



# CONFLICT OF INTEREST POLICY

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## I. GLOSSARY

Term	Description
FUNDS AVENUE	<i>Funds Avenue SA</i>
IFM	<i>Investment Fund Manager</i>
Funds	<i>Funds managed by FUNDS AVENUE (i.e. AIFs or UCITS)</i>
AIF	<i>Alternative Investment Funds</i>
UCITS	<i>Undertakings for Collective Investments in Transferable Securities</i>
Client	<i>If not explicitly specified, this term includes Funds managed by FUNDS AVENUE, as well as Investors in those Funds.</i>
Service partners	<i>Includes Depositary Banks of Funds managed by FUNDS AVENUE, companies to which FUNDS AVENUE has delegated functions, as well as service providers</i>
Directors	<i>Members of the Board of Directors</i>
Senior Management	<i>Members of the Management Committee</i>
Employee	<i>All employees of FUNDS AVENUE including Directors and Senior Management</i>
Conflict of Interest Mapping	<i>Record of the types of situations which could potentially give rise to a conflict of interest which have not necessarily materialized</i>
Conflict of Interest Register	<i>Record of the effective conflicts of interest as reported to, or identified by, the Compliance Officer.</i>

## II. GENERAL DISPOSITIONS

This conflict of interest policy sets out the legal and regulatory requirements, as well as the related actions which Funds Avenue (hereafter, "FUNDS AVENUE") complies with in order to meet its obligations, in the area of conflicts of interest policy, as Management Company authorised under Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment (the "2010 Law") and as Alternative Investment Fund Manager authorised under the Law of 12 July 2013 (the "AIFM Law"), which manages undertakings for collective investment subject to Part I of the 2010 Law and other types of funds which qualify as alternative investment funds.

FUNDS AVENUE has aligned its conflicts of interest policy with the current best practice and Luxembourg regulatory framework.

### III. APPLICABLE REGULATIONS

Law	Article 109 of the 2010 Law implementing the UCITS Directive (Directive 2009/65/EC), which requires UCITS management companies to establish and maintain an effective conflict of interest policy
	Article 13 of the 2013 Law implementing the AIFMD (Directive 2011/61/EU), which establishes conflict of interest requirements for Alternative Investment Fund Managers
CSSF Regulation and Circular	CSSF Regulation N° 10-04 as amended by Regulation N° 22-05 of 27 July 2022 which sets out detailed rules concerning the organization and conduct of UCITS management companies, including provisions on conflicts of interest management.
	CSSF Circular 18/698 on the authorisation and organisation of IFM which provides guidelines on governance, conflicts of interest management, and operational oversight.
	CSSF Circular 22/806 on outsourcing arrangements which details requirements for outsourcing, ensuring that delegated activities do not create or exacerbate conflicts of interest.

The list above is not exhaustive.

### IV. PURPOSE OF THE POLICY

FUNDS AVENUE wants to ensure that its clients, service partners and other stakeholders are treated fairly and protected from any damage due to conflicts of interest.

This policy therefore sets out the company's overall approach in properly identifying and managing conflicts of interest.

To this extent, this conflict of interest policy seeks to:

- Identify circumstances or potential circumstances which may give rise to conflicts of interest entailing a material risk of damage to the interest of the one or more clients, including the types of conflicts of interest which may arise from the integration of sustainability risks.
- Establish appropriate mechanisms and systems to manage those conflicts;
- Maintain systems designed to prevent actual damage to the interest of the Fund through any identified conflicts; and

### V. IDENTIFICATION OF CONFLICTS OF INTEREST

A situation of "conflict of interest" is a situation whereby the IFM (or one of its employee) has an interest of a material, professional, commercial or financial nature that goes against the interest of one or more clients, or service partners.



FUNDS AVENUE takes all reasonable steps to identify conflicts of interest that arise, in the course of managing Funds, between:

- FUNDS AVENUE, including its employees or any person directly or indirectly linked to FUNDS AVENUE by control, and a Fund managed by FUNDS AVENUE or the investor of the Fund; or,
- A Fund or the investors in that Fund, and another Fund and the investors in that Fund; or,
- A Fund or the investors in that Fund, and another Fund; or,
- Two clients of FUNDS AVENUE.

The most likely "conflicts of interest" situations that may arise can be described as follows:

- FUNDS AVENUE or one of its employee, or a person directly or indirectly linked by control to FUNDS AVENUE, is likely to make a financial gain, or avoid a financial loss at the expense of the Fund;
- FUNDS AVENUE or one of its employee, or a person directly or indirectly linked by control to FUNDS AVENUE has an interest in the outcome of a service/activity provided to the Fund or another client or of a transaction carried out on behalf of the Fund or another client, which is distinct from the Fund interest in that outcome;
- FUNDS AVENUE or one of its employee, or a person directly or indirectly linked by control to FUNDS AVENUE has a financial or other incentive to favor the interest of another client or group of clients over the interest of the Fund;
- FUNDS AVENUE or one of its employee, or a person directly or indirectly linked by control to FUNDS AVENUE carries on the same activities for the Funds and for another client or clients which are not Funds;
- FUNDS AVENUE or one of its employee, or a person directly or indirectly linked by control to FUNDS AVENUE receives or will receive from a person other than the Fund an inducements in relation to collective portfolio management activities provided to the Fund, in the form of monies, goods or services, other than the standard commission or fee for that service;
- FUNDS AVENUE or one of its employee, or a person directly or indirectly linked by control to FUNDS AVENUE, is likely to make a financial gain, or avoid a financial loss neglecting the sustainability preferences of the Fund or its investors (e.g., greenwashing, or the mis-selling of investment strategies).

## **VI. MANAGEMENT OF CONFLICTS OF INTEREST**

FUNDS AVENUE and its managed Funds' market reputation and financial standing can be severely damaged by conflict of interest situations. Therefore, FUNDS AVENUE takes all steps which are deemed necessary in order to avoid any negative implication for FUNDS AVENUE and its managed Funds due to conflicts of interest.

In order to limit any such conflicts and to manage any conflicts which do arise, the following controls and internal procedures have been put in place:

- effective procedures to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities involving a risk of a conflict of interest where the exchange of information may harm the interest of one or more clients;

- the separate supervision of persons whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, clients or to investors whose interests may conflict, or who otherwise represent different interests that may conflict with the interest of one or more clients;
- the removal of any direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carried out collective portfolio management services;
- measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective portfolio management activities where such involvement may impair the proper management of conflicts of interest.

## VII. ESCALATION OF CONFLICTS OF INTEREST

It is the responsibility of all employees to identify such potential conflicts of interests. Each time an employee of FUNDS AVENUE is facing conflicts of interest, he should report the information to the Compliance Officer:

- Either if they have identified one conflict of interest situation listed in the record of potential conflicts of interest situation (i.e. the Conflict of Interest Mapping );
- Either in case of doubt regarding a situation which may give rise to a conflict of interest.

### Conflicts of Interest Mapping

The Compliance Officer maintains and regularly updates a record of the types of situations which may give rise to a conflict of interest: the Conflict of Interest Mapping.

In order to enable the Compliance Officer to perform his monitoring duties properly, it is an obligation that any employee fills out and keeps updated a single Conflicts of Interest Mapping for each AIF or UCITS that he is working/responsible for.

To guarantee an effective approach, the Conflicts of Interest Mapping template should be used when initially performing this exercise for a new Client.

The Compliance Officer and Chief Risk Officer will provide advice and assistance whenever requested. For any existing Client, the Conflicts of Interest Mapping should be reviewed by the responsible person on a bi-annual basis at least, or whenever requested.

These conflicts of interest are, beside conflicts reported by the employees and the Directors, identified by the Compliance Officer through control on and/or discussions with services providers, employees and clients (in particular before entering into any new business relationship, please refer to the "Procédure d'entrée en relation").

These controls and discussions made for that purpose, as well as the relevant conflict mitigation measures are documented by the Compliance Officer in a Conflicts of Interest Mapping.



### **Conflicts of Interest Register**

The Conflicts of Interest Register is a record of the effective conflicts of interest as reported to, or identified by, the Compliance Officer. The register is maintained by the Compliance Officer and is amended whenever a conflict is identified or whenever required by changing circumstances.

Thus, the employee of FUNDS AVENUE should directly report those kinds of situations to the Compliance Officer by sending the Conflicts of Interest Register filled in and updated.

When a conflict of interest is identified and cannot be dealt with or addressed within the normal procedures as stated above, then the formal escalation procedure applies and it must be reported immediately to the Compliance Officer. The Compliance Officer will record the conflict of interest on the register and consider possible solutions.

### **Reporting to the management**

A conflicts of interest report is prepared by the Compliance Officer to the attention of the Management of FUNDS AVENUE, on an annual basis (at least). This report sets out the actions undertaken to avoid or manage the identified conflicts of interests as well as their occurrence in the future.

## **VIII. DISCLOSURE OF CONFLICTS OF INTEREST**

All potential conflicts of interest which have been identified are fully disclosed in the Prospectus for the Funds and all material contracts which the IFM enters into on behalf of the Funds contain detailed disclosure of the conflicts which may arise with all parties consenting thereto.

Any disclosure made are clear, fair and not misleading and the disclosure contains sufficient detail about the relevant conflict of interest to enable the investor in the Funds or a third party contracting with the Fund or the IFM to make an informed decision.

## **IX. REVIEW OF THE CONFLICTS OF INTEREST POLICY**

The conflicts of interest policy and the procedures in place are reviewed on an ongoing basis by the Compliance Officer.

Should the Compliance Officer find that the procedures are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the fund or the shareholders are being prevented, the Directors of the IFM and/or Funds shall be promptly informed in order for them to take any necessary decision to ensure that in any case the IFM acts in the best interests of the Fund and of the shareholders and the policy and procedures shall be amended as appropriate.

In addition, the IFM shall report such situations to the shareholders of the Fund in writing and will give reasons for its decision. Where no update is required, the policy will be applied consistently over time.