

## CONFLICT OF INTEREST POLICY

<b>Adopted by</b>	The Board of Directors of Swedbank Management Company S.A. (hereinafter the “ManCo”)
<b>Date of Adoption</b>	5 December 2016
<b>Applies for</b>	
<b>Local Framework Owner</b>	The Board of Directors of Swedbank Management Company S.A.
<b>Responsible for Implementation</b>	The Board of Directors of Swedbank Management Company S.A.

### Purpose

The purpose of this policy is to identify the circumstances that constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of undertakings for collective investment (hereinafter the “UCITS”) or of alternative investment funds (hereinafter the “AIF” and together the “fund” or “funds”) both managed by the ManCo and to describe procedures to be followed as well as measures to be adopted in order to manage such conflicts of interest.

The Swedbank Group framework on the identification and management of conflicts of interests which consists mainly of the Group Code of Conduct and the Ethics and Conflict of Interest Policy decided by the Board of Swedbank AB (publ) is applicable to the ManCo.

### Identification

For the purpose of identifying the types of conflicts of interest that arise in the course of providing services and activities and whose existence may damage the interests of a UCITS or in the course of managing an AIF, the ManCo will take into account, in particular whether the ManCo, or a relevant person or a person directly or indirectly linked by way of control to the ManCo:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the fund or its investors;
- has an interest in the outcome of a service or an activity provided to the fund or another client or of a transaction that is carried out on behalf of the fund or another client, which is distinct from the interest of the fund’s interest in that outcome;
- has a financial or other incentive to favor the interest of another client or group of clients over the interests of the fund or to favor the interest of one investor over the interest of another investor or group of investors in the same fund;
- carries on the same activities for the fund and for another fund, client or clients which are or not UCITS; or
- receives or will receive from a person other than the fund an inducement in relation to portfolio management activities provided to the fund, in form of monies, goods or services, other than the standard commission or fee for that service.

The ManCo, when identifying the types of conflict of interest, will take into account conflict of interest that may arise in the course of managing the fund between:

- a) the ManCo, including its managers, employees or any person directly or indirectly linked to the ManCo by control, and the fund managed by the ManCo or the investors in that fund;
- b) the fund or the investors in that fund and another fund or the investors in that fund;
- c) the fund or the investors in that fund and another client of the ManCo;
- d) the fund or the investors in that fund and a another fund managed by the ManCo or the investors in that the other fund; or
- e) two clients of the ManCo.

The ManCo in managing an open-ended AIF will identify, manage and monitor conflict of interest arising between investors wishing to redeem their investments and investors wishing to maintain their investments in the AIF, and any conflicts between the ManCo's incentive to invest in illiquid assets and the AIF's redemption policy in accordance with its obligations in relation to conflicts of interest.

### **Managing a Conflict of Interest - General**

When a conflict of interest arises, measures shall be taken to manage it in order not to damage client interests. This may involve disclosing the conflict of interest to the client. Conflicts of interest shall always be managed in a reliable and consistent manner.

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 the client's interests, and are taken independently of the interests of any of the ManCo other clients, other services or activities, or Director's or Conducting Officers' personal interests.

The ManCo has established adequate internal controls and procedures in order to manage potential conflict of interest in an independent manner and to prevent a material risk or damage to the interests of its clients:

#### Remuneration

The Group Remuneration Policy applies to the ManCo and this policy, together with the Groups's as well as ManCo's Remuneration Policy, aim, inter alia, to ensure that any incentive programs are designed to avoid conflicts between different types of stakeholder interests. Local incentive programs are subject to approval by both the Board of the ManCo and on Group Level.

#### Confidentiality

The Group Code of Conduct and Ethics and Conflict of Interest Policy apply to the ManCo and contain rules on confidentiality which aim to ensure that client data and business secrets of the Company are kept confidential.

#### Special benefits, gifts and bribes

The Group Ethics and Conflict of Interest Policy contains rules setting out guidelines for what is deemed to be proper, and thus acceptable, and improper, and thus prohibited, benefits in

relation to clients or suppliers in order to mitigate the risk that an employee is unduly influenced by a benefit or gift.

#### Employees' personal transactions

The Group Ethics and Conflict of Interest Policy and the ManCo's local rules on employees' personal transactions with financial instruments and currencies contain rules that are designed to mitigate the risk that an employee is using his/her position in the ManCo for transactions in financial instruments etc. to the detriment of clients and other market participants.

The ManCo shall ensure that its service providers have rules and procedures in place to handle conflicts of interest in accordance with the intentions of this policy. It shall be secured that such conflict of interest handling is duly reported to the Board of Directors of the ManCo.

#### **Areas of Conflict of Interest**

Within the ManCo, conflicts of interest may arise in a variety of situations. Areas of concern include, but are not limited to:

- (a) dual roles of Directors as employees of service providers to the ManCo,
- (b) the fact that the Investment Manager of the ManCo conducts the same type of business as the ManCo and provides portfolio management services,
- (c) the fact that there might be several Investment Managers in the ManCo managing different sub-funds with different investment objectives, and
- (d) distribution of costs between the sub-funds.

Conflict of interest may also arise from the fact that the promoter of the ManCo (Swedbank AB(publ)) and the ManCo's service providers are members of the same group of companies, the Swedbank Group. The following is a non-exhaustive list of such potential conflicts of interest:

- (a) business agreements between the ManCo and its service providers may be entered into on terms that are unfavorable for the ManCo and/or its unitholders,
- (b) remuneration principles for the employees of the Investment Manager may cause a conflict of interest between the unitholders of the sub-funds of the ManCo and those of other funds managed by the Investment Manager.

#### **Mitigation of Identified Potential Conflicts of Interest**

##### Dual roles of Directors

In order to manage and mitigate possible conflicts of interest relating to the dual roles of Directors as employees of service providers to the ManCo, a Director who is also employed by a service provider and is taking part in the service provider's daily operations and its

delivery of services to the ManCo, shall not take part in decisions by the Board of Directors relating to such service provider.

#### Dual roles of Conducting Officers

In order to manage and mitigate possible conflicts of interest relating to the dual roles of Conducting Officers as employees of service providers to the ManCo, a Conducting Officer who is also employed by a service provider and is taking part in the service provider's daily operations and its delivery of services to the ManCo, shall not take part in decisions by the Conducting Officers relating to such service provider.

#### Distribution of costs between the sub-funds

In order to manage and mitigate possible conflicts of interest relating to the distribution of costs between the sub-funds of the ManCo, the ManCo has established a principle according to which the distribution of costs which are joint between the sub-funds shall be made proportionally between the sub-funds by net asset value at the time of invoice payment, to the effect that a sub-fund with a smaller net asset value shall take on a lower amount of common costs than a sub-fund with a higher value.

#### Potential conflicts of interest relating to the service providers in general

The ManCo shall ensure that its service providers have adopted, and follows, proper internal rules and procedures in order to identify, keep record of, manage and mitigate possible and/or identified conflicts of interests.

#### Potential conflicts of interest relating to the Investment Manager

The ManCo shall ensure that the Investment Manager, has adopted, and follows, proper internal rules and procedures in order to identify, keep record of, and manage and mitigate possible conflicts of interests, including but not limited to, best execution, order handling and employee remuneration principles.

### **Record Keeping and Reporting of Services and Activities Giving Rise to Conflicts of Interest**

The Board shall ensure that,

- in the event that it identifies an actual or potential conflict of interest which could entail a material risk of damage to the interests of the ManCo or any of its funds, such actual or potential conflict is reported to the Conducting Officers of the ManCo,
- record is kept of all conflicts of interest identified, through reports submitted by the Conducting Officers or otherwise, and

- a review to identify the potential conflicts of interest that could entail a material risk of damage to the interests of the fund is carried out at least on an annual basis that the provisions which it has put in place pursuant to this policy remain adequate.

Moreover, the Conducting Officers shall follow-up on how the ManCo's service providers identify, keep record of, manage and mitigate possible and/or identified conflicts of interests relating to the services performed in relation to the ManCo.

The Conducting Officers shall report to the Board of Directors on an annual basis and when needed.

### **Disclosure of Conflicts of Interest**

Where the organisational or administrative arrangements made by the ManCo are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the UCITS, the AIF or the investors in the UCITS/AIF will be prevented, the Conducting Officers shall promptly be informed in order to take any necessary decision or action to ensure that the ManCo acts in the best interests of the UCITS, the AIF or the investors in that UCITS/AIF.

The ManCo will report situations referred to above to investors by any appropriate durable medium and give reasons for its decision.