

## Information and principles concerning the handling of conflicts of interest by DJE Investment S.A.

### Introduction:

As part of its activities, DJE Investment S.A., as a management company ("Management Company"), is obliged to avoid conflicts of interest and, if these cannot be avoided, to ensure that its collective investment undertakings ("UCIs") are managed in a lawful and equitable manner. The management company must be structured and organised in such a way as to minimise the risk of conflicts of interest between the management company and a UCI or between two UCIs or their investors.

Our business activities may result into conflicts of interest between the management company, DJE Kapital AG (parent company of the management company), our employees, other persons with whom the management company is associated or to whom the management company has outsourced functions and investors in our UCIs and companies that are invested in UCIs managed by the Management Company.

In accordance with the law of 17 December 2010 on undertakings for collective investment and the supervisory regulations, including CSSF Regulation 10/04<sup>1</sup> and CSSF Circular 18/698<sup>2</sup>, the management company should identify possible conflicts of interest. In this context, the Management Company will verify whether the Management Company and its directors, management and employees, DJE Kapital AG and external service providers and companies that are invested in UCIs managed by the Management Company:

- a. probably achieve a financial advantage to the disadvantage of the UCI or avoid a financial loss;
- b. have an interest in the outcome of a service provided to the UCI or of a transaction carried out for the UCI which is not in the interest of the UCI;
- c. have a financial or other incentive to place the interests of another client or group of clients above those of the UCI;
- d. carry out the same activities for the UCI and for one or more clients other than UCIs;
- e. receive an incentive in the form of money, goods or services from a person other than the UCI in respect of collective portfolio management services provided to the UCI, in addition to the commission and/or fee customary for that purpose

## In particular, conflicts of interest may arise as a result of the business activities of the Management Company:

- in the portfolio management provided for a UCI
- through employee transactions
- through donations or incentives to employees of the company
- through performance-related remuneration of employees and members of the Board of Management;
- from the Management Company's relationship with issuers of financial instruments or brokers;
- by obtaining information that is not publicly known;
- from personal relationships between employees, management, the Board of Directors or persons associated with them;
- the participation of such persons in the supervisory or advisory boards of companies whose securities are the subject of the portfolio management provided for the UCIs.
- through voting rights<sup>3</sup>.

### Dealing with conflicts of interest

We have committed our employees to high ethical standards in order to avoid that extraneous interests influence the execution of orders, portfolio management and other activities related to the management of UCIs. We always expect care and honesty, lawful, independent and professional conduct, compliance with market standards (rules of conduct of the Bundesverband für Investmentfonds (BVI) and standards of conduct of the Association of the Luxembourg Fund Industry (ALFI Code of Conduct for Luxembourg Investment Funds) and in particular always with the interests of the investors in our UCIs. Our employees regularly undertake in writing to observe these standards and rules of conduct.

An independent compliance unit exists within the Management Company at the level of the Management Board. This is responsible for monitoring, regularly evaluating and further developing the appropriateness and effectiveness of the measures and procedures implemented. This applies in particular to the identification and avoidance of conflicts of interest and, in justified exceptions, to the management of conflicts of interest.

1) Implementation of Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council with regard to organisational requirements, conflicts of interest, conduct of business, risk management and the content of the agreement between depositary and management company.

2) Admission and organisation of managers of investment funds under Luxembourg law. Specific provisions on combating money laundering and terrorist financing for managers of investment funds and entities acting as registrars

3) Further details are described in the principles of DJE Investment S.A. regarding the exercise of voting rights, available on [www.dje.lu](http://www.dje.lu).

**In particular, we have taken the following measures:**

- Creation of organisational procedures (e.g. through internal codes of conduct) to safeguard the interests of the investors in our UCIs;
- Regulations on the acceptance and granting of benefits and incentives as well as their disclosure;
- Creation of confidentiality areas through the creation of information barriers, the separation of tasks and responsibilities and/or geographical separation;
- Maintaining an insider or watch list to monitor sensitive information and prevent the misuse of insider information;
- Keeping a blacklist in order to counter possible conflicts of interest, e.g. through business bans;
- Disclosure of securities transactions of such employees to the competent authority where conflicts of interest may arise in the course of their work;
- Employee training
- Recording of memberships and business interests of board members, managing directors and employees
- Establishment of a complaint management system
- When delegating tasks, the management company shall ensure that the interests of investors are safeguarded;
- Regulations on the exercise of voting rights from the management of funds at general meetings (principles of DJE Investment S.A. regarding the exercise of voting rights available at [www.dje.lu](http://www.dje.lu))
- Monitoring the portfolio turnover rate.
- Definition of a participation policy with regard to the exercise of voting rights at shareholders' meetings of companies in which UCIs managed by the management company have invested

Furthermore, in order to avoid conflicts of interest, the portfolio management and risk management functions may not be delegated to the depositary or a sub-delegate of the depositary.

Compliance with the regulations described is regularly monitored by the independent Compliance Office and checked by the internal audit department. The Compliance Office reviews and decides in accordance with the statutory requirements.

The Management Company will keep a register of the types of portfolio management services for which a conflict of interest has arisen or could arise during ongoing portfolio management where the risk of damage to the interests of one or more UCIs or other clients is significant and will regularly update this register.

If conflicts of interest in individual cases cannot exceptionally be avoided by the organisational or administrative measures listed above, the management company will inform the investors concerned of this fact by means of a permanent data carrier. In this case, the Compliance Office has to be informed immediately in order to resolve the conflict of interest in the

interests of the investors. This solution may consist, among other things, in the withdrawal of the action leading to the conflict of interest.

**Independence from the depositary of UCIs managed by the management company.**

In order to preserve the independence of the depositary and to avoid conflicts of interest, no member of the management board or employee of the management company shall be a member of the management or supervisory body of the depositary at the same time. Furthermore, no member of the management or supervisory body or staff of the depositary shall be a member of the management board of the management company at the same time.

Upon request, investors in UCIs managed by the management company shall be provided with further details on how to deal with conflicts of interest.