

# Principles regarding conduct in case of conflict of interests

## A. At IPConcept (Luxemburg) S.A. (hereinafter IPConcept), conflicts of interest may arise

between the UCI<sup>1</sup> or investors in the UCI and

- a) IPConcept;
- b) companies affiliated with IPConcept;
- c) employees of IPConcept including the Board of Directors of IPConcept or relevant persons associated therewith;
- d) persons who are directly or indirectly affiliated with IPConcept by a relationship of control;
- e) (delegates of) service providers to whom IPConcept has outsourced tasks;
- f) other UCIs or their investors;
- g) clients of IPConcept;

and in relation to the following investment services or ancillary investment services of IPConcept, DZ PRIVATBANK S.A. as parent company of IPConcept, or persons directly or indirectly affiliated with IPConcept:

- a) Proprietary trading/ fixed price transactions (acquisition or sale of financial instruments on an own-account basis)
- b) Acquisition brokerage (acquisition or sale of financial instruments acting on behalf of and for the account of third parties)
- c) Investment brokerage (brokering of transactions for the acquisition and/or sale of financial instruments or their verification)
- d) Investment advice (personal recommendations to clients or their representatives, relating to transactions with specific financial instruments, provided that the recommendation is based on an examination of the investor's personal circumstances or is deemed suitable for that investor, and that it is not announced exclusively via information dissemination channels or for the general public)
- e) Services linked to capital measures (corporate actions)
- f) Services based on an underlying, particularly
  - 1) from personal relationships of relevant persons (directors or employees or persons affiliated with them)
    - (a) of IPConcept with issuers of financial instruments, e.g. through collaboration on advisory or supervisory boards, or
    - (b) of IPConcept as a member of the Boards of Directors of various investors or service providers of IPConcept, or
    - (c) of issuers of financial instruments with DZ PRIVATBANK S.A. as parent company of IPConcept (e.g. as an investor of IPConcept)

<sup>1</sup>The common generic term UCI stands for all UCITS and AIFs.

as well as

2) from IPConcept's relationships as a subsidiary of DZ PRIVATBANK S.A. with issuers of financial instruments owing to the fact that

- (a) the relevant issuer is a subsidiary/ affiliated company of DZ PRIVATBANK S.A. (parent company of IPConcept) or
- (b) DZ PRIVATBANK S.A. (parent company of IPConcept) or a company affiliated with it has a direct or indirect interest in the relevant issuer.

Conflicts of interests may also arise if IPConcept or DZ PRIVATBANK S.A. as parent company or a person directly or indirectly affiliated with IPConcept:

- a) cooperates on issuances by the relevant issuer of financial instruments.
- b) is a lender or guarantor for the relevant issuer of financial instruments.
- c) is involved in preparing a financial analysis of the relevant issuer of financial instruments.
- d) makes/receives payments to/from the relevant issuer of financial instruments.
- e) has entered into cooperation agreements with the relevant issuer of financial instruments.
- f) runs/owns joint direct or indirect subsidiaries/holdings with the relevant issuer of financial instruments.

Conflicts of interests may also arise if

- a) IPConcept or persons directly or indirectly affiliated with IPConcept have access to information which at the time of customer business is not yet public knowledge.
- b) any incentives exist to give preferential treatment to a particular client or financial instrument, e.g. in analysis, advice, recommendations or execution of orders.
- c) personal relationships exist between employees of IPConcept and clients or service providers of IPConcept.

## **B. The following situations are considered to be conflicts of interest:**

- a) when IPConcept or a person directly or indirectly affiliated with IPConcept or an affiliated person in a control relationship with IPConcept obtains a financial benefit or avoids a financial risk which might be expected to impact negatively on a UCI it manages or its investors;
- b) when IPConcept or a person directly or indirectly affiliated with IPConcept has an interest in the outcome of a service provided for a UCI or another client or of a transaction carried out for a UCI or another client, which do not match the interests of the UCI or its investors in this outcome;
- c) when there is some incentive, financial or otherwise, for IPConcept or a person directly or indirectly affiliated with IPConcept to place the interests of another investor or client or an investor/client group over the interests of a UCI or its investors, or to place the interests of an investor/client or investor/client group over the interests of another investor/client or investor/client group of the same UCI;
- d) when IPConcept or a person directly or indirectly affiliated with IPConcept is carrying out the same activities for a UCI or its investors and for one or more clients/investors who do not form part of a UCI;
- e) when IPConcept or a person directly or indirectly affiliated with IPConcept receives, either now or in the future, an incentive in the form of money, goods or services from somebody other than the UCI or its investors in relation to collective portfolio management services provided to the UCI and its investors, over and above the standard commissions or fees for such work.

## **C. Handling conflicts of interest**

IPConcept is subject to inspection by the Luxembourg financial supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF) and complies with the circulars and regulations of the CSSF.

IPConcept is also a member of the Association of the Luxembourg Fund Industry (ALFI) and abides by the ALFI Code of Conduct for Luxembourg Investment Funds (in its valid version).

Both, IPConcept in its role as a management company and as an Alternative Investment Fund Manager ('AIFM'), as well as the employees of IPConcept including the Board of Directors, are obligated in accordance with statutory regulations to carry out their tasks honestly, fairly and professionally and solely in the best interests of the UCI and its investors and to avoid conflicts of interests as far as possible.

IPConcept has its own compliance charter and policy as well as its own compliance directive, which comprises in particular the following measures and processes for prevention, control and monitoring:

- a) the setting-up of confidentiality areas with so-called 'Chinese walls', i.e. virtual or actual barriers to limit or prevent the flow of information;
- b) the obligation of all employees who might encounter conflicts of interest in the course of their activities to disclose all their transactions in financial instruments;
- c) the introduction of multi-stage process-integrated and process-independent control mechanisms
- d) the keeping of blacklists wherein financial instruments in which conflicts of interests might arise are registered.  
Transactions in financial instruments from the blacklist are prohibited;
- e) the keeping of a list of persons with insider information. In this list, all relevant persons at IPConcept who might possess insider information are registered.
- f) ongoing scrutiny of all transactions by relevant persons working at IPConcept;
- g) regulations with regard to the acceptance of gifts and other benefits;
- h) training for employees of IPConcept.

IPConcept has a register in which it records the potential conflicts of interest it and its employees have been exposed to, and the measures implemented to avoid such conflicts of interest.

In cases where IPConcept's organisational or administrative precautions are not sufficient to reasonably ensure that the risk of harming the interests of the UCI or its investors can be ruled out, the Board of Directors is informed of the matter without delay. The Board of Directors takes the necessary decisions in order to ensure that IPConcept always acts in the best interests of the UCI and its investors. If necessary, IPConcept may refrain from carrying out a transaction.

## **D. Conflicts of interest with regard to delegated duties and appointed third parties**

IPConcept, in its function as management company or alternative investment fund manager cooperates with several external service providers and delegates several tasks to third parties. These third parties may be fund managers, investment advisers and (Sub-)distribution agencies. IPConcept can commission affiliated companies with these tasks. The function of the depository or sub-depository that have been commissioned with depository functions can also be carried out by an affiliated company of IPConcept and also DZ PRIVATBANK S.A. (parent company of IPConcept), DZ BANK AG (parent company of DZ PRIVATBANK S.A.), etc. The decision-making process to select and appoint the depository shall be based on objective criteria determined beforehand and shall guard the sole interests of the UCITS and its investors.

Employees and members of the Executive Board or the Supervisory Board of IPConcept may assume a role within the management body, which is responsible for the supervisory role (e.g. supervisory board in the case of dualistic structures), of a depositary acting as such for the funds managed by IPConcept. This shall be on condition that the requirements outlined in Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries ("Delegated Regulation") have been met.

If there is a group association between IPConcept and the depositary appointed for the funds managed by IPConcept, then IPConcept shall ensure that its management body and/or the management body responsible for the supervisory role has sufficient independent members in accordance with the requirements outlined in the Delegated Regulation. Members shall be deemed independent provided they are not members of the management body or the management body responsible for the supervisory role, or members of one of the companies forming part of a group association. Furthermore, they must not have entered into any business, family or other relationship (of any significance) with IPConcept, the depositary appointed for the funds managed by IPConcept, or with another company within the group, which could lead to a conflict of interest and influence its judgement.

Before any business relation takes place and afterwards in regular intervals, IPConcept checks if there may be any conflicts of interest as a result of this business relation. IPConcept obligates all appointed third parties to follow these principles regarding conduct in case of conflict of interests. If the service provider uses a third party (= sub-delegate) to carry out its tasks, the service provider is obliged to ensure that the sub-delegate also observes the principles of this conflict of interest policy.

Currently, DZ PRIVATBANK S.A. (parent company of IPConcept) serves as the depositary for all UCIs managed by IPConcept. Furthermore IPConcept delegated certain other tasks (such as transfer agent and/or registrar) to the depositary. Potential conflicts of interest are managed and monitored in a proper way.

Where a conflict of interest arising from a group association cannot be avoided, it shall be settled, monitored and disclosed by the Management Company or Investment Company and the Depositary in order to avoid any adverse effects on the interests of the UCITS and its investors.

To avoid conflicts of interest, the functions investment management and risk management may not be delegated to the depositary or a subcontractor of the depositary.

When carrying out its respective tasks, IPConcept acts in an honest, fair and professional way and solely in the best interests of the UCI and its investors.

IPConcept does not carry out any tasks with regard to the depositary.

## **E. Conflict of Interests in Investment Companies**

Employees and members of the Board of IPConcept and its affiliated companies (such as DZ PRIVATBANK S.A.) may hold committee roles in investment companies managed by IPConcept. In the course of these roles, potential conflicts of interest may arise, for which the following applies.

Any member of the Board of Directors or the management of an investment company who at the same time holds functions or management roles, board positions or employment in another company with which IPConcept enters into contracts or

otherwise has business relations, shall not be prevented by this connection with another company from advising, voting or acting in relation to such contract or business relationship.

Each board member or member of management is obligated to avoid conflicts of interest. If a board member or a member of management has an interest that is opposed to the interests of the investment company in connection with the investment company, they shall disclose the opposing interest to the other board members or management members and will refrain from participating in discussion or voting related to the transaction, or will abstain. This transaction, as well as the interest of the board member or management member, will be reported to the subsequent general/shareholders' meeting.

A separate register of potential conflicts of interest will also be maintained for each investment company. In relation to conflicts of interest that may arise in this context, cooperation will take place with the Directors Office.

Provisions regarding conflict of interest in legal documents (such as in articles of association/partnership agreements or prospectuses/offering documents) of the respective investment company take precedence over the guidelines on handling conflicts of interest outlined here.

## **F. Disclosure of Conflicts of Interest**

IPConcept has taken comprehensive precautions to ensure that potential conflicts of interest do not affect investor interests.

To the extent that identified conflicts of interest cannot be completely resolved through appropriate measures and procedures despite all organizational or administrative provisions, investors will be informed of the existing situation.