



---

## CONFLICTS OF INTERESTS POLICY

---

	Date	Remarks
Date of (first) issue	2014	
Annual Review	22 January 2015	Approved by the Board of Directors without modification
Annual Review	22 January 2016	Approved by the Board of Directors without modification
Update	January 2018	Review and Update

Owner	Compliance Officer
Reviewed by	BoD
Approved by	BoD
Approbation date	30/01/2018
Implementation date	31/01/2018

## Table of Contents

1. Introduction. ....	3
2. Scope.....	4
3. General principles. ....	4
4. Conflict of interest definition. ....	5
5. Identification of circumstances that may lead to a conflict of interest. ....	6
6. Specific potential conflicts of interest identified and associated mitigation arrangements. ....	8
6.1 Personal conduct and remuneration. ....	8
6.1.1 Personal Account Dealing. ....	8
6.1.2 Business Entertainment and Gifts. ....	8
6.1.3 Remuneration. ....	9
6.1.4 Outside Interests.....	9
6.1.5 Directorships. ....	10
6.2 Investment management process. ....	11
6.2.1 Group Funds. ....	11
6.2.2 Portfolio Activity. ....	11
6.2.3 Portfolio Activity. ....	12
6.2.4 Inside Information. ....	12
6.2.5 Holdings in Brokers. ....	13
6.2.6 Fund Managers' Investments into Funds. ....	13
6.2.7 Trades Executed Via Counterparties.....	14
6.2.8 Valuation of Securities.....	14
6.3 Corporate interests. ....	15
6.3.1 Fees. ....	15
6.3.2 Allocation of costs. ....	15
7. Conflicts of interest subject to disclosure.....	15
7.1 General principles in relation to disclosure ....	15
7.2 The role of employees.....	16
8. Register of services giving rise to conflicts of interest.....	16
9. Monitoring, supervision and updating of the policy on the management of conflicts of interest.....	16

## 1 Introduction.

Crédit Andorrà Asset Management Luxembourg, S.A. (hereafter the “Company”) is a *société anonyme* incorporated under the laws of the Grand Duchy of Luxembourg.

The Company is subject:

- to Chapter 15 of the Luxembourg Law dated 17 December 2010 on Undertakings for Collective Investments;
- the CSSF Regulation 10-04;
- the CSSF Circular 12/546 as amended; as well as
- to the Law of 12 July 2013 (Luxembourg AIFMD Law) and
- to the Law of 13 February 2007 (SIF Law).

In particular, according to the Par. “5.2.6.1. Conflicts of interest policy (Articles 18 to 22 of Regulation 10-04)” of the CSSF Circular 12/546, *“the management company must establish, implement and maintain operational an effective conflicts of interest policy. This policy must be in writing and must be appropriate in relation to the size and organisation of the management company and the nature, scale and complexity of its activity. This policy must identify in particular the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the UCITS, taking also into account the relationships with other members of the group. Likewise, the policy must include the procedures to be followed and the measures to be adopted in order to manage such conflicts of interest”*.

In addition, the Art. “13 Conflicts of interest” of the Law of 12 July 2013 states that *“AIFMs are required to maintain and operate effective 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 them from adversely affecting the interests of the AIFs and their investors.*

*Where organisational arrangements made by the AIFM to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interests will be prevented, the AIFM must clearly disclose the general nature or sources of conflicts of interest to the investors before undertaking business on their behalf, and develop appropriate policies and procedures”*.

Consequently, the Company is required to take all reasonable steps to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between itself (including any “relevant person” in line with the definition of Art. 3 of the CSSF Regulation 10-04 and any person directly or indirectly linked to the Management Company) and its clients and between one client and another and also any circumstance which may give rise to a conflict of interest

resulting from the structure and business activities of other members of the group and to have in place a policy relating to conflicts of interest.

This includes conflicts that may arise where the Company undertakes a particular activity for undertakings for collective investment in transferable securities (UCITS) schemes, alternative investment funds (AIFs) and any other client.

## 2 Scope.

This Policy is applicable to all employees of the Company. According to the scenario where the Company has delegated the functions to a third party, the third party is expected to fulfil the conflicts of interest requirements in relation to the activity to be carried out.

The Company also verifies that the third party has taken appropriate measures in order to comply with the said requirements.

The Board of Directors of the Company has formally approved and adopted this Policy, which is fully compliant with the Luxembourg regulation referred to the management of conflicts of interest.

## 3 General principles.

As an affiliate of a multifunctional financial service provider with an European and international presence, the Company is constantly facing potential conflicts of interest. The occurrence of potential conflict of interest situations is, to a certain extent, an inherent part of its activities.

EU legislation has acknowledged that the simultaneous performance of various services and investment activities by financial service providers has increased the possibility of conflicts between these various activities and the interests of clients. However, taking into account the impossibility for financial service providers to eliminate all conflicts of interest, it has highlighted the necessity for operators to provide rules aimed at ensuring that such conflicts do not have a negative impact on their clients' interests.

The Company is committed to managing conflicts of interest situations in accordance with the highest standards of integrity, fair dealing and professionalism. In order to ensure that these standards are met, the Company continually and proactively seeks to identify and manage conflicts of interest to avoid any type of impropriety.

As the protection of the interests of the UCITS and other UCIs managed by the Company (the "Clients") and of their shareholders (the "Shareholders") is our first concern, our conflicts policy sets out how:



- to identify circumstances which may give rise to conflicts of interest including a material risk of damage to the Clients' and/or Shareholders' interests; and
- to establish and will maintain appropriate mechanisms and systems to manage those conflicts.

If all reasonable measures have been adopted to manage a conflict of interest but these nevertheless prove to be insufficient to reliably guarantee the exclusion of the risk of damaging the Funds' interests or the interests of its investors, the Compliance officer has to be informed. It is the duty of Senior Management, to take any necessary decision to ensure the fair treatment of the Funds and respectively of its investors.

The methods of identifying and managing conflicts of interest, as defined in this Policy, are reflected in a set of tasks and activities such as:

- Analysis and evaluation: identification of the potential conflicts of interest;
- Management and control of conflicts of interest;
- Monitoring of conflicts of interest;
- Reporting and disclosure to the clients.

In order to meet the mentioned legal requirements and to ensure proper control over the process of managing conflicts of interest, the Company has assigned the Compliance officer a central role in the supervision of all activities described in this Policy as well as in assessing constantly the adequacy and effectiveness of the Policy.

#### 4 Conflict of interest definition.

A conflict of interest is a situation where there is a material risk of damage to the interests of a client arising because the interests of:

- The Company and its clients (including UCITS/AIF schemes and UCIs/AIFs managed) differ; and
- Any client (including UCITS/AIF schemes and UCIs/AIFs managed) and those of another client differ.

An interest is the source of any advantage, direct or indirect, of whatever nature, tangible or intangible, professional, commercial, financial, non-financial or personal. However, it should be noted that it is not enough that the Company may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom the Company owes a duty may make a gain or avoid a loss without there being a concomitant possible loss to another such client.

## 5 Identification of circumstances that may lead to a conflict of interest.

For the purposes of identifying the types of conflict of interest that arise, or may arise, in the course of providing a service and whose existence may entail a material risk of damage to the interests of a Client, the Company must take into account, as a minimum, whether itself, a relevant person<sup>1</sup> or a person directly or indirectly linked by control to the Company:

- Could realize a financial gain or avoid a financial loss at the expense of the Funds or its investors;
- Could have interests different from those of the Funds in the outcome of a service or an activity provided to the Funds or its investors or on a client or a transaction carried out on behalf of the Funds or a client;
- Has a financial or other incentive to favour the interests of another client or group of clients over those of the Funds or the interest of one investor over the interest of another investor or group of investor in the same Funds;
- Carries on the same activities for the Funds and for another category of clients (e.g. non-UCITS);
- Receives or will receive from a person other than the Funds an inducement relating to services provided to the Funds (e.g. collective portfolio management activities) in the form of monies, goods or services, other than the standard commission or fee for that service;
- The Company performs various investment services jointly.

Having identified generic and specific conflict of interest risks and circumstances, the Company establishes and implements effective organisational and administrative arrangements that demonstrate all reasonable steps have been taken to prevent such conflicts from constituting or giving rise to a material risk of damage to the interests of clients.

The Company always tries to avoid conflicts of interest and, when they cannot be avoided, seeks to ensure that its clients, including UCITS/AIF schemes and UCIs/AIFs, are fairly treated.

---

<sup>1</sup> According to the definition sets by Art. 3 of the CSSF Regulation 10-04, a "relevant person" is a party that belongs to one of the following categories: (i) a director, partner or equivalent, or manager of the Management Company; (ii) employees of the Company and any other natural person whose services are available to and under the control of the Company and who are involved in the provision of investment services and the performance of investment activities for the Company; (iii) natural persons who are directly involved in the provision of services for the Company based on an outsourcing or delegation agreement concerning the provision of investment services and the performance of investment activities for the Company.

Where a potential conflict arises, the Company always seeks to ensure that transactions and services are effected on terms that are not materially less favourable to the client than those had the conflict, real or potential, not existed.

Where internal arrangements maintained by the Company are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client is prevented, then appropriate disclosure will be made to all relevant parties (please refer also to Chapter 7).

### General mitigation arrangements.

The below list of measures is not supposed to be exhaustive. Furthermore, Group-wide policies may, where appropriate, be supplemented by specific policies in order to consider the respective local, regulatory requirements:

- Organisational arrangements detailing clear roles and responsibilities;
- Documented policies and procedures covering key business areas and processes;
- Segregation of key duties to provide control and oversight of processes;
- Maintenance of a conflicts of interest policy approved by the Company Board of Directors which all employees are required to read and confirm their understanding;
- Directors and Senior Management emphasis on effective conflicts of interest management;
- Confidential whistle-blowing arrangements for anyone concerned that conflicts of interest have arisen that are not being properly addressed;
- Maintenance of a codes of conduct policy;
- Annual certification by all employees (and independent non-executive directors of companies/UCITS/AIFs) that all conflicts of interest circumstances actual and potential that they are aware of have been elevated and addressed;
- The use of physical means to protect against the inappropriate exchange of sensitive information between various parts of the business where applicable (“chinese walls”);
- Active consideration of potential conflicts of interest and their effective management in relation to outsourcing arrangements with third parties (both external firms and other Company Group companies), and a requirement that these third parties either have an equivalent conflicts of interest policy or are guided by this present policy;
- Active consideration of potential conflicts of interest and their effective management before launching a new fund/product or taking on a new client;

- A requirement on all employees to report all conflicts, potential or otherwise to Compliance function.

All employees are responsible for identifying and recording the circumstances in which a conflict of interest may arise, or has arisen, as a result of activities carried out by the Company. This record is held centrally and subject to monitoring and review by Compliance Function, Senior Management and the Board of Directors (please refer to Chapter 8 for further information).

Employees are responsible for identifying and reporting any breaches of the policy to Compliance officer.

## 6 Specific potential conflicts of interest identified and associated mitigation arrangements.

To date, a number of specific sources of potential conflicts of interest have been identified as arising from the services provided and activities undertaken by the Company. These are shown below along with a high-level description of the associated mitigating controls. For ease of understanding and sake of clarity these are grouped into the following key categories: personal conduct and remuneration, investment management process, corporate interests.

### 6.1 Personal conduct and remuneration.

#### 6.1.1 Personal Account Dealing.

An employee or Director of the Company engages in personal account dealing, or is otherwise interested in any company whose securities are held or dealt in on the client's behalf, in respect of securities or services and the Company has a client with an interest which potentially conflicts with such dealing.

#### Mitigations:

The Company operates personal account dealing procedures which details obligations of employees in transactions conducted on own account (refer to the Code of Ethics, Par. 4).

#### 6.1.2 Business Entertainment and Gifts.

Gifts and entertainment (including non-monetary gifts) are received that may influence behaviour in a way that conflicts with the interests of the Company's clients or Funds.





Mitigations:

In the Code of Ethics, The Company details what is acceptable. Only gifts and entertainment which do not impair the Company's duty to act in the best interests of its clients are allowed.

### 6.1.3 Remuneration.

Employees are remunerated on the basis of a variety of compensation components including base salary and cash bonuses. Cash bonuses and deferral awards are variable components of compensation that are intended to motivate and reward individuals for their contribution to the annual results of the Company and not to encourage inappropriate risk taking.

Mitigations:

The remuneration policy adopted by the Company is intended to avoid/minimize the possibility of conflicts of interest. In particular the fixed remuneration of each relevant person is linked to a discretionary decision of the competent body, within a "global bonus amount" calculated on the basis of predetermined rules compliant with the current regulation.

The Compliance function ensures, through specific checks, that the current remuneration structure does not represent conflict of interests situations.

### 6.1.4 Outside Interests.

The Company employees may be officers of companies not associated with the Company Group. This association could potentially lead to the employee not acting in the best interests of the Company or its clients.

Mitigations:

This is mitigated by the control that all outside associations are pre-cleared by the Risk and Compliance function after ascertaining that no conflict of interest exists or is likely to exist in the future. In addition, the conflicts of interest Policy requires employees to detail any relevant outside interests.

Where an employee has an interest in any company which is connected to the Company, depending on the circumstances, any remuneration derived from that outside interest must be sacrificed by the employee.



### 6.1.5 Directorships.

Conflicts of Interest related to directors appointment.

*Mitigations:*

In considering Directors appointments, including for UCITS/AIFs, the relevant Board shall assess and document its consideration of possible conflicts of interest. A Board of Directors of companies/UCITS is required to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest. In any matter for consideration before a Board where a Director believes that a conflict may arise affecting him/her personally unless otherwise generally disclosed in accordance with relevant Company law, he/she shall disclose such conflict to the Board before the issue is considered by the Board. The Board of Directors will determine whether or not a conflict of interest exists, and whether or not such conflict materially and adversely affects the interests of the Company.

A member of the Board whose potential conflict is under review may not debate, vote, or otherwise participate in such determination. If the Board of Directors determines that an actual or potential conflict of interest does exist, the Board shall also determine an appropriate remedy. Such remedy may include, for example, the relevant Director absenting him/herself from the discussion and any voting or decision making in relation to the matter that is the subject of the conflict. If ongoing conflicts of interest arise, which are considered to be impacting the ability of the Board to act in the best interests of the shareholders, consideration shall be given to changing the membership of the Board.

### 6.1.6 Use of Information.

Conflicts of Interest related to the use of information acquired as Directors and/or Conducting Officer.

*Mitigations:*

Neither a Director nor a Conducting Officer is allowed to make improper use of information acquired as a Director and/or Conducting Officer or disclose them, or allows it to be disclosed.

Neither a Director nor a Conducting Officer may make improper use of information acquired by virtue of his positions. This prohibition applies irrespective whether or not the Director, the Conducting Officer or any associated person would gain directly or



indirectly a personal advantage. Neither a Director nor a Conducting Officer must disclose, or be allowed to disclose, confidential information received in the course of the exercise of his/her duties as a Director or Conducting Officer, unless that disclosure has been authorized by the Board or is required to be disclosed by applicable laws and regulations. Matters such as processes, advertising and promotional programs and statistics affecting financial results are particularly sensitive and must not be disclosed.

Neither a Director nor a Conducting Officer should disclose any information which is not publicly available and which would have a material effect on the Clients' share/unit price and should not disclose such information to anyone who may be influenced to subscribe for, buy or sell shares/units, or may advise others to do so. Such information includes, but is not limited to: profit forecasts, borrowings, impending litigation, and significant changes in operations, new products, applied investment techniques, new discoveries, and financial problems.

## 6.2 Investment management process.

### 6.2.1 Group Funds.

Transactions may be undertaken in units or shares of funds within the Group or any company of which the Company or any other Associate is the manager, operator or adviser.

#### Mitigations:

The Company funds are only purchased on their investments merits or where mandated to do so and are disclosed. The conflict is managed by monitoring investment restrictions. Before being allowed to invest in or redeem from a Group fund, portfolio management is asked to justify the investment logic in line with the fund/mandate objectives and confirm there is no non-public information influencing the decision.

### 6.2.2 Portfolio Activity.

High turnover of clients' portfolios could generate higher levels of commission for the Company.

#### Mitigations:

Both fund managers and dealers have a fiduciary responsibility to obtain best possible results for clients when executing orders. The dealers have the ultimate decision for



placing deals on behalf of clients with a particular broker to ensure that best execution obligations are met. Fund managers may select a broker but dealers are permitted, at their discretion, to follow the fund managers' direction only if this meets the overriding requirements of best execution (please also refer to the Best Execution policy adopted by the Company). Managers cannot exert any undue influence and, in most cases, the dealing team is segregated from the fund managers. Portfolio turnover is monitored to ensure excessive commission is not being generated.

### 6.2.3 Portfolio Activity.

Crédit Andorrà Asset Management Luxembourg, S.A. places and/or executes aggregated securities orders ("bunching of securities transactions"). The aggregation of securities transactions typically involves the portfolio manager or trader combining the orders of various clients, which may include funds and investment accounts, to effect a larger transaction. Those securities are allocated among the participating accounts either before effecting the transaction or shortly thereafter. Although the benefits of aggregating client transactions are generally acknowledged by the industry and the regulators, improper allocations of these transactions can be detrimental to the funds/clients.

#### Mitigations:

Crédit Andorrà Asset Management Luxembourg, S.A. has approved a Best Execution policy, Code of Ethics, Conflicts of Interest policy and implemented dedicated procedures aiming to ensure the respect of these policies.

### 6.2.4 Inside Information.

A potentially significant conflict that arises on a permanent basis is that some of the Company's employees, to varying degrees, have access to material, non-public information concerning companies which may be price sensitive and about real estate investments which may affect the market price.

#### Mitigations:

There is an explicit disclosure and approval process enforced through strict personal account dealing rules and a code of ethics which applies to all employees. Any employees who are on both sides of a Chinese wall due to their oversight responsibilities are subject to additional clearance requirements on personal account dealing.



### 6.2.5 Holdings in Brokers.

The Company funds may invest in the securities of brokers which are also used by the Company to execute orders. These trades generate commissions for the broker concerned, which ultimately contribute to the broker's income. This could incentivise the direction of trades. In addition there could be an incentive for the Company to support and involve itself in all initial public offerings sponsored by the broker, and for the broker to seek to influence the Company's decision making in its capacity as a shareholder of the affected companies.

#### Mitigations:

Both fund managers and dealers have a fiduciary responsibility to obtain best possible results for clients when executing orders. The dealers have the ultimate decision for placing deals on behalf of clients with a particular broker to ensure that best execution obligations are met. Fund managers may select a broker but dealers are permitted, at their discretion, to follow the fund managers' direction only if this meets the overriding requirements of best execution (please also refer to the Best Execution policy adopted by the Company). The dealing team is normally segregated from the fund managers so that the managers cannot exert any undue influence. The Company has policies and procedures in place to ensure that best execution is achieved (please also refer to the Best Execution policy adopted by the Company).

### 6.2.6 Fund Managers' Investments into Funds.

Fund Managers can personally invest in the funds that they, or their colleagues, run. In addition, another potential conflict of interest linked to this scenario could be the investment in financial instruments where the portfolio manager and / or other relevant persons involved in the management hold a position or in the issuer in their personal portfolio or where there is a transfer of securities by the operator or from other relevant persons to the OPCVM.

#### Mitigations:

These investments raise the potential to be an incentive to meet the personal objectives of the fund manager(s) rather than in the best interests of the other investors, and for the fund manager to favour the fund he has invested in over other funds he manages. As mitigation, the Company has strict allocation procedures to ensure the fair allocation of stocks in line with the approved Best Execution Policy. In addition, the Company has adopted a dedicated Code of Ethics and Conflicts of Interest Policy covering the



relevant investment activities. These policies and procedures are subject to a periodical review.

#### 6.2.7 Trades Executed Via Counterparties.

The Company manages the segregated mandates of approved counterparty firms and may, at the same time, use such a firm for the execution of investment trades which might result in the payment of commissions. This could incentivise the favouring of a particular broker or client when trading.

##### Mitigations:

Both fund managers and dealers have a fiduciary responsibility to obtain best possible results for clients when executing orders. The dealers have the ultimate decision for placing deals on behalf of clients with a particular broker to ensure that best execution obligations are met. Fund managers may select a broker but dealers are permitted, at their discretion, to follow the fund managers' direction only if this meets the overriding requirements of best execution. Managers cannot exert any undue influence and, in most cases, the dealing team is segregated from the fund managers. The Company has policies and procedures in place to ensure that best execution is achieved (please also refer to the Best Execution policy adopted by the Company). These procedures are subject to a periodical review.

#### 6.2.8 Valuation of Securities.

A proportion of fund managers' remuneration is based on the performance of their funds. If fund managers were able to apply a value to individual securities, a potential conflict of interest could arise.

##### Mitigations:

To mitigate this, the valuation of securities within portfolios is carried out by a department independent of the investment management area. This segregation of duties prevents fund managers from influencing the valuation of securities within portfolios. In addition to that, a Pricing Committee of the Management Company has the duty to decide on all the matters related to the valuation of the securities belonging to the Funds.



## 6.3 Corporate interests.

### 6.3.1 Fees.

Transactions may be in relation to an investment in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the client, and the Company may also be remunerated by the counterparty to any such transaction.

#### Mitigations:

Fees for Company's services are determined in advance and stipulated in contracts and acknowledgement letters and disclosed where necessary.

### 6.3.2 Allocation of costs.

Fund prospectuses and regulations may allow certain infrequent ad hoc costs, outside of normal operating costs, to be charged to the funds. There may be an incentive for the investment manager to charge excessive amounts of these ad hoc infrequent costs to the funds rather than pay for them directly.

#### Mitigations:

All infrequent ad hoc costs are reviewed on a case by case basis by Risk and Compliance function to ensure they meet the requirements of both regulation and the prospectus. In addition, fund Board of Directors approval is sought to ensure equitable treatment of clients.

## 7 Conflicts of interest subject to disclosure

### 7.1 General principles in relation to disclosure

Notwithstanding its due care and best effort, there is a risk that the organisational or administrative arrangements made by the Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Funds or its investors will be prevented.

The Senior Management of the Company shall take any necessary decision to ensure that in any case the Company acts in the best interest of the Funds and their investors.

The Company will report any such situations to the investors by any appropriate durable medium (e.g. Sales Prospectus, Annual Financial Statements, Internet) and explain the decision taken by the Company.

In addition, prior to each Board of Directors meeting, all the attendees are requested to formally state their compliance with the Company's Conflicts of Interest policy as reported within the Board of Directors minutes.

## 7.2 The role of employees

It is the responsibility of all employees to identify any actual or potential conflict of interest of which they become aware. If there is no policy or process in place for managing the conflict, they shall inform the Compliance officer about the conflict.

## 8 Register of services giving rise to conflicts of interest

The Company will identify and record conflicts of interest under this policy.

The Company will maintain and update continuously and in accordance with current regulations a record of circumstances in which a conflict of interest has arisen with a risk of prejudice to the interests of the Clients.

This register will be held at the Company's registered office and will display information about the activity, the origin and description of the conflicts, the person bound, the date of origin, the measures taken and the date of resolving the conflict.

This log shall be updated every time a new conflict of interest arises and is kept by the Compliance function.

Any employee of the Company having identified and reported a conflict is requested to duly inform the Compliance officer which is in charge of updating the log accordingly.

Refer also to the procedure "Conflicts of interest register".

## 9 Monitoring, supervision and updating of the policy on the management of conflicts of interest

In the context of both, the development of the Company structure/operations and possible regulatory changes, this Policy shall be reviewed on an annual basis at least. The Compliance





officer shall monitor the effectiveness of the organizational procedures adopted for the appropriate management of the said conflicts from time to time, as deemed necessary.

The Compliance function is in charge of reporting all the conflicts of interest during the monthly meetings of the Management Committee and the quarterly meetings of Board of Directors of the Company.

The present conflicts of interest policy will be available to the investors of the Clients upon simply request to the Company's registered office (30 boulevard Royal, L-2449 Luxembourg).