

## Alpina Code of Conduct (June 2020)

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### 1. Introduction

Each of the principles of the Code is supported and explained by a number of recommendations, which in most cases will represent the practice to be followed in order to implement the Code's principles.

The recommendations underpinning the ten principles of the Code have been reviewed to take account, in particular, of the increased focus on the management of conflicts of interest, risk management and internal controls, which have been major features of new regulations and development in practice over the last years.

The purpose of the Code of Conduct is to provide members of the board of directors with a framework of high-level principles and best practice recommendations for the governance of investment funds and of the management company where appropriate. The Code is 'principles' rather than 'rules' based in that it relies upon good judgment rather than prescription. As such, the recommendations recognise that the 'right approach' for many issues depends on the circumstances.

The Code is not designed to supersede applicable law and regulations.

References in the Code to the 'Board' are to the body responsible by law for managing, administering and supervising the relevant fund or the supervisory function responsible for the management company. Unless otherwise specified or the context otherwise requires, all references to the Board in the Code shall therefore include, as appropriate, the boards of both Luxembourg funds and the management company.

References to 'fund' in the Code cover all types of Luxembourg undertakings for collective investment, whether UCITS or non-UCITS (including SIFs, AIFs and RAIFs) and other investment vehicles as appropriate.

### 2. Principles and Recommendations

#### **2.1. The Board should ensure that high standards of corporate governance are applied at all times.**

##### **Recommendations**

- The Board is accountable to the investors for good governance.
- The Board should ensure that sound management is in place.
- The Board should discharge its functions soundly, honestly and professionally.
- The Board should place emphasis on promoting transparency, good practices and conduct of business rules and efficiently manage conflicts of interest.

- The Board should provide independent review and oversight, including effective oversight of delegated functions.
- The Board should demonstrate leadership, integrity, ethical behaviour and expertise.

## **2.2. The Board should have good professional standing and appropriate experience and ensure that it is collectively competent to fulfil its responsibilities.**

### **Recommendations**

- The composition of the Board should be balanced and diverse so it can make well-informed decisions. Members of the Board should therefore have appropriate experience, with complementary knowledge and skills, relative to the size, complexity and activities of the fund.
- Consideration should be given to the inclusion in the Board of one or more members that are, in the opinion of the Board, independent.
- The Chairperson, whether appointed on a permanent, ad hoc or rotating basis, should demonstrate leadership during as well as outside meetings. The Chairperson's duties should include setting the agenda, managing the meeting, steering the discussions and ensuring that effective and fair conclusions are reached.
- The Board should ensure that it keeps abreast of relevant laws and regulations and that it remains vigilant about evolving risks and market developments.
- The Board may call upon expert assistance and/or create Board committees for the proper fulfilment of its duties. The establishment of Board committees should not affect the collective responsibility of the Board.
- The members of the Board are expected to understand the activities of the fund and devote sufficient time to their role.
- The Board should conduct a periodic review of its performance and activities.

## **2.3. The Board should act fairly and independently in the best interests of the investors.**

### **Recommendations**

- The Board should at all times put the interests of the investors first.
- The Board is expected to act fairly and independently irrespective of any Board member's affiliation.
- The Board should arrive at decisions taking into consideration, where possible, any broader potential impact of such decisions on market integrity and on the wider community.
- Fund expenses and their impact on fund returns should be subject to scrutiny by the Board. The Board should ensure that the expenses charged to the fund are reasonable, fair and appropriate.

#### **2.4. The Board should act with due care and diligence in the performance of its duties.**

##### **Recommendations**

- Board members should regularly attend and participate actively at Board meetings.
- The Board should meet as often as required in order to oversee effectively the fund's activities and all Board meetings should be formally minuted.
- The Board is responsible for approving the fund's strategy and for ensuring that the fund consistently follows its stated investment objectives.
- The Board is responsible for the appointment of delegated parties and should oversee their activities and performance.
- The Board should ensure it acts on a fully informed basis.
- Where required, the Board should seek external professional advice or information to assist it in its duties.

#### **2.5. The Board should ensure compliance with all applicable laws, regulations and with the fund's constitutional documents.**

##### **Recommendations**

- The Board should verify that adequate organisation, procedures and safeguards are established to ensure compliance with all relevant laws and regulations and with the fund's constitutional documents.
- The Board should verify that regular monitoring of such compliance is in place and that it receives regular reports to that effect.

#### **2.6. The Board should ensure that investors are properly informed, fairly and equitably treated, and receive the benefits and services to which they are entitled.**

##### **Recommendations**

- The Board should ensure that the information provided to investors about the fund particularly with regard to the fund's investment objectives, risks and costs, is true, fair, timely and not misleading.
- The Board should ensure that investors are kept informed of matters relevant to their investment in a form and language that is clear and easy to understand.
- The Board should ensure that information relating to the fund's financial situation and performance be prepared and disclosed in accordance with relevant accounting standards (e.g. Lux GAAP, IFRS) and applicable legal and regulatory requirements.
- The Board should take into account the interest of all investors, in particular where Board decisions may affect investor groups differently.

- The Board should ensure each investor complaint is reviewed and, if it is upheld, that a redress is provided within a reasonable time.
- The Board should ensure that investors receive the benefits and level of services to which they are entitled as defined by law, contractual arrangements and the fund's constitutional documents.
- The Board should ensure that there is adequate disclosure to investors of the fund's policies on complaint handling, proxy voting, best execution and conflicts of interest.

## **2.7. The Board should ensure that an effective risk management process and appropriate internal controls are in place.**

### **Recommendations**

#### **Risk management**

- The Board should ensure that an adequate and documented risk management policy is established, implemented and maintained which identifies the risks to which the fund is exposed and how such risks are managed.
- The Board should ensure that the permanent risk management function is adequately staffed or properly managed when provided on any outsourced basis, and that it is independent of the investment and operational processes.
- The Board should ensure that the risk management policy enables the proper identification, measurement and assessment of the fund's exposure to market, liquidity and counterparty risks, and exposure to all other risks including operational risks.
- The Board should ensure that it receives regular risk management reporting and that it regularly assesses the adequacy and effectiveness of the risk management policy and processes.
- The Board should ensure that it understands the impact of any complex financial products or strategies on the risk profile of the portfolio and the aggregate exposure of the fund to these products.

#### **Internal controls**

- The Board should seek assurance that delegated parties comply with relevant and adequate Compliance and Internal Audit obligations.
- The Board should ensure that Compliance and Internal Audit functions are independent of the investment and operational processes.
- The Board should require direct and timely reporting of any material internal control and compliance issues, and ensure that they are appropriately addressed.

- The Board should ensure that appropriate business continuity plans are in place, including for delegated parties.

**2.8. The Board should identify and manage fairly and effectively, to the best of its ability, any actual, potential or apparent conflict of interest and ensure appropriate disclosure.**

**Recommendations**

- The Board should identify the circumstances which constitute or may give rise to a conflict of interest which may entail a material risk of damage to the interests of investors.
- The Board should establish, implement and maintain an effective conflict of interest policy (i) to identify such conflicts of interest and (ii) to provide for procedures to be followed and measures to be adopted in order to prevent them where possible and to manage such conflicts in an independent manner.
- The Board should make all reasonable efforts to resolve conflicts of interest but in cases where a conflict of interest is unavoidable, the Board should seek to address it on an arm's length basis and to disclose it adequately to interested parties.
- The Board should keep an updated record of the situations where conflicts of interest entailing a material risk of damage to investors may arise, have arisen and how they have been addressed.

**2.9. The Board should ensure that shareholders rights are exercised in a considered way and in the best interests of the fund**

**Recommendations**

- The Board should ensure that a policy on proxy voting is in place and adequately disclosed.

**2.10. The Board should ensure that the remuneration of Board members is reasonable and fair and adequately disclosed.**

**Recommendations**

- The Board should ensure that where appropriate a policy on remuneration of Board Members is in place and is adequately disclosed.
- The remuneration of Board members should reflect the responsibilities of the Board, the experience of the Board as a whole and be fair and appropriate given the size, complexity and investment objectives of the fund.
- The remuneration of Board members charged to the fund should be separately disclosed in the annual financial statements either individually or collectively.