

Conflicts of Interest

Subject:	Conflicts of Interest
Issuing Unit:	Eurobank FMC-LUX
Scope:	This policy specifies the procedures to be followed and the measures to be adopted in order to prevent conflicts of interests from arising, or, where they do arise, from adversely affecting the interests of the unit holders/Funds.
Recipients:	Eurobank FMC-LUX Eurobank Asset Management M.F.M.C
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1. INTRODUCTION

Eurobank Fund Management Company (Luxembourg) S.A. (hereafter “the Management Company”) is a Luxembourg UCITS Fund Management Company. It currently manages two UCITS funds organised under Part I of Luxembourg law and are supervised by the Commission du Secteur Financier (hereafter “the CSSF”) (below also referred to as “the UCITS” or “Funds”). The Management Company is part of the Eurobank Group.

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

This policy specifies the procedures to be followed and the measures to be adopted in order to prevent any such potential theoretical conflict of interest from arising, or, where they do arise, from adversely affecting the interests of the unit holders/Funds.

2. IDENTIFICATION AND MANAGEMENT OF CONFLICTS

2.1. 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 or one or more entities of the Eurobank Group, is likely to make a financial gain, or avoid a financial loss, at the expense of the Fund;
- The Management Company or one or more entities of the Eurobank 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 Fund’s interest;
- The Management Company is involved in a business that is the same as the Fund’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 has a financial or other incentive to favor the interests of one Fund or group of Funds over the interest of another Fund or group of Funds;
- The Management Company receives or will receive from a person other than the UCITS fund(s) an inducement in relation to collective portfolio management activities provided to the UCITS fund(s), in the form of monies, goods or services, other than the standard commission or fee for that service.

2.2. General principles

The main measure to prevent conflicts of interest from adversely affecting a Fund is to ensure that actions taken in respect of the Fund are based solely on its own interests, and are taken independently of the interests of any of the Management Company and/or Eurobank group's interests other Funds, other operations, or employees' interest. With regard to shareholder(s), actions should be taken in their common interest.

The Management Company is assisted by Eurobank Asset Management Mutual Funds Management Company S.A. (hereafter the "Compliance Service Provider") for identifying and managing potential types of conflicts of interest that might arise.

The senior management of the Management Company (hereafter "the Conducting Officers") and whenever necessary the Board of Directors will work closely together with the Compliance Service Provider to identify and manage an actual or potential conflict of interest which could materially affect the interest of the Fund(s) and / or the Management Company

Where an employee 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 Fund managed by the Management Company, he/she shall report the matter to his/her immediate superior who will escalate the issue to the Board of Directors of the Management Company and the Compliance Service Provider.

2.3. Control of the exchange of information

If an employee has assignments in addition to the employment within the Management Company or in case of the Management Company has outsourced business to a legal entity within the Group, 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 Funds.

2.4. Late trading / market timing

Trading of UCITS fund units 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 UCITS fund units shall strictly respect the cut-off time described in the UCITS fund Prospectus.

The Management Company takes all necessary actions that ensure that the UCITS funds under management 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”.

2.5. Rules in relation to remuneration principles

The Management Company shall, act exclusively in the common interests of the unitholders. To prevent any conflicts of interest, the Management Company shall ensure that remuneration principles correspond to the interests of the Funds.

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

To avoid any conflicts of interest regarding employees trading in securities for own and closely related persons' account, the Management Company has adopted a Personal Transactions Policy, which includes a list of all personal transactions notified to or identified by the Management Company.

2.6. 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 Fund 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 best interest of the Funds 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 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 Fund shall only take part in transactions if it is in the best interest of the Fund, 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 Fund to decide if the Fund should invest in an instrument or a product. The overall reason to invest in instruments or products is the contribution to performance.

When approving and evaluating counterparties the portfolio manager shall treat legal entities within the Group and external counterparties equally.

The Management Company has no arrangement for soft commissions.

The revenues of the Management Company are mostly generated from management fees as mentioned in the UCITS fund's Prospectus. The Management Company shall ensure that a UCITS fund pay only for services in relation to the activities of investment management and administration of the UCITS fund, which is to the benefit of the Funds. When choosing counterparties for the activities of investment management and administration of the UCITS funds, the choice shall be based on the best interest for the Funds and its unit holders.

The Management Company shall ensure that if it is involved in Fund's securities lending, it should be on market conditions with regard to the income and that the lending is in the best interest of the Fund and its unit holders. Any income (less operating expenses) derived from securities lending must accrue to the Fund.

2.7. Independence in relation to the depositary functions

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 or of the UCITS managed;

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 sole interest of the Fund and the unit holders of the Fund.

Where the Management Company or the Fund 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 Fund, taking into account at least the costs, the expertise, financial standing and the quality of services provided by all depositaries assessed;

- demonstrate to the competent authority of the UCITS home Member State that it is satisfied with the appointment of the depositary and that the appointment is in the sole interest of the Fund and the unit holders of the Fund.

- Justify to unit holders of the Fund, 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 holders of the UCITS.

As regard 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.

2.8. Independence of control functions

The compliance and the internal audit functions of the Management Company cannot be undertaken concurrently by the same physical person, or cannot be monitored by the same individual in case these functions have been delegated.

The risk management function is hierarchically and functionally independent from operating units, including from the functions of portfolio management. The risk management function cannot be exercised by a member of the Board of Directors of the Management Company.

3. 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 Compliance Service Provider who assesses any possible conflict of interest instance. If a conflict of interest exists, Country Compliance Officer is informed for further actions.

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

- informing the unit holders where this is necessary,
- choosing a solution that is in the unit holders' best 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.

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 Compliance Service Provider who assesses any possible conflict of interest instance. If a conflict of interest exists, Country Compliance Officer is informed for further actions.

4. RECORDKEEPING

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 in a log book document all situations, where a conflict of interest with a considerable risk of one or more Funds 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 ("Records of conflicts of interest" attached to this policy).

All Board of Directors' members and all employees will be required to complete on a quarterly basis an affidavit report regarding the compliance with policies and procedures of the Company.

5. DISCLOSURE TO UNIT HOLDERS

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 Fund(s) or its unit holders, the general nature or source of the conflict of interest shall be disclosed, in a durable medium, to the unit holder(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 Fund(s) and unit holders affected.

The disclosure must:

- Be made in a durable medium; and
- Include sufficient details, taking into account the nature of the Fund, enabling its unit holders 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 unit holders before undertaking business with or for it, giving sufficient information to enable the unit holders to take an informed decision on whether or not to proceed with the proposed business.

6. UPDATE AND ANNUAL REVIEW

The present policy and its register is updated on a regular basis by the Management Company in assistance with Compliance Service Provider 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.

ANNEX 1

AFFIDAVIT
Compliance with Policies and Procedures of the Company

I hereby confirm that for the quarter ending

- I am aware / have adhered to the policies of the Company including but not limited to the Due Diligence / Compliance and Know Your Client obligations;
- No unusual transaction has come to my attention;
- I am not aware of any information regarding the clients of the Company which could be considered suspicious or any suspicious information which the Company should be made aware of in order to meet its obligations to report to the authorities.
- In accordance to the law dated 9 May 2006 on market abuse, I am not regularly in contact with a person falling under the definition of Primary Insider (Reminder: Primary insiders are deemed to have knowledge as a consequence of their employment or functions within a quoted company. The so-called primary insiders are those who as shareholders or on the basis of their position, work or duties, have received inside information). **In case of Yes, please refer immediately to the Compliance Service Provider.**

Conflicts of Interest Policy. Have you any financial or other interest which may be considered as constituting a real, potential or apparent conflict of interest?

- No. I currently have no such conflicts. I undertake to inform you of any change in these circumstances, including if an issue arises during the course of the reporting period.
- Yes. Please give details in the box below.

Type of interest (shares, employment, payment, work)	Name of commercial entity	Belongs to:

Name (print) : _____

Date : _____

Signature