

LRI Invest S.A. – Policy on Conflicts of Interest

In accordance with regulatory rules and regulations LRI Invest S.A. (“LRI”) is obliged to provide its tasks and operations as a Management Company in accordance with Chapter 15 of the law of 17 December 2010 on Undertakings for Collective Investments honestly, reasonably and professionally in the interest of investors and as far as possible to avoid conflicts of interest or, if the latter is not possible, to limit them to a minimum.

A similar regulation can be found in Art. 13 of the law of 12 July 2013 on alternative investment fund managers, in Art. 42 bis. (2) of the modified law of 13 February 2007, concerning specialised investment funds and in Art. 7 bis. of the modified law of 15 June 2004 concerning the Investment Company in Risk Capital (SICAR). LRI applies the duty to reduce conflicts of interests not only to directive-conform undertakings for collective investments in transferable securities (UCITS) and alternative investment funds (AIFs) but also to specialised investment funds (SIFs), SICARs and securitization vehicles (hereinafter all together called “funds”). Furthermore this duty applies to all funds administrated by subsidiaries and branches, as long as no regulatory rules of wider scope are applicable.

Conflicts of interest may exist in this context between LRI and its clients (incl. investors), between its clients themselves, between one of its clients and a fund or between various funds. This policy on conflicts of interests is applicable also in those cases when a LRI employee is acting as a director on the board of a legally independent fund (e.g. SICAVs) or acting as a general manager of a fund structured as a partnership. Excluded from this policy are consequently those fund mandates for which LRI acts solely as central administrative agent.

I. Independence in the management of conflicts of interest

LRI has appointed a Compliance Officer, who is responsible as an independent position in LRI for the active management of conflicts of interest. Active management of conflicts of interest is understood by LRI to mean in particular the following tasks:

- Identification of actual and potential conflicts of interest
- Avoidance of conflicts of interest
- Resolution of conflicts of interest
- Maintenance of a conflicts of interest register
- Initiating the disclosure of unresolved conflicts of interest
- Monitoring of conflicts of interests for outsourced activities and assigned third parties
- Regular reporting to the managing board

II. Identification of conflicts of interest

LRI inspects each fund structure separately and detailed in relation to potential conflicts of interest. In general, LRI regards (at least potential) conflicts of interest as very probable in the case of fulfilment of one or more of the following criteria:

LRI as Management Company, an affected person or a person who is directly or indirectly linked to LRI by a controlling relationship (all referred to below as “affected person”) finds itself in one or more of the situations described below:

- LRI or the affected person is put at risk of implementing the realisation of profits or avoidance of losses at the cost of a fund due to the pursuit of their own interests.
- LRI or the affected person has a self-interest in the result of the service/activity/transaction, which is

provided to a fund or another client for their benefit, if such service/activity/transaction for its part is not in line with the interests of the fund or client.

- LRI or the affected person is induced for financial or other reasons, to treat the interests of a fund, a client or group of clients preferentially versus the interests of the fund.
- LRI or the affected person performs the same activities for a fund for one or more client(s) or funds.
- LRI or the affected person favours the interest of one investor over the interest of another investor or group of investors in the same fund.
- LRI or the affected person receives from a person other than the fund a benefit in connection with the activities of collective portfolio management/ alternative investment fund management, which is practised for the benefit of the fund, in the form of money, goods or services other than the commissions and fees that are normally paid for this service or will receive such benefits in the future.
- Employees of LRI (incl. managing board and supervisory board), acting as board members or general partners for fund vehicles could be in conflict between those companies.
- Investors, wishing to redeem their investments could be in conflict with the interests of investors wishing to maintain their investment in case the portion of illiquid assets in the fund will substantially rise.
- LRI or an assigned third party are members of a group and could have an interest in preferably dealing with group members which wouldn't be in the best interest of the fund.

If the Compliance Officer determines that one or more of the above-mentioned criteria apply, the conflicts of interest thus identified are documented in writing in a conflicts of interest

register (see also point 3.2) and included in the active management of conflicts of interest.

III. Measures for the avoidance or resolution of conflicts of interest (active management of conflicts of interest)

LRI has implemented various measures for the avoidance or resolution of conflicts of interest.

Measures for the avoidance of conflicts of interest

LRI has appropriate operational and organisational measures for the avoidance of conflicts of interest, such as separation of functions/ separation of responsibilities, the principle of dual control, access controls, password policy, independent evaluation, pricing committee, risk management.

In addition, LRI has its own permanent internal audit and compliance functions.

Furthermore various internal regulations serve primarily the goal of avoidance of conflicts of interest. These regulations are in particular regulations on employee transactions, on gifts and inducements, on the topic of market abuse and conflicts of interest and own-account transactions by outsourced representatives such as fund managers, investment advisors or sales outlets as well as the performance of due diligence audits and outsourcing controls.

Further, employees of LRI will be sensitized and instructed with regards to the importance and need for avoidance of conflicts of interest.

In addition to the policy at hand, LRI has a remuneration policy, a voting rights policy and a best execution policy which also comprises measures to avoid conflicts of interest.

Measures for the resolution of conflicts of interest/ maintenance of a conflicts of interest register

A register is maintained on the identification and handling of conflicts of interest. In this conflicts of interest register the Compliance Officer documents all known situations that may result in a conflict of interest. The register is maintained by the Compliance Officer and reviewed and updated regularly, however at least yearly.

The conflicts register contains information on the sequence number of the conflict, a description of the conflict of interest, a designation of the area of activity affected, the parties between which the conflict of interest exists (including functions), a description of the measures taken to resolve the conflict of interest or the statement that a disclosure because of unresolvability must be effected, a settlement deadline and an indication of the processing status.

IV. Disclosure of existing conflicts of interest

Investors are informed about existing situations in which the organisational or administrative regulations established by LRI for the management of conflicts of interest were not sufficient to assure with adequate certainty that the risk with regard to harming of the interests of the fund or its investors can be avoided.

In the event of identification of unresolvable conflicts of interest the Compliance Officer initiates that appropriate investor information is provided via the responsible operating department (e.g. publication via the usual media, updating of the relevant sales prospectus, reference in the (annual) report).

V. Conflicts of interest in the case of outsourced activities and assigned third parties

with regard to the activities of third parties that perform delegated tasks of LRI or are assigned

by LRI, the adherence to the principles of this conflicts of interest policy are checked and documented in the context of the due diligence audits and outsourcing controls on an ongoing basis.

Prior to the entry of a business relationship and afterwards on an ongoing basis LRI will inspect whether those business relationship creates conflicts of interest (taking into consideration the affiliation to a group). Such functions could be - for example - alternative investment fund management or risk management, investment advisor, external valuer or counterparty.

VI. Management Report

The Managing Board of LRI receives not less than annual compliance reports, which also address the topic of conflicts of interest. The Managing Board is informed on an ad hoc basis on the occurrence of (potential) conflicts of interest. Moreover, copies of the compliance reports are forwarded to the supervisory board of LRI.

VII. Contact data

This policy on conflicts of interest is checked and updated on a regular basis. The most recent policy is published on the internet site www.lri-group.lu. Further information can be obtained free-of-charge on request to LRI.

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Status: October 2020