

8. CONFLICTS OF INTEREST PROCEDURE

8.1. RESPONSIBLE PERSON

LBD, under supervision of the BOD, must control that the procedure is respected and must notify the BOD for any breach or violation he should be aware of, in the normal course.

8.2. ROLE OF THE INDEPENDENT DIRECTOR

In order to strengthen the supervision on the conflict of interests matter, the Fund furthermore defined to appoint an independent board member inside the BOD so that to ensure that any material conflict of interests involving directors will be properly dealt with.

An "independent" director is someone who is independent from the Fund governance and free from any business ties or other relationships with the fund, its controlling shareholders, or the asset management.

A director shall be deemed to be independent when he has not been delegated any authority concerning the operation of the company, and at the same time:

- Has no significant business or professional dealings, nor has or has had an employment relationship with the asset Fund, its parent company or subsidiaries, its affiliates or companies subject to joint control, or with directors that have management authority;
- Is not part of the family of other members of the Board of Directors, of any shareholders or group of controlling shareholders, where "family" shall mean a spouse who is not legally separated, relatives and persons related by marriage within the fourth degree of kinship;
- Does not own, either directly or indirectly, more than 5% of the asset Fund's voting capital and has not entered into any shareholders' agreement whose purpose or effect is to control the asset Fund;
- Complies with the requirements relating to a competence and standing that are not less than those established by the Board of Directors.

Independent director shall sign an annual declaration attesting to the continued existence of the specific requirements indicated in the previous paragraph, and in any event, they shall undertake to make an immediate report if this is no longer the case.

For at least two years after the end of the mandate, independent board member should not have any significant business or professional dealings with, or any employment relationship with the Fund, its Promoter or subsidiaries, its affiliates or companies subject to joint control, or with the directors that have management authority.

8.3. CONFLICT OF INTERESTS DEFINITION

In any case, Conflict of Interests may arise in the following situations:

- When the Fund, or relevant persons amongst its organisation, can make a financial gain, or avoid a financial loss to the detriment of the investors;

- When the Fund, or relevant persons amongst its organisation have an interest in the outcome of a service provided to investors, distinct from that of the Fund;
- When the Fund, or relevant persons amongst its organisation, is pressed, for financial or other reasons, to prefer interests of another investor over those of the Fund;
- When the Fund, or relevant persons amongst its organisation, carries on similar activity to those provided to the Fund to other non-UCITS clients;
- When the Fund, or relevant persons amongst its organisation, receives or may receive from a person other than the investor, in connection with the service to these borrowed, an incentive in the form of money, goods or services, other than committees or received for that service.

8.4. RELEVANT PERSONS

To the extent of this procedure, the following subjects are considered as relevant persons:

- Directors and partners that, based on the interest held can be in a situation of conflict of interest, managers or agents of the Fund;
- Any other individual whose services are available and under the supervision of the Fund and who participate in the provision of investment services and activities on behalf of the Fund;
- Any other individual who is directly involved in the provision of services to the Company on the basis of an outsourcing agreement having as its object the provision of investment services and activities provided by the Fund.

8.5. GENERAL POLICY

The Fund's reputation can be injured even following the mere appearance of a conflict of interest. The Fund will take whatever steps may deem necessary in order to avoid any reputational risk and preserve its reputation.

In this respect, no one, amongst the Fund's organisation may engage in activities or acquire interests, which conflict with the interests of the Company and, in particular, entail a material risk of damage to the interests of Fund's investors.

Potential conflicts of interest detected by employee staff member of the Sicav have to be reported immediately to the **LBD** that will report to BOD as soon as possible.

The BOD will in either case and insofar as necessary make further own inquiries on the potential conflict situation and, thereafter decide on further proceedings.

If a conflict of interest cannot be avoided by other measures, the Fund will disclose the nature and the source of the remaining conflict of interest to investors in form of a communication of general nature. The means of such communication are agreed by the Board of Directors.

Guidelines respecting certain specific practices and conditions are discussed below.

The fact that a particular practice or condition is not prohibited below does not mean that it has been approved.

8.6.LIST OF POSSIBLE MATTERS WHICH MAY GENERATE CONFLICT OF INTERESTS

The following are examples of conducts that may give the appearance or that may generate the rising of conflict of interests.

The list is not intended to be complete and all representatives of the Fund should use their best judgments to avoid even the appearance of a conflict of interest.

8.6.1. SPECIFIC ACTIVITIES

Any of such activity delegated to the management company or its affiliated entities may generate potential conflict of interest in it, and thus must be disclosed to the investors through disclosure in the Prospectus and financial statements of the Company.

In particular, with reference to the above activities, the following conflicts of interests may arise:

1. Conflicts relating to the activity of the Investment Manager

The following conflicts may occur:

- There may be circumstances where the Investment Manager acts as an asset manager for several clients and has to decide how to allocate financial instruments between clients
- There may be circumstances where investment management services may be influenced by retrocession of commissions received from third parties, such as for instance investment funds;
- There may be circumstances where the Investment Manager buys units in UCIs/UCITS on behalf of the Fund while it also acts as service provider for these units.
- There may be circumstances where the Investment Manager acts as Investment Manager in relation to other funds that have similar objectives and that make investments similar to those made on behalf of the Fund.
- There may be circumstances where the Investment Manager is or is affiliated to the Group pertaining to the Promoter and receives a payment from the Fund.
- There may be circumstances where the Investment Manager may from time to time acts as Investment Manager, banker, broker, distributor to other funds established by parties other than the Fund which have similar objectives to those of the Fund.

In such a case, provided that the Investment Manager shall seek best execution and provided it deal always in the best interest of the Fund, the Investment Manager shall endeavour to ensure that such Conflict of Interest is resolved fairly. In addition the Investment Manager may deal with the Fund provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

The Investment Manager will seek to obtain the best net results for the Fund, taking into account such factors as price (including the applicable brokerage commission or dealer

spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities.

Therefore, whilst the Investment Manager generally seeks reasonable competitive commission rates, the Fund does not necessarily pay the lowest commission or spread available. The Fund shall ensure that the amount of commission payable to the Investment Manager is not in excess of that which would have been payable had this service been provided by an Investment Manager who is not group-related to the Sicav or to the promoter of the Fund.

2. Conflicts relating to the distribution activity

The following conflicts may occur:

- There may be circumstances where the Distributor is or is affiliated to the Group pertaining to the Promoter and receives retrocession of commissions from the Fund.

In such a case, the Company shall ensure that the amount of commission payable to the Distributor is not in excess of that which would have been payable had this service been provided by a distributor who is not associated.

3. Conflicts relating to the risk management activity

The following conflicts may occur:

- There may be circumstances where the Risk Manager is or is affiliated to the Group pertaining to the Promoter or to the Investment Manager.

In such a case, the Risk Management activity (or any support to the Risk management activity) and the Investment Management activity are segregated to avoid the flow of confidential information and two different persons are appointed as responsible of these departments.

At all times, the Risk Manager has regard to its obligations to the Fund and will endeavour to ensure that such Conflict of Interest is resolved fairly. In addition the Risk Manager may deal with the Fund provided that such dealings are carried out as if affected on normal commercial terms negotiated on an arm's length basis.

8.6.2. OUTSIDE EMPLOYMENT

As a principle, all staff and personnel (if any) or relevant persons of the Company is expected to devote full time attention and abilities to its Company during regular hours of employment and such additional time as may be required.

No other employment or activities or functions should be usually undertaken if this would impair an individual's ability to properly perform own job responsibilities.

Employment or cooperation agreements entered by the Company with staff and personnel (if any) or other relevant persons of the Company, should include a specific

non-competition clause or covenant, save for specific derogation approved by the Board of Directors.

There may be also circumstances where Relevant Persons may exercise simultaneously managerial functions in a management company.

In such a case, the conflict must be disclosed to the Board of Directors and the Board should evaluate if such managerial functions may impair the ability of the Relevant Person to perform its job and responsibilities.

8.6.3. OUTSIDE BUSINESS VENTURES

Relevant Persons within the Company, who should have interests in external corporations that engage in transactions with the Company, may not be delegated to finalize those transactions.

Such material interest should be disclosed at the BOD.

8.6.4. PERSONAL LOANS

Relevant Persons within the Fund are not allowed to borrow money from any corporation that engages in transactions with the Fund unless that corporation grants loans in the ordinary course of its business and unless such loans are made on terms that are generally available to the public.

8.6.5. GIFTS, OR OTHER INCENTIVES FROM CUSTOMERS

The procedure for gift acceptance is outlined under **Chapter 7.** of this Manual and is intended to avoid any rising of potential conflict of interest.

8.6.6. CONFLICTS OF INTERESTS ARISING FROM REMUNERATION AND INCENTIVE POLICIES

The remuneration procedure is outlined under **Chapter 8.** of this Manual and is intended to avoid any rising of potential conflict of interest.

8.6.7. MISUSE OF POSITION WITH THE COMPANY

The fact that a person holds a position within the Company may not be used as the basis to seek or accept any business opportunity or other favour or benefit that is not available to persons who are not employed by the Company.

For example, no representative of the Fund may accept any offer to buy securities or other types of property or assets at terms, which are more favourable than the terms available to the general public, if the offer is made because the person is associated with the Fund.

8.7. CONFLICT OF INTEREST REGISTER

In accordance with rules stated in the UCITS IV regulation, the Fund has put in place a specific register (see **Annexes**) in order to record all activities carried out during asset management which produce or can produce a conflict of interest.

In particular, the register will record the following information:

1. Activity that have given or might give rise to a conflict;
2. Type of conflict;
3. Date of acknowledgement of conflict;
4. Names of relevant persons informed;
5. Date of relevant persons informed;
6. Risk analysis;
7. Measures taken;
8. Additional comments.

Such register is updated by **LBD** and submitted to the BOD on a yearly basis.

8.8. DISCLOSURE OF POSSIBLE CONFLICTS OF INTEREST

Whoever, within the Fund, has potential conflict of interests, is required to disclose it to the BOD, including those in which may have been inadvertently placed due to either business or personal relationships with clients, suppliers, business associates or competitors of the Fund.

After information of the existence of a certain conflict of interest which cannot be avoided, the BOD will adopt a disclosure strategy in order to properly inform investors on a durable manner about the conflict.

8.9. SPECIFIC APPROVAL OF THE PROCEDURE BY THE EMPLOYEES

By signing this Manual for receipt, every person within Company's organisation is intended to have read, acknowledged, and accepted also the procedure related to conflict of interests.