

# CONFLICT OF INTEREST POLICY

Version 3: February 2024

## Legal basis

This Policy is designed by European Capital Partners (Luxembourg) S.A. (hereafter the Company) with a view to comply with the requirements set out in:

- Commission Delegated Regulation 231/2013 of December 19th, 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to the exemption, general operating conditions, depositaries, leverage, transparency and supervision;
- Law of 12 July 2013 on alternative investment fund managers – transposing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;
- Law of 10 December 2010 on undertakings for collective investment – transposing Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast); amending – the Law of 20 December 2002 relating to undertakings for collective investment, as amended;
- The CSSF Regulation Nr 10-4 of December 20th, 2010, transposing Commission Directive 2010/43/EU of July 1st, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company; and
- The MiFID II directive (2014/65/EU) and in particular articles 9 (3), 16 (3), 23 (1, 2, 3) and 24 (9, 10)
- The CSSF Circular 18/698 of August 23rd, 2018 relating to the authorisation and organisation of investment fund managers incorporated under Luxembourg law and providing specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent.
- The delegated Directive (April 7th, 2016) Chap III and in particular Article 9 (2) and Article 10 (3) amended by COMMISSION DELEGATED DIRECTIVE (EU) 2021/1269 of 21 April 2021 amending Delegated Directive (EU) 2017/593 as regards the integration of sustainability factors into the product governance obligations
- The CSSF Circular 22 / 806 of 22 April 2022 on Outsourcing Arrangements

Taking the above laws and regulations into account the Company must maintain and operate 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 conflicts from adversely affecting the interests of Funds managed by the Company and the investors in Funds managed by the Company. The Company must segregate, within its own operating environment, tasks and responsibilities that may be regarded as incompatible with each other or which may potentially generate systemic conflicts of interest.

Conflicts of interest have to be assessed by the Management Company and its managed corporate Funds especially in cases when tasks of the Company or of its managed corporate funds are being delegated or outsourced.

Where arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to investors will be prevented, the Company must clearly disclose the conflicts to the investors before undertaking business, and must develop appropriate related policies and procedures. As such the Company must have and maintain a written conflicts of interest policy, which must identify the circumstances which constitute or may give rise to a conflict of interest as well as procedures to be followed to prevent, manage and monitor such conflicts. The Company needs to ensure that the persons responsible for managing conflicts of interest are independent from the rest of the Company, including how such persons are supervised, remunerated and influenced. The Company is required to record the types of activities in which a conflict of interest has arisen or may arise, and the senior management of the Company is required to review such records at least once a year.

## 1. DEFINITIONS

**AIF** means any alternative investment fund and any of its compartment managed and, where applicable, marketed by the Company;

**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;

**Board** means the board of directors of the Company;

**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;

**Company** means European Capital Partners (Luxembourg) S.A.;

**Compliance Officer** means the person in charge of the Company's Compliance Function;

**Director** means any director of the Board;

**Delegated Regulation** means Delegated Regulation (EU) no 231/2013 of 19 December 2012 of the European Commission supplementing the AIFMD concerning exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

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

**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;

**Shareholder** means the shareholder of the Company.

## 2. SCOPE

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.

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.

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

- 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);
- The Company, including its Members of Staff or any person directly or indirectly linked to the Company by control, and a Client;
- The AIF (or its Investors) and another AIF (or its Investors) in that AIF;
- The AIF (or its Investors) and a Client; and
- A relevant Client and another Client.

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.

As the Company must segregate, within its 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.

This policy must serve as a supplement to the Compliance and Inducement policies into this Handbook of policies.

### 3. DEFINITION

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:

- He will or has receive(d) a direct financial benefit or avoid a loss;
- He will or has receive(d) an indirect financial interest;
- 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;
- 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
- He will or has become an interested party who has a direct interest in the operations of the Company.

All transactions entered into on behalf of an AIF or a Client shall be entered into on an arm's length basis.

In particular, a conflict of interests shall arise where an AIF or a Client is presented with:

- An investment proposal involving an investment owned (in whole or 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
- Any disposition of assets to any Interested Party.

### 4. AREAS OF CONFLICT OF INTEREST

The following situations may lead to conflicts of interest, where:

- the Company is likely to make a financial gain, or avoid a financial loss, at the expense of the Fund;
- the Company has an interest in the outcome of a service provided to the Funds or another client which does not share the interests of the Funds;
- the Company has an incentive to favor the interest of another client;
- the Company carries out the same activities for the Funds as for another client;
- the Company receives money, goods or services illegally.
- the Company delegates or outsources services within the Group of companies to which the Management Company belongs to.

The Company will take into account conflicts of interest that may arise in the course of managing the Funds between:

- a) the Company, including its managers, employees or any person directly or indirectly linked to the Company by control, and the Funds managed by the Company or the investors in these Funds;
- b) the Funds or the investors in these Funds and another Fund or the investors in that Fund;
- c) the Funds or the investors in these Funds and another client of the Company;
- d) the Funds or the investors in these Funds and another Funds managed by the Company or the investors in that other Fund; or
- e) two clients of the Company.
- f) Companies belonging to the same group of companies the Company belongs to.

Within the Company, conflicts of interest may arise in a variety of situations. These situations include, but are not limited to:

- a) dual roles of Directors as employees of service providers to the Company;
- b) the fact that a service provider or investment manager conducts the same type of business as the Company;
- c) the fact that there might be several investment managers managing different sub-funds;
- d) distribution of costs among the sub-funds and
- e) personal transactions of personnel or other relevant persons (e.g. independent board members, external compliance officer, external members of an investment committee, if existing).
- f) outsourcing or delegation relations within the same Group as the Company belongs to.

This is a non-exhaustive list that should be taken into account when considering the identification of a potential conflict of interest.

## Dual roles of Directors

In order to manage and mitigate possible conflicts of interest relating to the dual roles of Directors as employees of service providers to the Company, a Director who is also employed by a service provider and is taking part in the service provider's daily operations and its delivery of services to the Company, shall not take part in decisions by the Board of Directors relating to such service provider.

#### Independence of delegate and outsourcing provider from statutory auditor of the Management Company

In accordance with CSSF circular 22 / 806 the Management Company shall for outsourcing cases within the group, in particular, ensure that the service provider is independent from the statutory auditor (réviseur d'entreprises agréé or cabinet de révision agréé) in charge of the statutory audit of the Management Company and from the group to which the statutory auditor belongs.

### 5. MONITORING & CONTROLLING

Monitoring and controlling serve the purpose of identifying potential and/or actual conflicts of interests and promoting transparent behaviour.

Each Appointed Representative is responsible for declaring its conflict of interests and report to the Compliance Officer.

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.

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.

The Board will then discuss and resolve upon the course of actions to resolve and prevent such conflict.

All identified conflicts of interests shall be reported on a durable medium.

The Conducting Officers shall ensure that,

- conflicts of interest handling is duly reported to the Board of Directors of the Company and the Board of Directors of the managed corporate Funds, i.e. on an annual basis and when needed.

In accordance with principles above, the Company has put in place a conflicts of interest register. In particular, the register will record the following information:

- activity that have given or might give rise to a conflict,
- type of conflict,
- names of relevant persons or business unit / department and the date when this situation arose or was discovered,
- risk and impact analysis,
- measures taken to resolve the (potential) conflict,
- additional comments.

Such register is updated by the Compliance officer, who keeps the Conducting Persons informed about such updates and submits the register, together with explanatory information, if necessary, to the Board of Directors at least on a yearly basis.

A template of the register can be found in **Error! Reference source not found..**

## 6. DISCLOSURE

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 disclose these conflicts of interest to Investors and/or Clients and actions taken to mitigate those risks before acting on their behalf.

The disclosure referred in the paragraph above shall be made on a durable medium with sufficient details to allow Investors and/or Clients to take an informed decision.

Upon request, all Appointed Representatives are entitled to receive training to keep them informed and up-to-date.

## 7. RECORDKEEPING

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.

## APPENDIX 1 Conflict of Interest register

declaring person	Type of conflicts of interest	Description of the conflicts of interest and relevant pe	Mitigating actions	Level of risks (considering the mitigation actions)	Additional comments