

Translation from the German to the English Language

Conflict of Interest Policy of SMN Investment Services GmbH

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1. INTRODUCTION

SMN Investment Services GmbH ("SMN") is an Alternative Investment Fund Manager ("AIFM") holding a licence pursuant to the Austrian Alternative Investment Fund Manager Act ("AIFMG"), including a license to manage individual portfolios¹ and to provide ancillary investment service investment advisory² and acceptance and transmission of orders in relation to one or more financial instruments³ („intermediary activities"). In executing its services, SMN is subject, in addition to the provisions of the AIFMG, to those of the Investment Fund Act 2011 ("InvFG") and in exercising the AIFMG ancillary investment services also to the provisions of the Securities Supervision Act 2018 ("WAG 2018")⁴ in conj. with the Delegated Regulation (EU) 2017/565 of 25 April 2016 ("DeIREG").

One of the principles of SMN is to cultivate business relations on a sustained and responsible basis. However, in view of SMN's business fields it is not always possible to avoid conflict of interest. Therefore, the present policy has been worked out for day to day handling of conflict of interest. Conflict of interest identified by SMN are handled in accordance with this policy and subject to a legitimate customer interest always solved in the best interest of the client / the investment fund managed (client interest or the collective interest of clients of the mutual funds managed as a rule prevail over company and staff interests).

SMN mainly deals with Professional clients or eligible counter parties and to a small extent also Retail clients (actively SMN does not pursue any Retail client business).

Implementing Article 12 AIFMG and Articles 45 WAG 2018 et seq. in conj. with Art. 33 DeIREG et seq., SMN is obligated to establish, apply and maintain in writing principles (policies) for dealing with conflict of interest in order to ensure that SMN's services are rendered in the best interest of its clients and the mutual funds managed, respectively. In doing so, size, organization, type, volume and complexity of the company and the transactions, respectively, must be taken into account.

2. FUNDAMENTALS

SMN has taken effective organizational and administrative precautions in order to identify and avoid conflict of interest. In conformity with the prerequisites of the AIFMG and the WAG 2018 in conj. with DeIREG we therefore inform you hereinafter of our comprehensive precautions for protection against and dealing with conflict of interest, if any.

Conflict of interest may primarily arise between SMN, Management, the staff or other persons/entities related to SMN, and our clients, on the one hand, or on the other hand among our clients themselves.

¹ Article 4 (4) 1 AIFMG

² Article 4 (4) 2 lit a AIFMG

³ Article 4 (4) 2 lit c AIFMG

⁴ Implementation of MiFID II EU Directive(2014/65/EU

2.1. Potential conflict of interest

2.1.1. Conflict of interest pursuant to Article 12 AIFMG⁵ in conj. with WAG 2018 as well as DelREG

Conflict of interest may arise between

- SMN, as well as the directors, staff or any other person directly or indirectly related to SMN through a controlling relationship, and an AIF managed by SMN, or the investors of this AIF;
- an AIF managed by SMN or the investors of this AIF and another AIF or the investors of that AIF;
- an AIF managed by SMN or the investors of this AIF and other client of SMN;
- an AIF or the investors of this AIF and an UCITS⁶ managed by SMN or the investors of this UCITS;
- between two clients of SMN.

2.1.2. Conflict of interest pursuant to Article 22 (2) AIFMG⁷

- There is a risk that SMN will achieve a financial advantage or suffer financial loss to the detriment of the UCITS;
- SMN has an interest in the result of a service rendered for the UCITS or another client or a transaction effected for the UCITS or another client, which is not identical with the interest of the UCITS in this result;
- SMN has a financial or other incentive to prefer the interests of another client or group of clients over the interests of the UCITS;
- SMN carries out the same activities for the UCITS and for one or more other clients who are not the UCITS;
- SMN receives at this time or in the future an incentive on the form of money, goods or services from a person different from the UCITS with regard to services of collective portfolio management rendered for the UCITS, in addition to the commission or fee usual for this purpose.

Potential conflict of interest shall be reported to compliance. For the decision on the steps to be taken it is as a rule necessary to endeavour treating the interests of the client who is prejudiced by the conflict of interest on a preferential basis vis a vis the interests of SMN and the persons/entities acting on behalf of SMN, and on an equal basis vis a vis other clients, respectively.

2.1.3. (Potential) Conflict of interest identified by SMN

- incentive systems for staff of the company;
- employee transactions;
- financial allocations to or by members of the company's staff;
- transactions among the investment funds managed by SMN;
- delegation of duties to related entities;
- remuneration granted by SMN to other business partners;
- shareholder complaints;
- increased redemption of shares;
- investment in in-house products or products where SMN's shareholders have a (direct or indirect) share under corporate law;
- shares held by SMN's shareholders in other AIFMs or management companies;
- orders passed to closely related entities or persons;
- summarizing several transactions (portfolio management: "block trading");
- exercising management functions through SMN's shareholders in the funds managed by SMN;
- involvement in investment committees or other boards through shareholders, directors or SMN staff in mutual funds managed by SMN;

⁵ quoted from the AIFMG

⁶ SMN can exercise this function only on the basis of a sub-delegation on the part of the OGAW management company (Article 4 (4) lit 1 AIFMG)

⁷ quoted accordingly from the InvFG; the term "management company" has been replaced by SMN (=AIFM)

- exercise of management functions in SMN;
- major individual investments;
- for pricing of financial instruments of the AIFs managed by SMN, the pricing function is carried out by a person who also is in charge of the risk management function;
- exercising management functions for managed accounts and other investment funds (AIF, UCITS, ..) or other managed accounts.

3. CONFLICT OF INTEREST

3.1. Avoidance & disclosure

Whenever a conflict of interest resulting from the organizational or administrative measures as established by SMN cannot be avoided, SMN's top priority is to solve these conflict of interest in the interest of the client or disclose them vis a vis the client, or if necessary abstain from such business.

3.2. Policies for the purpose of identifying or avoiding conflict of interest

For this purpose SMN issued a Compliance policy mandatory for all employees dealing with the relevant matters. SMN has appointed a Compliance officer with authority to act without having to abide by instructions, as well as a deputy for him.

SMN has also defined confidentiality areas, areas of responsibility and authority to issue instructions (structured organization) in order to prevent exchange of information among persons whose activities might result in conflict of interest. Separation of functions is to prevent to the extent possible that staff members and relevant persons execute conflicting services or incidental services simultaneously or immediately subsequently or are involved in such services.

The compliance officer decides on an autonomous basis, but on the basis of the statutory rules, whether management should be involved in the conflict other than the steps taken in the business unit. If interfering is required, the compliance officer shall decide on further steps for solving such conflict. If required, the compliance officer may seek in-house or external expert help and document this procedure. Any unreasonable influence on the decision of the compliance officer is to be refrained from, as well as any concurrent or later involvement of his person in transactions with conflict potential, if such involvement might prejudice reasonable conflict management.

This may even result in SMN refraining from a possible transaction / mandate / service. SMN will opt for this solution if after weighting all risks there is no other alternative for managing such conflict and disclosure would due to business policy considerations serve neither the interests of the client nor SMN. If a conflict of interest results from delegating an SMN employee to any board, a decision will be made whether to withdraw fully from such mandate or whether through refraining from participation in decision processes for certain matters prejudicing client interests can be avoided.

Portfolio management and risk management are separated from each other both organizationally as well as far as to whom they report is concerned. Should in the individual case an exchange of opinion among the defined areas liable to result in a conflict of interest be unavoidable or should a conflict of interest be suspected, a report must be filed immediately with compliance in order to take the necessary relevant steps. For this purpose, the compliance officer shall document the report and record the point in time, contents, name of the person(s) filing the report, the conflict of interest and the steps taken. For the individual case, registration of interests may take place also upon explicit instructions by compliance. The conflict of interest situations as reported offer the basis for ongoing adaptation of this guideline.

Staff members in charge of pricing financial instruments of AIFs managed by SMN are acting in areas organizationally separate and functionally independent from portfolio management.

SMN's compliance organization is subject to ongoing internal audit.

3.3. Handling

SMN has taken a number of precautions in order to correctly address potential conflict of interest. SMN thus has determined within the scope of the compliance policy how to deal with personal inducements (gifts) to or by clients / business partners in order to counteract in the individual case any conflict of interest resulting therefrom.

It's to be noted that whenever SMN gives advise acc. To Art 4 (4) No. 2 lit. a) AIFMG, SMN as a licensed AIFM acts as a none independent advisor as laid down in Art. 50 and 53 WAG 2018.

SMN's Remuneration policy regulates that employee remuneration is not directly related to remuneration or proceeds generated by other employees of which the activity is involved in a conflict of interest with activities of the former ones (e.g. any variable remuneration of the employee directly performing the service depends not on the riskiness of the product(s) sold; also, any variable remuneration of the risk manager or of the compliance officer does not depend on a particular volume of products or a particular product performance; and the variable remuneration of the fund manager is not related to short term performance objectives). SMN's rules for remuneration are worked out pursuant to the provisions of Article 11 AIFMG in connection with Schedule 2 of Article 11 AIFMG and are complied with at any time.

Also, all employees are obligated to report their personal securities transactions and such transaction must not be based on market abuse (insider trading, market manipulation). Accordingly it is strictly prohibited for employees of SMN to deal with securities in their own name or on behalf of a third person if this trade is based upon compliance relevant information. Furthermore is strictly prohibited to pass on such information to other employees or persons outside of SMN, so that they can use this information to their own advantage.

All staff members are being informed on an ongoing basis with regard to potential conflict of interest. Attending trainings offered is mandatory for each staff member. Also within the scope of other trainings employees are being sensitized for correct handling of potential conflict of interest. Thus, in investment advisory clients' attention is to be drawn to the fact that the products presented are as a rule in-house products, and emphasis must always be placed on presenting financial instruments which best fit client's individual profit and risk objectives. Investment advisory is rendered independently from the amount of any financial appropriations by product suppliers to SMN (cf item 4).

Within the scope of fund management only such financial instruments are to be acquired for the investment fund and pursuant to objective criteria which best fit its individual profit and risk objectives, independently from the amount of any financial appropriations for SMN (e.g. trailer fee - from the product's supplier) or independently whether the financial instruments are SMN's in-house products (e.g. other mutual funds of SMN). Also for selection of brokers to handle the transaction for the investment fund SMN decides on the basis of objective criteria, except if they are or have not already been directly prescribed by the mutual fund and safeguard exclusively the interests of the mutual fund. In doing so, the employee is guided by the prerequisites of an SMN in-house policy (Best Execution policy).

Within the scope of the pricing function for AIF, pricing methods (price sources and procedures) for the various types of financial instruments are based on clearly defined policies (Pricing policy). Based on the principle of proportionality, the pricing function and the risk management function are provided by the same staff. For this purpose, the type, volume and complexity of the transactions of the AIFs managed are taken into account in connection with pricing of these AIF financial instruments by SMN's pricing function (the AIFs invest exclusively

in liquid financial instruments priced on the basis of market prices) in order to prevent the risk of potential conflict of interest to the extent possible.

SMN exercises the voting rights inherent in the assets of the mutual funds managed exclusively in the best interest of the unit holders and the integrity of the market. For this purpose SMN has worked out a separate policy for the exercise of voting rights (Voting Right policy).

For this purpose, the interest and equal treatment of all shareholders shall prevail.

3.4. Personal Transaction Policy

Specific rules have been established in SMN's Compliance policy for employee transactions. These rules include also reporting employee custody accounts held in banks. Compliance with the regulatory provisions is monitored by the compliance officer.

All SMN employees are not allowed to buy or sell securities in their own name or for the benefit of relatives or friends if this occurs on the basis of insider information. It is also strictly forbidden to pass insider knowledge to other employees or to persons outside of SMN for them to be able to use such information for their benefit.

3.5. Best Execution Policy

The Best Execution policy is implemented for all mutual funds and managed accounts for which SMN acts as AIFM or for which SMN acts as manager of individual portfolios within the scope of its licence. This policy determines pursuant to which criteria SMN executes orders on behalf of the mutual funds managed. Furthermore the Best Execution Policy applies to the service of reception and transmission of orders in relation to one or more financial instruments (as well as according to Art 57 WAG 2018 as Art 46 WAG 2007) as long as the customer is not an eligible counterparty.

3.6. Reporting by Compliance

For each period compliance compiles a written report, at least on an annual basis, on its activities and relevant occurrences for submission to Management, internal auditor and the auditors. Verification of compliance with the statutory prerequisites is effected both by the auditors as well as by the internal auditor.

3.7. Records (register of conflicts)

In implementation of the statutory provisions, SMN (compliance officer) keeps confidential records always on an ongoing basis, reporting to which extent conflicts of interest occurred in SMN's various business fields and which conflicts of interest potentially might occur in these business fields.

3.8. Custodian bank agreement

A detailed depository bank and central management office agreement has been entered into between the investment funds managed by SMN (AIF) and the respective depository bank or central management office. This agreement provides clear rules regarding issuance and redemption of trust units, pricing of assets of each fund, price calculation, expense charges and allocation of titles to the funds. They are defined in the respective funds' full prospectus. For this purpose, the interest and equal treatment of all shareholders shall be paramount.

3.9. Prime broker

If in managing an AIF SMN uses a prime broker, it will deal with him on the basis of a written agreement entered into as a rule between the AIF and the prime broker which also regulates any title and right to re-use of the AIF's

assets pursuant to the terms and conditions of the AIF's contract, as well as the duty to inform the depository bank on the existence of the agreement (depository).

3.10. Delegation

If applicable, SMN appoints for delegation of duties, both for fund management as well as for other duties, exclusively counter parties with an impeccable reputation. The cooperation itself, the essential processes, as well as the duties and responsibilities (compliance with statutory provisions) are specified in detail by contract.

3.11. Disclosure

If SMN is unable to avoid a conflict of interest, the nature of the conflict and its cause shall be disclosed to the client before executing a transaction. For this purpose, SMN draws attention to the fact that in performing its services SMN may rely on in-house products or products from which the unit holders/directors/employees of SMN draw an (indirect) advantage.

4. TRAILER FEE AND SOFT COMMISSIONS IN FUND TRANSACTIONS

When providing investment advisory or reception and transmission of orders in relation to one or more financial instruments, it's common market practice to grant sales incentives in the form of benefits given by fund companies or issuers. Such benefits may be upfront fees, sales charges or retro's. Such allocations serve for making available efficient and high quality infrastructures for acquisition, alienation of financial instruments and ongoing customer service with regard to the underlying transaction, but not least targeting to improve the services provided.

Reimbursements obtained by SMN or a third party involved in transactions executed for an investment fund in connection with the investment management of an investment fund are passed on to the mutual fund involved.

SMN does not accept soft commissions.

Details of the allocations obtained will of course be communicated to you upon request.

Where applicable SMN discloses to concerned clients, categorized as either Retail Clients or Professional Clients acc. to MiFID II, prior to providing any ancillary services, on an individual basis the modality of how to calculate the monetary benefits and after close of each calendar year the effective number of monetary benefits received on an individual basis, as well as the quality improvements provided.

Information on commercially available fees of investment firms customary in the marketplace are published in an information on the home page of the Financial Market Authority (FMA) (www.fma.gv.at).

5. PUBLICATION AND UPDATING OF THIS POLICY

The subject interest conflict policy of SMN is published on the internet on the website www.smn.at and in case of necessity immediately, however at least once each year, updated and adapted accordingly if necessary.