



**Carne Global Fund Managers (Luxembourg) S.A.**

**CONFLICTS OF INTEREST POLICY**

**Date: April 2019**

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## Carne Global Fund Managers (Luxembourg) S.A.

### Conflicts of Interest Policy

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#### Policy Owner

**Name:** Miriem Belkacem

**Function:** Head of Compliance

**Review frequency:** Annual

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#### Version table

| Version | Author/Reviewer                    | Description of changes  | Date       |
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# Carne Global Fund Managers (Luxembourg) S.A.

## Conflicts of Interest Policy

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### 1. Objective and scope of the Policy

Carne Global Fund Managers (Luxembourg) S.A. (“Carne” or the “Company”) has implemented this Conflicts of Interest Policy (the “Policy”) with respect to the identification, prevention, recording and management of conflicts of interest (“Col”), which arise or might arise in the course of carrying out its business and which might entail a risk of damage to the interest of one or more of its clients, the funds for which it acts a AIFM or UCITS management company (“Funds”) and / or its reputation .

In formulating the Policy, Carne has had regard to its organizational framework and the nature, scale and complexity of its business. Col may arise in the normal course of business and through normal market practice and it is not possible to eliminate all existing and potential Col. Carne has a tolerance of a limited level of risk arising from Col but has additional policies and procedures in place designed such that Col are mitigated in a way which is sufficient to ensure that Carne’s clients and Funds interests are put first and are not materially damaged.

The Policy applies to all employees of Carne (“Employees”) and to the Directors of the Company who are based in Luxembourg or at its branch in Ireland.

### 2. Guiding Principle

Carne is committed to treat all clients fairly and with integrity and to comply with all applicable laws and regulations.

The Conducting Officers and department heads are responsible for having effective systems, controls and procedures in place to avoid, identify and manage Col in the event that they cannot be avoided.

Furthermore, Carne is committed to maintaining and operating effective organizational and administrative arrangements to identify and manage Col, including those possibly arising as a result of the structure and business activities conducted jointly with other service providers.

In addition, Carne is committed to maintaining and operating effective organizational and administrative arrangements to identify and manage Col, including those possibly arising as a result of the structure and business activities conducted jointly with other members of the Carne Group.

Where an employee of Carne is aware that they or the Company have a material interest which could influence their dealings with or advice to a client and / or its investors, that interest must be disregarded, and the employee must act in the interests of that client.

All Employees have a duty to be mindful of Col and to take all reasonable steps to assist in their identification and proper management, including prompt escalation to relevant management functions and Carnes’ Compliance department.

### 3. Governance

The Executive Committee of Carne comprises management from all major business areas and is therefore the most appropriate body to provide appropriate governance of Col.

The Company’s Conflicts Register and the Policy will be presented to the Board of Director of Carne on a regular basis (at least annually) and any issues identified therein will be escalated to the Board, as appropriate.

The Board of Directors of Carne is informed on an ad hoc basis on the occurrence of (potential) conflicts of interest either by Conducting Officers or by Carne Compliance department.

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#### 4. Management of actual and potential conflicts of interest

This Policy considers Col that might arise during the normal course of business as a result of the interaction between Carne, its clients, Funds and third parties.

Carne's organizational and governance structure, including but not limited to strictly defined reporting lines and clear allocations of areas of responsibilities among the Conducting Officers of Carne, the existence of various committees such as for valuation, risk and compliance, client take-on and investments, support the avoidance, or in case a Col cannot be avoided, the identification and management of Col. At the time that this policy was written or at the time of the latest review thereof, Carne has four conducting officers, which ensures a separation of tasks and segregation of activities and responsibilities between them and avoids the risk of task concentration.

As both a UCITS management company and an AIFM, the Company will take all reasonable steps to avoid Col in order to prevent, manage and monitor them, to prevent them from adversely affecting the interests of each Fund under management and the unitholders / shareholders thereof and to ensure that each Fund under management and the unitholders / shareholders thereof are fairly and consistently treated.

As AIFM, the Company will take all reasonable steps to identify conflicts of interest that arise in the course of managing alternative investment funds ("AIFs") between:

- 1) the AIFM, including its managers, Employees or any person directly or indirectly linked to the AIFM by control and the AIF managed by the AIFM or the investors in that AIF;
- 2) the AIF or the investors in this AIF and another AIF or the investors in that other AIF;
- 3) the AIF or the investors in this AIF and another client of the AIFM;
- 4) the AIF or the investors in this AIF and a UCITS managed by the AIFM or the investors in that UCITS; and
- 5) two clients of the AIFM.

Where the Company on behalf of an AIF directly appoints a prime broker, the terms shall be set out in a written contract. In particular, any possibility of transfer and reuse of AIF assets shall be provided for in that contract and shall comply with the AIF rules or instrument of incorporation of that AIF. The Company will exercise due skill, care and diligence in the selection and appointment of any prime brokers with whom contracts have been concluded directly. At the time that this policy was written or at the time of the latest review thereof, Carne has not directly appointed any prime brokers.

Similarly, in its capacity as a UCITS management company and when identifying the types of conflict of interest that may arise in the course of providing services and activities and whose existence may damage the interests of the funds (i.e. UCITS and AIFs), the Company will take into account, by way of minimum criteria, the question of whether the Company or a person directly or indirectly linked by way of control to the Company, is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise:

- 1) the Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Funds;
- 2) the Company or that person has an interest in the outcome of a service or an activity provided to the Fund or another Fund of the Company or of a transaction carried out on behalf of the Fund or another Fund of the Company, which is distinct from the Fund's interest in that outcome;

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- 3) the Company or that person has a financial or other incentive to favour the interest of one Fund over another; and
- 4) the Company or that person receives or will receive from a party other than the Fund an inducement in relation to collective portfolio management activities provided to the Fund, in the form of monies, goods or services, other than the standard commission or fee for that service.

In particular, the Company will ensure that an assessment and register is made of the following:

- 1) Client / client conflict (conflict of interest between different clients);
- 2) Client / Fund (conflict of interest between a client and a Fund);
- 3) Fund / Fund (conflict of interest between different Funds);
- 4) Client / Carne conflict (conflict of interest between clients and the Company);
- 5) Client / Carne Group conflict (conflict of interest between clients and another company in the Carne Group); and
- 6) Group conflict (conflict of interest between Carne and Carne Group)

The procedures and measures implemented by Carne to manage Col have been designed to ensure that Employees engaged in activities involving a Col carry out those activities at a level of independence that is appropriate to the nature and activities of Carne and to the materiality of the risk of damage to the interests of the unitholders / shareholders.

In order to limit any conflicts and to manage any conflicts which do arise, the following controls and internal procedures have been put in place:

- 1) the separate supervision of persons whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, clients or to unitholders / shareholders whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company;
- 2) the removal of any direct link between the remuneration of persons principally engaged in one activity and the remuneration of, other revenues generated by, different persons principally engaged in another activity where a Col may arise in relation to those activities;
- 3) measures to prevent or limit any person from exercising inappropriate influence over the way in which an Employee carried out collective portfolio management services; and
- 4) measures to prevent or control the simultaneous or sequential involvement of Employees in separate collective portfolio management activities where such involvement may impair the proper management of conflicts of interest.

In addition, the Company shall ensure:

- 1) where possible, the avoidance of one of the activities which gives rise to the conflict so as to manage any conflict in the first instance;
- 2) that tasks and responsibilities are segregated where these may be regarded as incompatible with each other or which may potentially generate systematic Col;
- 3) that it maintains and keeps up to date a record of the activities undertaken by or on behalf of the Company in which a conflict of interest entailing a material risk of damage to the interests of the funds has arisen or may arise;

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- 4) that it maintains internal reporting systems in an effort to prevent actual damage to clients' interests through the identified conflicts;
- 5) that any material Col are disclosed to the unitholders / shareholders of the funds before undertaking business on their behalf;
- 6) that where the organisation or administrative arrangements made by the Company for the management of Col are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of funds cannot be prevented the board of directors of the Company will be promptly informed in order for them to take any necessary decision to ensure that in any case the Company acts in the best interests of the Funds and of its unitholder / shareholders; and
- 7) that any disclosure of material conflicts to unitholders / shareholders is made by way of a durable medium or through a website.

#### **5. Conflict of interest between Group Entities**

Carne is part of Carne Group. Each entity of the Group operates independently in considering and addressing the appropriate interests of its clients. The independent operations are ensured by the local organizational and governance structure.

This, however, does not preclude:

- 1) Appropriate co-ordination or relationship management of common or shared clients where there is no breach of confidentiality rules and where this does not exacerbate a Col which cannot be properly managed or mitigated; or
- 2) Obtaining offering products and services offered by other Group entities nor cross referrals where this is in the client's interest and there is no breach of confidentiality rules.

#### **6. Conflicts of Interest in the case of outsourced activities**

With regard to the activities of third-parties that perform delegated tasks of the Company, the adherence to principles of the appropriate management of Col are checked and documented in the context of the due diligence audits and outsourcing controls.

The oversight and monitoring of Company specific conflicts of interest will be the responsibility of the Carne Compliance department. The oversight and monitoring of structural Col for the Company's business model as a third-party management company to the Funds and its delegates, will be that of the relevant Account Manager together with Carne Compliance department.

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#### **7. Disclosure**

Applicable rules require that where the organizational arrangements to prevent or manage Col put in place by Carne are not sufficient to ensure, with reasonable confidence, that the material risks of damage to the interests of a client will be prevented, Carne must disclose in a durable medium the specific description of the nature and / or sources of the Col to the client as well as the steps the Carne will take to mitigate the risks prior to the provision of the service.

Where Carne considers that there are no other means of managing the conflict, or where the measures in place do not sufficiently mitigate the conflict, the conflict may be disclosed on our website or to those affected via any other appropriate media to enable them to make an informed decision. As at the date of this Policy, Carne does not have any conflicts where the measures in place do not sufficiently mitigate the Col and the risk of harm to the client.

Where Carne considers that the Col cannot be managed in any other way, including by way of disclosure, it may decline to act for the client.

#### **8. Conflicts Register**

Carne Compliance department shall identify the conflicts of interest applicable to the Company and maintain a register of conflicts setting out the actual and potential instances of conflicts impacting the Company.