

CONFLICTS OF INTEREST POLICY

Version: May 2019

1. LEGAL BASIS

- 1.1 Law of 12 July 2013 on alternative investment fund managers and in particular article 13 on the conflicts of interest.
- 1.2 The delegated Directive (April 7th, 2016) Chap III and in particular article 9 (2) and article 10 (3)
- 1.3 The MiFID II directive (2014/65/EU) and in particular articles 9 (3), 16 (3), 23 (1, 2, 3) and 24 (9, 10)

2. DEFINITIONS

- 2.1 **AIF** means any alternative investment fund and any of its compartment managed and, where applicable, marketed by the Company;
- 2.2 **Appointed Representative** means any director or employee of the Company which has been appointed to fulfil the mandate given by Shareholders in the conduct of the Company's operations;
- 2.3 **Board** means the board of directors of the Company;
- 2.4 **Client** means an existing or potential client of the Company for Individual Portfolio Management Services and/or Non-Core Services – only clients who are Professional Investors are serviced by the Company;
- 2.5 **Company** means European Capital Partners (Luxembourg) S.A.;
- 2.6 **Compliance Officer** means the person in charge of the Company's Compliance Function;
- 2.7 **Director** means any director of the Board;
- 2.8 **Delegated Regulation** means Delegated Regulation (EU) no 231/2013 of 19 December 2012 of the European Commission supplementing the AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

2.9 **Investor** means any investor of an AIF including an investor who committed to become an investor in a relevant AIF, a shareholder, a unitholder or a partner of an AIF, as required by the context;

2.10 **Members of Staff** means any person involved in the Company, including the Directors, the members of Senior Management and the Management Team and any Employee;

2.11 **Shareholder** mean the shareholder of the Company.

3. SCOPE

3.1 The objective of this document is to explain how the Company will manage conflicts of interest i.e. prevention, identification, and resolution in an appropriate, transparent and timely manner. This policy aims at describing the type of interests that create or may create conflicts, and at raising awareness, fostering transparency and inviting to declare these conflicts.

3.2 Indeed, the identification of conflicts relies on a set of declarations, to be filled in by those involved in the activities of the Company and then disclosed as appropriate. The conflicted activities must be subject to a monitoring and controlling process.

3.3 The Company must take all reasonable steps to identify conflicts of interest that arise in the course of managing AIFs and servicing Clients between:

3.3.1 The Company, including its Members of Staff or any person directly or indirectly linked to the Company by control, and the AIF managed by the Company (or the Investors in that AIF);

3.3.2 The Company, including its Members of Staff or any person directly or indirectly linked to the Company by control, and a Client;

3.3.3 The AIF (or its Investors) and another AIF (or its Investors) in that AIF;

3.3.4 The AIF (or its Investors) and a Client; and

3.3.5 A relevant Client and another Client.

3.4 Therefore, the Company must maintain and operate effective organisational and administrative arrangements with a view to take all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest to prevent them from adversely affecting the interests of the AIFs (and their Investors) or the Clients.

- 3.5 As the Company must segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest; the Company has to assess whether their operating conditions may involve any other material conflicts of interest and to disclose them to the AIFs, respectively the Clients.
- 3.6 This policy must serve as a supplement to the Compliance and Inducement policies into this Handbook of policies.

4. DEFINITION

- 4.1 A conflict of interest is a situation which presents a conflict between any Appointed Representative own interests and the best interests of the Clients and/or Investors. Contrary to his/her fiduciary obligations, his/her absolute duty to act for the benefit of Shareholders and his/her impartiality, objectivity or independence, Appointed Representatives may exploit the relationship as follows:
- 4.1.1 He will or has receive(d) a direct financial benefit or avoid a loss;
 - 4.1.2 He will or has receive(d) an indirect financial interest;
 - 4.1.3 He, acting in his capacity of Director / member of a governing body of the Company, will have a conflicting duty between his fiduciary role as Appointed Representative and another professional mandate;
 - 4.1.4 He will or has receive(d) a lavish gift exceeding a value of €500 likely to alter his judgement or objectivity in the conduct of his duties; and
 - 4.1.5 He will or has become an interested party who has a direct interest in the operations of the Company.
- 4.2 All transactions entered into on behalf of an AIF or a Client shall be entered into on an arm's length basis.
- 4.3 In particular, a conflict of interests shall arise where an AIF or a Client is presented with:
- 4.3.1 An investment proposal involving an investment owned (in whole or in part), directly or indirectly, by a member of Senior Management, an agent of the AIF respectively a Client or any of their respective affiliates (an **Interested Party**), or
 - 4.3.2 Any disposition of assets to any Interested Party.

5. MONITORING & CONTROLLING

- 5.1 Monitoring and controlling serve the purpose of identifying potential and/or actual conflicts of interests and promoting a transparent behaviour.
- 5.2 Each Appointed Representative is responsible for declaring its own conflict of interests and report to the Compliance Officer.
- 5.3 The Compliance Officer shall analyse this conflict of interests and may authorise the conflicted activity if such activity can be conducted in an independent, objective and impartial manner, or indicate preventive measures to prevent such a conflict and, when necessary, escalate the conflict to the Board.
- 5.4 In case the conflict cannot be prevented, the Compliance Officer will indicate preventive measures and actions to prevent and/or resolve to the conflict and, when necessary, escalate the conflict to the Board.
- 5.5 The Board will then discuss and resolve upon the course of actions to resolve and prevent such conflict.
- 5.6 All identified conflicts of interests, shall be reported on a durable medium.
- 5.7 An overview of all conflicts of interests under monitoring is presented to the Board on an annual basis.

6. DISCLOSURE

- 6.1 Where organisational arrangements implemented by the Company to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure the protection Investors' and Clients' best interests, the Company must clearly disclose these conflicts of interest to Investors and/or Clients and actions taken to mitigate those risks before acting on their behalf.
- 6.2 The disclosure referred in the paragraph above shall be made on a durable medium with sufficient details in order to allow Investors and/or Clients to take an informed decision.
- 6.3 Upon request, all Appointed Representatives are entitled to receive a training to keep them informed and up-to-date.

7. RECORDKEEPING

7.1 The Compliance Officer will keep and regularly update an electronic record of conflicts of interest form that have arisen or may arise in respect of managing the AIFs and servicing Clients. This record is kept in a secure folder on the Company's server.

The records are available for inspection by any AIF, Investors and local authority or any other auditors at the registered office of the Company during normal business hours.