision-making process for the selection and appointment of the Depositary, based on objective, pre-determined criteria and meeting the sole interests of the UCITS and its investors. Particular attention must be paid to the procedure for appointing a depositary with a group connection.

LIS ensures the independence of the management bodies and supervisory functions, particularly from a conflict of interest perspective within the meaning of Article 24 Paragraph 2 Delegated Regulation (EU) 2016/438.

If the AIFM of an open-ended AIF is itself the **(internal) valuer** of the assets, the valuation task must be functionally independent of the portfolio management and the remuneration policy and the remuneration policy and other measures ensure that conflicts of interest are reduced and undue influence on employees is prevented.

#### For AIF: **Delegating portfolio management or risk management**

If there could be conflicts of interest when outsourcing portfolio management or risk management between the delegate and the AIFM/investors of the AIF, outsourcing is prohibited unless the delegate has

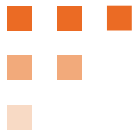
- the execution of the task it has taken on is functionally and hierarchically separated from other tasks that potentially conflict with other interests and
- the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors in the AIF.

Further information and requirements on conflict of interest criteria, separation of functions and disclosure when delegating portfolio management / risk management are named in Article 80 Delegated Regulation (EU) No 231/2013.

## 6. Prevention

### 6.1 Culture of integrity

The MC 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, the MC is dedicated to taking all reasonable steps to assist in the management and the remediation of potential or actual conflicts of interests.



## 6.2 Education and training

Appropriate training and education are 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 the policies & procedures; and
- each employee receives a compliance overview including the conflicts of interest matters when he/she starts working for LIS.

LIS shall ensure that all its employees have the sufficient skills and awareness of what constitutes a Conflict of Interest and what measures are required when a Conflict of Interest has been identified.

## 6.3 Supervision and levels of independence

The company implements:

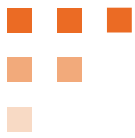
- levels of independence/supervision for persons engaged in activities entailing a conflict of interest, including a full separation of portfolio and risk management (Chinese Walls) according to the requirements of Article 42 in the Delegated Regulation (EU) No 231/2013;
- the at-arms-length principle: 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.

## 6.4 Miscellaneous

The company's organizational structures, its systems and the separation and segregation of duties and activities within the company, as well as its conflicts of interest management policies are designed to ensure the provision of services on a fully impartial basis.

In this context the following other policies apply:

- Code of Conduct – Including staff regulations (Section 18)
- Remuneration Policy (Section 20)



- Gift and Hospitality – Policy (Section 21)
- Personal Transactions (Part 33)

### 6.5 Secondary employments/activities

All directors and employees of the company are required to seek the prior written consent of the company before render any services to others for compensation or engage or participate, actively or passively, in any other business activities that may interfere with the interests of the company, of clients or of funds. The HR department maintains a list of the reported activities. The reported activities are subject to review on a regular basis.

### 6.6 Directors

Prior to accepting any new business, directors must consider any actual or potential conflict of interest with existing clients before/prior to assuming the Directorship, or if this is not possible, as soon as possible thereafter. If the conflict cannot be managed then the new business may not be accepted.

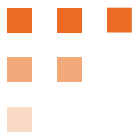
Where there is an actual or potential conflict of interest caused by the dual role of LIS employees acting as director and administrator to a client this must be disclosed to every Board that is directly involved in the potential conflict and evidenced in the minutes of the meeting. The Country Lead Compliance Officer must also be informed and the Conflicts of Interests Register updated.

## 7. Escalation and management of conflicts of interest

Identification, management and resolution of conflicts and potential conflicts remains the responsibility of all staff.

The following non-exhaustive suggestions can be taken into consideration in order to resolve (potential) conflicts of interests where they cannot be avoided. In this context, a fair treatment of the affected clients is always predominant:

- refusal to act for a client, either in full or on a particular matter;
- disclosure of directors' interests at Board meetings (by way of general pre-disclosure where permitted under the company's articles of association);
- withdrawal from the discussion and decision-making process;
- disclosure of the (potential) conflict to the client;
- implementation of information barriers, segregation of duties and reporting lines between business teams or divisions;
- appointment of an independent party to take the decision.



If a **Conflict of Interest arises**, Compliance must be immediately informed thereof. After the circumstances of a (potential) conflict of interest have come to the attention of the CCO, the CCO, in accordance with the management, will take measures to avoid or mitigate the conflict of interest and advises further steps. Until feedback of the CCO, the activity, which may lead to the potential conflict of interest, should not be initiated or continued.

Each Conflict of Interest, which includes client relationships and staff relationships, must be reported without delay to the Management Committee, acting as independent supervisory bodies, by the CCO.

Conflicts of interest that have a material impact on APEX Group or LIS, whether due to the conflict itself or the impact of mitigating actions, must be reported immediately to the Management Committee (MC). 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.

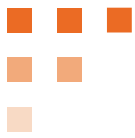
LIS has established a **Conflicts of Interests Register** to document all kinds of services or cases where a conflict of interest has occurred or may occur. This register is maintained and monitored by the Compliance Department and must be regularly updated, in accordance with Article 22(1) of CSSF Regulation 10-4 and Article 35 of Delegated Regulation (EU) 231/2013.

Conflicts of interests must be documented and recorded in a succinct and easy understandable way. Compliance is also committed to record those conflicts of interests, where Compliance or an employee working as Compliance Officer is affected himself. In such cases, the conflict must be communicated without delay to the responsible Conducting Officer, who will advise further steps.

The LIS Conflict of Interest Register is stored in the Compliance Department section of the K drive. It contains the following information:

- the description of the Conflict of Interest (whether potential or actual);
- the person that has reported the Conflict of Interest;
- the date on which the Conflict of Interest occurred or was discovered;
- the causer of the Conflict (if any);
- the affected clients (if any);
- the type of company and whether it is supervised by the CSSF;
- the result of investigation by Compliance (potential/actual/no Conflict of Interest)
- the mitigation measures of the potential or actual Conflict of Interest (including controls if required);
- if a Conflict of Interest remains (residual);
- where appropriate, the arrangements of the disclosure of the Conflict of Interest;
- annotation if the Conflict of Interest is expired; and
- attachments if any (such as Conflict, Mitigations, Disclosure).

In order to ensure, that the register is properly maintained, the Conflict of Interest register must be submitted on annual basis to the MC and the BoD, which independently controls the integrity, accuracy and consistency of the register.



On half yearly basis, the MC reinvestigate all existing conflict of interests which have not been solved permanently or persist. This investigation includes the analysis of the process of investigation and the handling of the conflict of interest in general, such as the decisions by Compliance. The register is also submitted to the BoD on a yearly basis by the CCO together with a written report on activities referred to in Art. 35 (1) Commission Delegated Regulation (EU) No 231/2013.

Upon request, the AIFM must submit a copy of the Conflict of Interest Register to the CSSF.

In addition to the local Conflict of Interests Register, which is the regulatory record of conflicts of interest, LIS maintains in addition a central Conflicts of Interest Register in Console, which is updated from time to time. All actual and potential conflicts which may cause a material risk of damage to the interests of a client shall be registered. The Register shall be reviewed, updated and maintained periodically by the Compliance Officer and shall contain the measures taken by LIS to manage actual or potential conflicts. Certain actual or potential conflicts recorded in the local register may not be appropriate or required for the central log.

The register includes further references to the following matters:

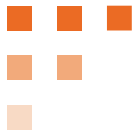
- it identifies the service or activity that LIS is carrying out for a client;
- it sets out the circumstances which constitute or may be perceived to give rise to a conflict of interest entailing a material risk of damage to the interests of the client;
- it specifies the procedures to be followed and measures to be adopted with a view to preventing the conflict of interest from constituting or giving rise to a material risk of damage to the interests of the Group's clients; and
- it specifies any breaches and remedial actions taken.
- 

## 8. Breach

Failure to comply with the Conflict of interest policy could have serious consequences for both, LIS, the Group and the individual involved. Any breach of this policy may be treated as a disciplinary matter.

## 9. Co-Applicable Documents

In addition to the above, Apex Group Policies on Conflicts of Interest adopted at group level also apply if approved by the MC.



## Key Contacts

Name/Title	Email
Wolfram Huwer, Chief Compliance Officer	wolfram.huwer@fundrock-lis.com

## Version Control

Name/Title	Version	Changes
Conflict of Interest Policy	VJune2020	
Conflict of Interest Policy	VDec2020	
Conflict of Interest Policy	V3Mar2023	
Conflict of Interest Policy	V4Sep2023	Removal of BRC; sections about depository, prime broker and delegated management included