

## Alpina Conflict of Interest Policy (March 2020)

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### Introduction

Following the Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company, the European Commission took measures concerning rules of conduct and organisational requirements for investment companies. This Directive is an implementing measure of the Directive on the rules applying to UCITS. It specifies the organisational requirements with which management companies managing UCITS must comply, as well as rules of conduct and rules on handling conflicts of interest.

Likewise, an authorised AIFM 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 the AIF and the investors in it. Authorised AIFMs must segregate, within their own operating environment, tasks and responsibilities that may be regarded as incompatible with each other or which may potentially generate systemic conflicts of interest.

Where arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to investors will be prevented, an authorised AIFM must clearly disclose the conflicts to the investors before undertaking business on their behalf, and develop appropriate policies and procedures. An authorised AIFM 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. An authorised AIFM needs to ensure that the persons responsible for managing conflicts of interest are independent from the rest of the AIFM, including how such persons are supervised, remunerated and influenced. Authorised AIFMs are required to record the types of activities in which a conflict of interest has arisen or may arise, and the senior management of an authorised AIFM is required to review such records at least once a year.

The procedure adopted by the Management Company for the management of conflicts of interest is based on four basic principles:

- 1. Identification** With reference to the investment services and the activities and the services ancillary to them, the Management Company shall identify the circumstances that generate or could generate a conflict of interest that could seriously harm interests of a fund or its shareholders<sup>1</sup>;
- 2. Organisation** The Management Company shall define the procedures to follow and adopt organisational measures in order to manage the conflicts that were identified;
- 3. Declaration** In the event that the Management Company considers that the organisational and administrative measures adopted to manage certain types of conflicts of interest do not sufficiently ensure, with reasonable certainty, that the risk of harming interests is averted, they shall clearly inform those affected, where required, prior to acting on their behalf, of the nature and the sources of the conflict of interests, so that they can make an informed decision on the services provided given the context in which the conflict situations arise.

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<sup>1</sup> In this document the term „shareholders“ shall be understood as comprising shareholders as well as unitholders.

4. Good faith                      Given their duty to act honestly and fairly, in providing investment and/or ancillary services the Management Company shall act in a correct, fair and professional manner to serve the interests of its customers.

## Regulatory references

The Management Company put in place procedures for the effective identification and handling of conflicts of interest following regulation CSSF 10-4, CSSF Circular 18/698, Art. 17-21 of the Commission Directive 2010/43/EU, Art. 109 of the Law of 17<sup>th</sup> December 2010 (UCITS) and Art. 11 / 13 of the Law of 12<sup>th</sup> July 2013.

## Our policy

As a general principle, the Board and the Conducting Officers have always to act in the best interest of the investors of the investment funds managed by the Management Company.

Management companies are obliged to define in writing an effective policy as regards conflict of interest, which preserves the independence of the relevant persons.

Directive 2010/43/EU identifies as “Relevant Persons” who are:

- i) a director, partner or equivalent, or manager of the management company;
- ii) an employee of the management company, as well as any other natural person whose services are placed at the disposal and under the control of the management company and who is involved in the provision by the management company of collective portfolio management;
- iii) a natural person who is directly involved in the provision of services to the management company under a delegation arrangement to third parties for the purpose of the provision by the management company of collective portfolio management.

In general, each relevant person is obligated to disclose to the manager of the operating unit to which he/she belongs any situation that could even potentially generate a conflict of interest, modify the conflict map identified by the Management Company or indicate incomplete efficiency of the protection and management measures set up by the Management Company.

Conflicts of interest may exist or arise in relation to various activities. However, the protection of the interests of undertakings for collective investment (hereinafter the “UCITS”) and of alternative investment funds (hereinafter the “AIF” and together the “Fund” or “Funds”) managed by the Company and of their shareholders is our first concern and so 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 Funds interests; and
- to established and maintain appropriate mechanisms and systems to manage those conflicts.

When a conflict of interest arises, measures shall be taken to manage it in order not to damage Fund’s interests. This may involve disclosing the conflict of interest to the investors. Conflict of interest shall always be managed in a reliable and consistent manner.

The main measure to prevent conflicts of interest from adversely affecting a client is to ensure that actions taken in respect of the Fund are based solely on the Fund’s interests, and are taken

independently of the interests of any of the Management Companies other clients, other services or activities, or Director's or Conducting Officer's personal interests.

## Areas of conflict of interest

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

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

The Management Company will take into account conflict of interest that may arise in the course of managing the Fund between:

- a) the Management Company, including its managers, employees or any person directly or indirectly linked to the Management Company by control, and the Fund managed by the Management Company or the investors in that Fund;
- b) the Fund or the investors in that Fund and another Fund or the investors in that Fund;
- c) the Fund or the investors in that Fund and another client of the Management Company;
- d) the Fund or the investors in that Fund and another Fund managed by the Management Company or the investors in that other Fund; or
- e) two clients of the Management Company.

Within the Management 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 Management Company;
- b) the fact that a service provider or investment manager conducts the same type of business as the Management Company;
- c) the fact that there might be several investment managers managing different sub-funds;
- d) distribution of costs between 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).

### *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 Management 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 Management Company, shall not take part in decisions by the Board of Directors relating to such service provider.

### *Distribution of costs between sub-funds*

In order to manage and mitigate possible conflicts of interest relating to the distribution of costs between sub-funds, the Management Company has established a principle according to which the distribution

of costs which are joint<sup>2</sup> between sub-funds shall be made proportionally between sub-funds by net asset value at the time of invoice payment, to the effect that a sub-fund with a smaller net asset value shall take on a lower amount of common costs than a sub-fund with a higher value.

The Management Company may from time to time:

- effect transactions in securities issued or placed by an Affiliate or in which an Affiliate plays a role or in the issuance of which an Affiliate may have a financial or other business interest at any time within the previous 12 months;
- use an Affiliate for placing deposits or execution of transactions;
- use research provided by an Affiliate;
- be prevented from dealing in certain securities which are on a banned or restricted list;
- effect transactions in securities in respect of which an Affiliate may benefit from a commission, fee, mark-up or mark-down;
- effect transactions in units, shares or other securities of an in-house Fund or any company or trust or any other investment vehicle of which we or an Affiliate may be the manager or operator.

## Management of conflicts

This Policy adopts standards and procedures to manage conflicts of interests. These policies and procedures are subject to our normal monitoring and review processes and include, but are not limited to the following:

Separation of functions	If a business with two functions would lead to conflicts of interest, it may separate the functions into two separately managed businesses or ensure that they are managed by different senior members of staff.
Pay	Pay and bonuses may be linked, directly or indirectly, to the profits of the Alpina Group or the business or department in which the member of staff works. In dealing with compensation, the Management Company has put into effect its own policy, to which reference is made.
Gifts and inducements	The giving and receiving of gifts or inducements has the potential to create conflicts of interest. Employees must not solicit or provide anything of value directly or indirectly to or from anyone, except under limited circumstances, which would impair the duty to act in the best interest of the fund or its shareholders.
Step aside	People may be required to refrain from certain actions.
Chinese Walls	Implementation of Chinese Walls or other additional information segregation methods following consideration of all of the facts available to management.
Escalation	Escalation to senior management or the Board which has responsibility for the strategy and an appreciation of the relationship and reputation risks that may arise.

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<sup>2</sup> This principle applies in cases where costs are not clearly attributable to a particular sub-fund or the sales prospectus of the relevant fund provides a different allocation.

Declining to act	Where the Management Company considers that the conflict of interest cannot be managed in any other way, it may decline to act for a client or carry out a specific transaction.
Review	There is a periodic review of the adequacy of this policy.

## Record keeping and reporting of services and activities giving rise to conflicts of interest

The Board shall ensure that,

- in the event that it identifies an actual or potential conflict of interest which could entail a material risk of damage to the interests of the Management Company or any of its Funds or its shareholders, such actual or potential conflict is reported to the Conducting Officers and the Compliance Officer of the Management Company,
- record is kept of all conflicts of interest identified, through reports submitted by the Conducting Officers, the Compliance Officer or otherwise, and
- a review to identify the potential conflicts of interest that could entail a material risk of damage to the interests of a Fund or its shareholders is carried out at least on an annual basis (examination actuality declaration of conflicts of interest, cf. Appendix 2 - Conflicts of interest declaration) and that the provisions which it has put in place pursuant to this Policy remain adequate.

The Conducting Officers shall ensure that,

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

In accordance with principles above, the Management 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 Appendix 1 - Conflicts of interest register.

## Disclosure of conflicts of interest and information to investors

Where the organizational or administrative arrangements made by the Management Company, despite procedures a priori appearing adequate, are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Funds or the investors of the Funds will be prevented, it is

immediately to be escalated in order to take any necessary decision or action to ensure that the Management Company acts in the best interests of the Funds or the investors in that Funds.

The Management Company may report situations referred to above to investors by any appropriate durable medium, e.g. half-yearly and annual report of the Funds, to enable the investors to make an informed decision.

## Appendix 1 - Conflicts of interest register

To access the most recent version, go to the following folder:

M:\Fond\FFML\Governance\Procedures+Policies\Conflicts of Interest\Register\Template

A	B	C	D	E	F	G	
1	declaring person	date of declaration	activity that have given or might give rise to a conflict / type of conflict of interest	description of the conflict of interest and relevant person(s) involved	mitigating actions	level of risks (considering the mitigation actions)	additional comments
2	Schneider, Markel	21.08.2020	Markel Schneider is Conducting Person of the MerCo. When the complaints handling officer of the MerCo, being Stephan Schmidt Wagner, is absent, Mr Schneider is taking care to answer any complaints.	For complaints which are related to Portfolio Management issues potential conflicts of interest could become effective.	For complaints regarding Portfolio Management issues Mr Christoph Stricker will be involved during the absence of Mr Schmidt Wagner. By this way it will be guaranteed that Mr Schneider will not be affected by any conflict for such cases.	Low	N/A
3	Schneider, Markel	21.08.2020	Mr Schneider is Conducting Persons of the MerCo but also Board member of managed SICAVs.	As Conducting Person (CP) of the MerCo Mr Schneider is in charge of, inter alia, the overall supervision of delegated functions, valuation, distribution and the internal audit function.	The role as CP of the MerCo could lead to conflicting situations, when there is a disagreement between the role as member of the Board of managed SICAVs and the role as CP of the MerCo. Notwithstanding these roles Mr Schneider will have to act in the best interest of the shareholders. In conflicting situations where there is a disagreement between the roles Mr Schneider will abstain from decision taking, when believing that such decisions may not be in the best interest of the shareholders.	Low/ as Mr Schneider has to act in both roles in the best interest of the shareholders of the managed investment schemes.	N/A
4	Brandner, Alfred	22.08.2020	Alfred Brandner is Board member and Conducting Person	The substitution of roles could lead to potential conflicts of interest as the Conducting Persons role could theoretically be assumed to avoid any when to the Board for roles of the MerCo and of its managed funds. The substitution of roles is transparent.	The Board of the MerCo has ensured to establish clear split of responsibilities between the CP and the Board role. At each Board meeting and at each CP meeting conflicts of interest are being requested to be discussed. There is a constant follow up and awareness of this topic undertaken. Other Board members and CPs will control that the two different roles will be executed consistently without any conflict of interest.	Low as being closely monitored, Mr Brandner would abstain from any conflicting decisions which would affect his function as Conducting Person in the Board.	N/A
5	Steinbocher, Harald	22.08.2020	Role as Member of the Board of the MerCo and involvement as sub-distributor.	Conflict Details: Mr Steinbocher's role as Managing Partner at Alpina Credit and as member of the Board of the MerCo. Alpina Credit acts also as a sales sub-distributor for funds administered by the MerCo.	Mr Steinbocher's role as described under Type of Conflict of interest could lead to a conflict of interest as decisions of the Board regarding sales activities could also influence the business of Alpina Credit.	Low/ as Mr Steinbocher abstains from any conflicting decisions at Board meetings of the MerCo / under CE, which will affect the conflict of interest determined under this document.	N/A
					The role as CP of the MerCo could lead to conflicting situations, when there is a disagreement between the role as member of the Board of managed funds.		

## Appendix 2 - Conflicts of interest declaration

see M:\Fond\FFML\Governance\Procedures+Policies\Conflicts of Interest\Declarations