

## Policy

Approved by ECH Board on 26 April 2023  
Approved by ECAM Board on 26 April 2023  
Approved by ECFS Board on 26 April 2023

Applicable from 2 May 2023

# Conflicts of interest handling policy

## 1. Background

East Capital Asset Management S.A. (“**ECAM**”) is a public limited company governed by the laws of the Grand-Duchy of Luxembourg and licensed by the Commission de Surveillance du Secteur Financier (the “**CSSF**”) as an Alternative Investment Fund Manager, under the Law of 12 July 2013 on alternative investment fund managers (the “**2013 Law**”), as well as a Management Company, under the Law of 17 December 2010 relating to undertakings for collective investments (the “**2010 Law**”).

ECAM acts as Management Company and Alternative Investment Fund Manager in respect of Luxembourg-domiciled and Sweden-domiciled funds qualifying as either undertakings for collective investment in transferable securities or alternative investment funds (the “**Funds**”). ECAM furthermore acts a portfolio manager in respect to a number of separately managed accounts (the “**Mandates**”) in accordance with Article 101.3(a) of the 2010 Law. The Funds and Mandates are hereafter jointly referred to as the “**Portfolios**”.

East Capital Financial Services AB (“**ECFS**”) is a securities company regulated under the Swedish Securities Market Act (SFS 2007:528). This policy applies to all business lines within ECFS; the asset management within the East Capital, Espiria and Adrigo business areas, investment advice through tied agents within Hjerta Invest, and execution-only transmission of order and customer service within East Capital Direct.

This policy is also, when not stated otherwise, applicable to the East Capital Group, as defined in section 2.

This Policy is designed with a view to complying with the requirements set out in section 12 and to ensure that the Companies maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent the Companies from adversely affecting the interests of the Portfolios under management and its Clients.

## 2. Definitions

**Client:** Refers to individual clients as well as groups of clients, including investors and share or unit holders in the Portfolios and other investment products provided by the Companies, as well as

individuals and corporate entities receiving investment advice through tied agents.

<b>Companies:</b>	Refers to the individual companies in the East Capital Group.
<b>East Capital Group:</b>	The group of companies in which East Capital Holding Aktiebolag is the parent company.
<b>Service Providers:</b>	Refers to all service providers providing services to the Companies pursuant to outsourcing agreements, including with regard to the accounting, central administration agency, custodian, information technology, internal audit, investment management and payroll management functions.
<b>Relevant Persons:</b>	Refers to: <ul style="list-style-type: none"><li>- the members of the Board of Directors of the Companies (in their capacity as board members);</li><li>- the Conducting Officers of ECAM;</li><li>- the officers and employees of the Companies;</li><li>- consultants engaged by the Companies</li><li>- tied agents of ECFS.</li></ul>

### 3. Main principles

In performing their respective business, the Companies as well as its Relevant Persons, will occasionally encounter situations that may give rise to conflicts of interest.

The Companies and the Relevant Persons shall always act in the best common interest of the Portfolios or one or more other Clients, while ensuring that no Client is being unduly favoured.

The Relevant Persons have to be attentive to and identify actual or potential conflicts of interest that may arise in connection with the activities of the Companies and whose existence may damage the interest of the Portfolios or one or more other Clients.

When such situations arise, the Relevant Persons must handle the Portfolios and Clients in a sound and fair manner, never putting their own or the Companies' interest ahead of the interests of the Portfolios or Clients or a specific Client's interests ahead of another Client's interest.

The Relevant Persons shall be familiar with this Policy and follow it in their daily activities.

This Policy has been put together with the intention of handling and documenting any conflicts of interest that may arise between (including but not limited):

- The Companies and one or more Clients;
- The Companies and a Portfolio;
- Relevant Persons and a Client;
- Relevant Persons and The Companies;
- Relevant Persons and a Portfolio;
- Clients and a Portfolio;
- various Clients;
- various Portfolios and/or sub-Funds;

- The Companies and Service Providers;
- The Companies and its business partners;
- Relevant Persons and Service Providers and other business partners;
- various Service Providers.

## 4. Identification and monitoring

To be able to take all reasonable measures to identify actual and potential conflicts of interest that may arise in the Companies' business activities, the following situations shall be guiding (but not exhaustive).

There is a risk for an actual or potential conflict of interest when the Companies or any Relevant Person:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a Client;
- has an interest in the outcome of a service or an activity provided to a Portfolio or another Client or of a transaction carried out on behalf of a Portfolio or another Client, which is distinct from the interest of the relevant Portfolio or another Client in that outcome,
- has a financial or other incentive to favour the interests of a Portfolio, a Client or group of Clients over the interests of another Portfolio, another Client or group of Clients;
- carries on the same activity for a Portfolio or Client as for one or several other Clients;
- carries out the same business as the Client;
- receives or will receive from a person other than the Portfolio or its Clients an inducement in relation to a service provided to the Portfolio or Client, in the form of monies, goods or services, other than the legally accepted commission or fee for that service;
- engage in outsourcing activities within the East Capital Group.

Each Relevant Person shall actively identify and monitor any conflict of interest that may arise. To enable this, the Companies shall establish, implement and maintain systems, controls and procedures which shall be adequate to identify and handle conflicts of interest, and which shall be appropriate to the size and organisation of the Companies and the nature, scale and complexity of its business.

This includes keeping a log of material conflicts of interest and the means to address them, updating this regularly and reviewing it at least annually – see the *Appendices* to this policy. The conflicts of interests to be included in the log shall be reviewed under the responsibility of the CEO of the relevant Company in consultation with Compliance.

As set out in the *Policy for New Processes, Products and Services*, conflicts of interest should also be identified and handled when East Capital adopts new processes, products or services.

When identifying the types of conflicts of interests, ECAM shall also take into account:

- the interests of ECAM, including those deriving from its belonging to a group or from the performance of services and activities, the interests of the Client and the duty of ECAM towards the Portfolios;
- the interest of two or more managed Portfolios.

When identifying the types of conflicts of interests, ECFS shall also take into account:

- selling and marketing of funds and investment services,
- client administration,
- personal account dealing,
- discretionary mandates from investment advice Clients,
- distribution activities performed via tied agents.

Each Relevant Person who encounters situations that might represent a conflict of interest shall promptly inform his/her immediate supervisor. If the conflict of interest is significant, the Conducting Officers and the Compliance Officer of ECAM (for ECAM), the Compliance Officer of ECFS (for ECFS) or the General Counsel (for other Companies) shall also be informed and, for ECAM and ECFS, notified in writing.

The CEOs of the Companies, Conducting Officers of ECAM and the Compliance Officer of ECAM and ECFS respectively shall regularly review situations that may represent conflicts of interest and the handling of such conflicts. They shall also decide on measures to avoid that any party is inappropriately favoured.

The Boards of Directors and the CEOs of the Companies shall be informed about the occurrence of any significant conflict of interest, how such conflict of interest is handled. The Boards of Directors shall also be notified about any significant information regarding other conflicts of interest.

The Boards of Directors of the Companies shall make decisions concerning matters of principle that relate to conflicts of interest.

## 5. Provisions to handle potential and existing conflicts of interest

When handling processes and making business decisions regarding the Portfolios or one or more Clients, the so-called “four-eye principle” shall be applied in internal routines. This means that processes or decisions shall be executed, handled or made by the involvement of more than one member of the Staff.

When allocating tasks and responsibilities to Relevant Persons and Service Providers, the segregation of duties principle shall be applied in order to avoid any conflicts of interest.

Confidential and non-public information regarding the Companies, the Portfolios, Clients, business activities, markets or other circumstances that could affect the market value of a product shall be kept strictly confidential and shall never be used in an undue manner that may have a negative effect on one or more of the Portfolios or Clients. Access to such information shall be restricted to those who need it in order to conduct their work in consistency with the legitimate interest of a Portfolio or the Clients. Handling of such information is described in more detail in the *Market Abuse Policy*.

Where necessary to avoid conflicts of interest, the Companies shall maintain information barriers within each Company; between the Companies and Service Providers and between different Companies and Funds where Relevant Persons provide services or undertake activities, where such information can influence the Relevant Persons in a way that may give rise to a conflict of interest.

When necessary and appropriate to ensure the requisite degree of independence of the Relevant Persons in the performance of their duties within a Company, the following measures shall be taken:

- effective procedures to prevent or control the exchange of information between Relevant Persons engaged in portfolio management activities and/or other investment services involving a risk of a conflict of interest where the exchange of that information may harm the interests of the Portfolios or the Clients;

- the separate supervision of Relevant Persons whose principal functions involve carrying out portfolio management activities and/or other investment services on behalf of, or providing services to, other Portfolios or Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including with those of the Companies;
- the removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- measures to prevent or limit any person from exercising inappropriate influence over the way in which a Relevant Person carries out portfolio management activities and/or other investment services;
- measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate portfolio management activities and/or other investment services where such involvement may impair the proper management of conflicts of interest;
- a suitability assessment of the Relevant Person to be appointed as a board member (internal or external) of the Company, including assessment of any conflict of interest.

According to East Capital policies and laws applicable to ECFS tied agent, all advice given as part of tied agent activity must always be based on the individual Client's circumstances and be suitable for the particular Client as well properly documented. The Relevant Persons shall always act in the best interest of East Capital Clients.

In certain cases where e.g. the conflict of interest is too big or cannot be disclosed to the Client to obtain its informed consent, East Capital will consider declining to act for one or more Clients.

Each and every inducement or incentive (if any) received by Relevant Person from or provided to East Capital Group business partners shall be made in line with all applicable laws and East Capital policies and instructions, and disclosed to the Clients where required by applicable laws and regulations.

Where the adoption or the practice of one or more of those measures and procedures does not ensure the requisite degree of independence, the relevant CEO or, for ECAM, the Conducting Officers shall adopt such alternative or additional measures as are necessary and appropriate for those purposes.

## 6. Conflicts of interest process

Each Company shall identify, mitigate and eventually inform about any remaining conflicts of interest according to a common process to handle conflicts of interests. This process is set out in *Appendix 1*.

## 7. Weaknesses in measures and routines to handle conflicts of interest

If any Relevant Person identifies that the organizational and administrative measures set out in this policy are insufficient to ensure, with reasonable confidence, that the risks of damaging a Client's interest will be prevented, such Relevant Person shall promptly inform the relevant CEO or the Conducting Officers of ECAM/ECFS who shall make the necessary decisions to ensure that the Companies act in the best interest of the Portfolios and of its Clients.

The CEO or the Conducting Officers of ECAM/ECFS shall take any additional corrective measure in order to protect the best interests of Companies, the Portfolios and the Clients. If the CEOs or the Conducting Officers of ECAM/ECFS lack authority to make necessary decisions he/she shall immediately transmit the matter to the relevant Board of Directors.

For ECAM, the Conducting Officers and/or the Compliance Officer shall immediately inform the Board of Directors of ECAM of any significant conflict of interest. For ECFS, the Compliance Officer shall immediately inform the ECFS Board of Directors of any significant conflict of interest.

## 8. Disclosure to the Clients

### 8.1. General information

The Companies shall inform the Clients on the conflicts of interest Policy, and how to access the relevant websites containing such information. The information must be up to date and must be accessible continuously by means of these websites for such period of time as the Clients may reasonably need to inspect it.

### 8.2. Communication of conflicts of interests

In accordance with the aforementioned legal and regulatory requirements, where the organisational or administrative arrangements made by ECAM or ECFS to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the particular Portfolios' or Clients' interests will be prevented, ECAM and ECFS (as relevant) must clearly disclose in a durable medium the nature or sources of conflicts of interest to its Clients before undertaking business on their behalf in order to allow Client to take an informed decision, and develop relevant Policies and procedure if appropriate.

Should the conflict of interest be of a general nature and concern many of East Capital Clients, and could not be eliminated further to handling measures as provided by this Policy, the information of such conflict of interest can be disclosed in sufficient detail on the relevant website, prospect, other information material (depending on a case) enabling the Client to take this information into account when deciding on East Capital's services and products

## 9. Maintenance of records

The Compliance Officers of ECAM and ECFS shall keep and regularly update a record of the types of portfolio management activities and/or other investment services undertaken by or on behalf of ECAM or ECFS respectively in which a conflict of interest entailing a material risk of damage to the interests of one or more Portfolios or other Clients has arisen or, in the case of an ongoing collective portfolio management activity may arise. This register shall also include all related information and documentation and shall be regularly updated and shall also include the arrangements made to manage such conflicts.

## 10. Conflicts of interest reporting

The Compliance Officer of ECAM shall report on monthly basis to the Conducting Officers of ECAM, on the ECAM Management Committee meeting, any new cases of conflicts of interest.

The quarterly Compliance report presented to the Company Boards of Directors will include an item on any new conflicts of interest identified during the quarter.

## 11. Responsibilities

Responsible for the design and implementation of this Policy: Conducting Officers of ECAM, CEOs of the other Companies

Responsible for the monitoring of this Policy: Compliance Officers of ECAM/ECFS and General Counsel for the other Companies

Responsible for the annual review of this Policy: Boards of Directors of the Companies

## 12. Applicable legal and regulatory requirements

- i. Articles 109(1) b) and 111 d) of the 2010 Law
- ii. Articles 18, 19, 20, 21 and 22 of CSSF Regulation N° 10-4 of December 20<sup>th</sup>, 2010, transposing Commission Directive 2010/43/EU of July 1<sup>st</sup>, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council, as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a Depositary and a Management Company
- iii. Section 5.5.7. of CSSF Circular 18/698 of August 23<sup>d</sup>, 2018, regarding authorization and organization of Luxembourg Investment Fund Managers
- iv. Article 13 of the 2013 Law
- v. Articles 30, 31, 32, 33, 34, 35 and 36 of European Commission Delegated Regulation (EU) N° 231/2013 of December 19<sup>th</sup>, 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
- vi. Swedish Securities Market Act (SFS 2007:528), Chapter 8 § 12 and Chapter 9 § 9
- vii. SFSA Regulation FFFS 2017:2 on securities companies
- viii. Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions

## 13. Distribution

This Policy shall be distributed internally within the East Capital Group; external distribution (i.e. to other third parties that those mentioned below) is subject to the decision of the Conducting Officers of ECAM or Compliance Officer of ECFS.

Furthermore, ECAM shall make available appropriate information on this Policy and on any material changes to it to the Funds' unitholders and to Mandate clients upon request.

ECFS shall provide clients and potential clients with a description, which may be provided in summary form, of this Policy.

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## Appendix 1 – Process for identifying and handling conflicts of interest

### Identifying potential conflicts of interest

The first step is to identify potential conflicts of interests. These may occur in the areas listed above, but effort has to be spent on identifying all potential conflicts of interest and situations where conflicts of interest could occur.

The focus should be on any situation that may harm customers that the Company has a duty of care towards, or internal situations that may hamper the Company from running its processes to the detriment of customers or the financial market.

A conflict of interest does not have to be an actual conflict of interest that is occurring frequently. It is enough that there is a risk for a conflict of interest for it to be logged.

If there is doubt about if a conflict of interest exists, it should be logged and handled as a potential conflict of interest. The failure to identify a potential conflict of interest is severe, while wrongly identifying a situation as a potential conflict of interest does not constitute a problem since it means the Company is more prepared for handling potential issues.

All relevant potential conflicts of interests should be captured in this stage, except for conflicts of interest that are insignificant to all involved. The Company should actively seek to include as many potential conflicts of interest as possible in this stage.

Some of the potential conflicts of interest that usually exists, but are less common to be identified are:

- Customer offerings with financial instruments from the own company or from companies within the same group
- Time constraints amongst board members due to participation in too many assignments
- Pricing of products and services
- Costs allocated from the Company to the instruments sold to the customers
- Resource constraints introduced to save costs for the Company while making the service experience towards the customers less valuable

This list is not exhaustive but serve as a reminder to search for conflicts of interest from all aspects.

### Handling potential conflicts of interest

The second step is to handle to potential conflicts of interests that have been identified. The purpose is to introduce control measures to ensure that the potential conflicts of interest do not become real conflicts of interest.

The Company has the obligation to take all reasonable actions to mitigate any potential conflicts of interest from becoming a real conflict of interest. If this is not possible, the Company should also take actions to mitigate the consequences of the conflict of interest that cannot be completely extinguished.

Some of the control measures might be:

- When a decision maker has a personal interest in the outcome of a negotiation, the decision should be shifted to, or reviewed by a peer with no such personal interest
- When pricing products and services, comparisons should be made with all competing offers on the market, not just the most expensive ones
- When selecting business partners, the evaluation may not only focus on the inducements the partner will pay but also the quality of services they provide to the customers
- When there are resource or time constraints, more resources should be added or the number of assignments should be reduced

The objective is that the sum of the control measures should eliminate the potential conflicts of interest from becoming real conflicts of interest.

## Informing of any remaining conflicts of interest

As a last resort, the Company need to inform customers or other involved parties of any remaining conflicts of interest that the control measures are not eliminating totally. The purpose is to enable the other party, usually customers, to make an informed choice if they want to use the Company's products and services, or not.

Informing of remaining conflicts of interest is not a substitute for taking all reasonable actions to mitigate the potential conflicts of interest. Thus, it is not acceptable to just inform the customer about conflicts of interest without having first taken all reasonable steps to eliminate them.

The information about remaining conflicts of interests must be documented. It is usual to include information in terms and conditions, in contracts or in documentation regarding investment advice. The Company must retain evidence that this information has been extended to the customer for the full period the Company can be held liable for advice given. This time period is usually ten years after the advice was given.