

# **BLI - BANQUE DE LUXEMBOURG INVESTMENTS S.A.**

## **Conflicts of Interest Policy**

### **Document history**

<b>Version</b>	<b>Date</b>	<b>Description</b>	<b>Author</b>	<b>Reviewer</b>	<b>Approval</b>
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## 1. INTRODUCTION

BLI - Banque de Luxembourg Investments S.A. is a management company whose authorisation covers, in addition to the activity of collective management according to Article 101(2), also one or several services provided for by Article 101(3) of the law of 17 December 2010 relating to UCIs.

BLI is a 100%-subsidiary of Banque de Luxembourg, société anonyme.

Appropriate to its size and organisation and the nature, scale and complexity of its business, the Management Company has identified a number of circumstances that may give rise to conflicts of interest.

The Management Company shall identify any situation in which activities carried out could constitute conflicts of interest that do or do not lead to potential risks of damage to the Clients or the interests of UCITS managed by the Management Company. The purpose of this policy is to describe the processes established by BLI as regard the identification, management and disclosure of such situations.

## 2. DEFINITION

Abbreviation	Definition
<b>UCITS</b>	Undertaking for Collective Investment in Transferable Securities or a sub-fund thereof managed by BLI
<b>2010 Law</b>	The law of 17 December 2010 relating to UCI as amended
<b>Board of Directors</b>	The board of directors of BLI
<b>Compliance Charter</b>	The compliance charter of BLI
<b>Compliance Officer</b>	The compliance officer of BLI
<b>Conducting Officer</b>	A conducting officer of BLI
<b>Conflict of Interest Policy</b>	The conflict of interest policy of BLI
<b>CSSF</b>	The Luxembourg regulator of the financial sector ( <i>Commission de Surveillance du Secteur Financier</i> )
<b>Director</b>	A Member of the Board of Directors of BLI
<b>BLI or Management Company</b>	BLI - Banque de Luxembourg Investments S.A.
<b>Employee</b>	BLI employees, employees of group companies insourced by BLI and certain temporary employees
<b>Collaborator</b>	Any Director , a Conducting Officer or an Employee
<b>Client</b>	Any UCITS or portfolio managed by BLI
<b>Group</b>	One or more entities of the Banque de Luxembourg Group
<b>Depository</b>	Any depository BLI is working with

## 3. IDENTIFICATION AND MANAGEMENT OF CONFLICTS

### 3.1. Criteria for the identification of conflicts of interests

The circumstances which could give birth to conflicts of interest are described below (non exhaustive list):

- The Management Company, a Collaborator or one or more entities of the Banque de Luxembourg Group, is likely to make a financial gain, or avoid a financial loss, at the expense of a Client;
- The Management Company, a Collaborator or one or more entities of the Group has an interest in the outcome of a service provided to, or transaction carried out on behalf of, a Fund, which is distinct from the Client's interest;
- The Management Company or a Collaborator is involved in a business that is the same as the Client's business (other than, of course, where the Management Company is dealing with another financial institution on the basis of transactions between two market participants);
- The Management Company or a Collaborator has a financial or other incentive to favor the interests of one Client or group of Clients over the interest of another Client or group of Clients;
- The Management Company or a Collaborator receives or will receive from a person other than the Client(s) an inducement in relation to portfolio management activities provided to the Client(s), in the form of monies, goods or services, other than the standard commission or fee for that service.

### **3.2. General principles**

The main measure to prevent conflicts of interest from adversely affecting a Client is to ensure that actions taken in respect of the Client are based solely on its own interests, and are taken independently of the interests of a Collaborator, of the Management Company and/or the Group, of other Clients, or other operations.

The Conducting Officers and whenever necessary the Board of Directors will identify and manage an actual or potential conflict of interest which could materially affect the interest of the Client(s) and / or the Management Company.

Where a Collaborator becomes aware of circumstances which he/she believes could constitute a conflict of interest, and is likely to have a material impact on the interests of a Client managed by the Management Company, he/she shall report the matter to his/her immediate superior who will escalate the issue to the Conducting Officers and/or the Board of Directors of the Management Company and the Compliance Officer.

### **3.3. Control of the exchange of information**

If an Employee has assignments in addition to the employment within the Management Company or in case the Management Company has outsourced business to a legal entity within the Group, this Employees should be aware of the obligation to preserve secrecy and may thus not exchange information with a division, business area or business unit within the Group where the exchange of that information could harm the interest(s) of one or more Client.

### **3.4. Late trading / market timing**

Trading of Fund's units or shares must occur at an unknown price to ensure that all Funds are treated equally and eliminate the risk of late trading.

To ensure that all trading is at unknown prices, subscription and redemption of the Funds units or shares shall strictly respect the cut-off time described in the fund's prospectus.

The Management Company takes all necessary actions that ensure that the Funds are not exposed to a particular risk of market timing (exploitation of time zone differences) and monitors the flow in the UCITS fund to detect and prevent "market timing".

### **3.5. Rules in relation to remuneration principles**

The Management Company shall act in the interests of the Clients. To prevent any conflicts of interest, the Management Company shall ensure that remuneration principles do not conflict with the interests of the Clients.

The Management Company has adopted a remuneration policy and ensures that principles for remuneration to employees, especially incentive compensation, do not conflict with the interests of the Clients, promote a sound and prudent risk management and do not give rise to a conflict of interest.

To avoid any conflicts of interest regarding Collaborators trading in securities for own and closely related persons' account, the Management Company has adopted a Personal Transactions Policy.

### **3.6. Rules in relation to the delegation of functions and relation with third parties**

The Management Company has a number of counterparties, service providers and commercial partners. These can be both legal entities within the Group (internally) as well as parties outside the Group (externally) supplying among other things depository services, different administrative services and act as broker / trading partner under market conditions.

If the Management Company outsources business to another legal entity within the Group or an external party, an agreement or/and a service level agreement should regulate the outsourced business taking into account the provisions of the local regulator regarding outsourcing. The agreement and the service level agreement specify the frame of the services that should be carried out by different entities. If the Management Company on behalf of a Client enters into an agreement with a legal entity within the Group, the Management Company shall ensure that the agreement is adjusted to the conditions of the market and is in the interest of the Client and / or the Management Company.

To avoid any rise of potential conflicts of interest, the Management Company shall ensure that all business which involves any legal entity within the Group is on market conditions (arm's length basis).

Employees within one business area or business unit in the Management Company or in another legal entity in the Group cannot exercise inappropriate influence over the way in which employees in another business area or business unit carry out their activities.

In cases that transactions handled by an internal or external party, the Management Company and each Client shall only take part in transactions if it is in the interest of the Client, and the fact that a legal entity within the Group is involved in the transaction has no importance. It is the responsibility of the portfolio manager of each Client to decide if the Client should invest in an instrument or a product.

To avoid any conflict of interest arising from sell-side-research, BLI has put in place a research payment account (RPA) as further described in the RPA-policy.

BLI does not participate in the practice of securities lending.

### **3.7. Independence in relation to inducements**

The Management Company, in the course of its business potentially receives incomes derived from inducements in relation to a service provided to the Client. As a rule, any income derived from inducements is accrued to the Client.

In order to ensure compliance with Directive 2014/65/EU ("MiFID II") and more specifically regarding the management of inducements, the Management Company follows the principle stated in Article 11 and 12 of the Commission Delegated Directive 2017/593 ("Level 2 Directive"), titled

"Inducements", which sets out requirements for the receipt by an investment firm of a fee, commission or non-monetary benefit.

The purpose of this section is to define the criteria to be used by the Compliance Officer in order to ensure that each relevant fee and commission paid or received by the Management Company is properly analysed and processed. The Compliance Officer uses a decision tree that is reflecting the mean of classification established when assessing the compliance of the fees paid and received by the Management Company when providing services. In this context, the Compliance Officer should distinguish between the following types of fees:

1. Payments received from the Client;
2. Proper fees (this category will typically include custody costs, settlement and exchange fees, regulatory levies or legal fees which enable or are necessary for the provision of the Management Company's services, and which, by their nature, cannot give rise to conflicts with the Management Company's duties to act honestly, fairly and professionally in accordance with the best interests of its Clients

These fees shall be referred to as "Proper fees". No further test is required to be performed by the Compliance Officer in this regard. However, payments not qualifying as "proper fees" will be considered as inducements, and will be repaid to the Client.

### **3.8. Independence in relation to the depositary functions for UCITS**

No person may at the same time be both:

- a member of the Board of Directors of the Management Company and a member of the Board of Directors of the Depositary;
- a member of the Board of Directors of the Management Company and an employee of the Depositary;
- a member of the Board of Directors of the Depositary and an employee of the Management Company;
- the Management Company (in case of a FCP) shall put in place a decision-making process for choosing and appointing the depositary which shall be based on objective pre-defined criteria and meet the interest of the UCITS (and the unit/shareholders of the UCITS).

Where the Management Company (in case of a FCP) or the UCITS (in case of a UCITS) appoints a depositary to which it has a link or a group link, as it is currently the case, it shall:

- keep documentary evidence of an assessment comparing the merits of appointing a depositary with a link or a group link with the merits of appointing a depositary which has no link or no group link with the Management Company or the UCITS, taking into account at least the costs, the expertise, financial standing and the quality of services provided by all depositaries assessed;
- justify to the UCITS or unit/share holders, upon request, the choice of the depositary.

Where a link or a group link exists between them, the Management Company shall put in place policies and procedures ensuring that they:

- (a) identify all conflicts of interest arising from that link;
- (b) take all reasonable steps to avoid those conflicts of interest.

Where a conflict of interest referred to in the first subparagraph cannot be avoided, the Management Company and the depositary shall manage, monitor and disclose that conflict of interest in order to prevent adverse effects on the interests of the UCITS and of the unit-or shareholders of the UCITS.

With regard to the independence requirement, where a group link exists between them, at least one-third of the members or two persons, whichever is the lesser, on the Board of Directors of the Management Company and on the Board of Directors of the depositary shall be independent.

### 3.9. Independence of control functions

In order to prevent conflicts of interest in the split of internal functions, the Management Company applies the following principles:

	Member of the board of directors	Conducting Officer	Portfolio Manager	Risk Manager	Compliance Officer	Internal Auditor	Internal Valuer	Accounting Function
Member of the board of directors								
Conducting Officer								
Portfolio Manager								
Risk Manager								
Compliance Officer								
Internal Auditor								
Internal Valuer								
Accounting Function								

	N/A		Compatibility		Incompatibility
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## 4. ESCALATION / REPORTING

Any person uncertain of how to act in a particular circumstance and in particular whether or not a situation represents a conflict of interest consults the Compliance Officer who assesses any possible conflict of interest instance.

The Conducting Officers will submit to the Board of Directors an adequate proposal on the management of the potential conflict including:

- informing the Client or unit holders where this is necessary,
- choosing a solution that is in the Client or the unit/share holders' interest, and
- refraining from any action if the previous solution cannot be implemented.

Subsequently, based on the proposed action, the Board of Directors will decide on the measure(s) to be taken and its/their implementation.

## 5. RECORDKEEPING AND SELF CERTIFICATIONS FROM EMPLOYEES AND DIRECTORS

In accordance with article 22 (1) of the CSSF Regulation 10-4, the Management Company ensures that a record is kept of all reports and actions taken by the Management Company.

The Management Company shall document all situations, where a conflict of interest with a considerable risk of one or more Clients or unit holders' interest being affected negatively has arisen, and shall also

include the procedures to be followed and the measures to be adopted in order to manage such conflicts of interest. All Collaborators of the Management Company will be required to complete on a yearly basis an affidavit report regarding their adherence to the policies and procedures of the Management Company, and if applicable any conflict of interests.

## **6. DISCLOSURE TO CLIENTS**

Where, in case of a specific conflict of interest, the Management Company is not reasonably confident that the measures adopted under this instruction will prevent the risk of material damage to its Client(s), the general nature or source of the conflict of interest shall be disclosed, in a durable medium, to the Client(s) concerned. Such disclosure is a last resort and should only be adopted in specific cases where the measures otherwise put in place are judged to be inadequate to prevent the risk of material damage to the Client(s) and unit/shareholders affected.

The disclosure must:

- Be made in a durable medium; and
- Include sufficient details, taking into account the nature of the Client, enabling to take an informed decision with respect to the service in the context of which the conflict of interest arises;
- Indicate the reasons of the decisions taken by the Management Company in relation to the measures put in place.

In such cases, the Management Company shall disclose the relevant conflict of interest to the Client or unit/share holders before undertaking business with or for it, giving sufficient information to enable the Client or unit holders to take an informed decision on whether or not to proceed with the proposed business.

The register of conflicts of interest is available to investors at the registered office of the Management Company.

## **7. UPDATE AND ANNUAL REVIEW**

The present policy and its register is updated on a regular basis by the Management Company in assistance with the Compliance Officer taking into consideration both the evolution of the Management Company's and Group's structure and services rendered by entities that are part of it, and any regulatory changes.

Any relevant changes introduced in the present policy and any updates are promptly available and kept at the registered office of the Management Company.

The Board of Directors of the Management Company will ad hoc or at least on an annual basis undertake a review of this policy and its registry to identify potential conflicts of interest that could theoretically have material effect on the interests of the Funds or on the interests of its unit holders.