

# Conflict of interest Policy

Topic: Implementing a process to avoid conflicts of interests

Author: Cornelius Theiß

Current version 1.1

FENTHUM S.A.

16, rue Gabriel Lippmann  
L-5365 Munsbach  
R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
info@fenthum.com  
www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**

**Table of contents**

- 1 Version Information ..... 3
  - 1.1 Policy Owner ..... 3
  - 1.2 Approval ..... 3
  - 1.3 Validity ..... 3
  - 1.4 Document History ..... 3
- 2 Short Description ..... 4
- 3 Legal Background ..... 4
- 4 Responsibilities ..... 4
- 5 Scope ..... 4
- 6 Content ..... 4
  - 6.1 General ..... 4
  - 6.2 Conflicts of interests ..... 5
  - 6.3 Measures to prevent conflicts of interests ..... 8
  - 6.4 Handling conflicts of interests ..... 8
  - 6.5 Independence in conflict management ..... 9
  - 6.6 Non Compliance with conflict of interest policy ..... 10

## 1 Version Information

### 1.1 Policy Owner

Role	Name	From	Until
Head of Compliance	Cornelius Thei	16.04.2018	

### 1.2 Approval

Version	Department/Area	Name	Date	Signature
1.0	Management	Thomas Bernard		
		Frank Hauprich		
		Josiane Jennes		

### 1.3 Validity

Version	Entry into force	Expiry	Comment
1.0	09. 2018		Initial Creation

### 1.4 Document History

Version	Author	Department	Date	Description
1.0	C.Thei	Compliance	09. 2018	Initial Creation
1.1	C.Thei	Compliance	04. 2020	Change of Format & comments of internal audit
1.2	C.Thei	Compliance	04.2020	Review, comments of internal audit

**This Policy must be reviewed regularly, but at least once a year.**



## 2 Short Description

This policy governs potential conflicts of interests which may arise between the Company (management, employees) or other persons affiliated with us and our customers and funds, or between our customers and funds. It also prescribes suitable measures to counteract these conflicts of interests.

## 3 Legal Background

- Gesetz über den Finanzsektor vom 5. April 1993
- Rundschreiben CSSF 12/552
- Rundschreiben CSSF 07/307

## 4 Responsibilities

The definition of roles should ensure that responsibilities are clearly defined. For a current list of all definitions and descriptions please visit:

<http://intranet/sites/services/ETHENEAWiki/Home.aspx>

In the present policy, the following roles were identified and defined:

Process Owner: Compliance

## 5 Scope

The policy does not have specific department, area or location specific features. It is valid globally and in full form.

## 6 Content

### 6.1 General

It is never possible to completely rule out conflicts of interests at institutions that provide securities-related services to their customers. In accordance with the relevant legal provisions, the conflict of interests policy of FENTHUM is detailed below.

The aforementioned conflicts of interests may arise between the company, other companies in the group, the shareholders and Boards of Directors, the management, the employees, contractually affiliated intermediaries or other persons affiliated with FENTHUM or its customers or between customers and funds for which ETHENEA or MainFirst provide management services, and ETHENEA's or MainFirst's funds. In accordance with the law, FENTHUM, as a "Professionell du Secteur Financier", as well as the managers and employees, are obligated to provide the securities-related services and ancillary securities-related services offered by the company in the interests of the customers in a manner that is honest, upright and professional and to avoid conflicts of interests wherever possible. Within FENTHUM, a manager is entrusted with the responsibility for compliance activities. This

FENTHUM S.A.

16, rue Gabriel Lippmann  
L-5365 Munsbach  
R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
info@fenthum.com  
www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**

manager handles the checking, identification, prevention and management of conflicts of interests within the management.

**At FENTHUM, it is currently possible to prevent all identified conflicts of interests by means of suitable measures.**

This internal conflict of interests policy contains all possible conflicts of interests and a list of suitable measures to counteract these conflicts of interests.

## 6.2 Conflicts of interests

In order to identify conflicts of interests, FENTHUM bases its approach on its business environment and the relevant Circulars of the CSSF, such as Circular 12/552. In addition to this, FENTHUM has established the following principles for handling conflicts of interests, specified the circumstances under which conflicts of interests may arise and defined measures to deal with conflicts of interests.

### 6.2.1 Conflicts of interests between FENTHUM and FENTHUM customers or distributed funds

In the following situations, *inter alia*, a financial benefit can be gained or a loss avoided to the detriment of the customer or funds:

- Use of customer information for one's own ends;
- Recommendation or purchase of financial instruments with particularly high commissions;
- Recommendation of purchase of financial instruments which trigger high allowances or kickback payments;
- Use of available facts related to compliance;
- Also holding mandates from competitors of the customer, creating the potential for use of confidential information to one's own benefit;
- Holding units in the customer or its competitors or financial instruments issued by them in the securities holdings of the company;

Combinations of factors involving potential financial incentives which may result in unequal treatment of different customer groups:

- Sliding scales for fees or commissions depending on the volume of the transaction or the granting of special conditions; situations giving rise to a potential competitive relationship with the customer;
- Potential competition between businesses for own funds and customer orders.

Combinations in which third parties pay for services for customers or own funds with monetary incentives or other benefits outside of the customary commission:

- Incentives (such as travel, invitations to events or material benefits).

FENTHUM S.A.

16, rue Gabriel Lippmann  
 L-5365 Munsbach  
 R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
 info@fenthum.com  
 www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**

## 6.2.2 Conflicts of interests between FENTHUM employees and customers or distributed funds

In the following situations, *inter alia*, financial benefit can be gained or a loss avoided to the detriment of the customer or fund:

- Use and disclosure of confidential information;
- Trade in knowledge of customer orders;
- Unreasonable differentiation between different customer/fund groups for IPOs;
- Non-balanced investment decisions due to self-interest in commission income;
- Combinations of factors involving potential financial incentives which may result in the unequal treatment of different customer groups:
  - o acceptance/offering of gifts;
- Situations giving rise to a potential competitive relationship with the customer:
  - o own transactions/customer orders;
- Combinations in which third parties pay for services for customers or funds with monetary incentives outside of the customary commissions:
  - o monetary incentives outside of the customary commissions;
  - o combinations in which third parties pay for services for customers or funds.

FENTHUM S.A.

16, rue Gabriel Lippmann  
L-5365 Munsbach  
R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
info@fenthum.com  
www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**

### 6.2.3 Conflicts of interests between different FENTHUM customers or funds

In the following situations, *inter alia*, a financial benefit can be gained or a loss avoided to the detriment of the customer or fund:

- Customer orders that are in conflict with other customers or funds;
- Combinations of factors involving potential financial incentives which may result in the unequal treatment of different customer or fund groups:
  - o arrangement of terms (a customer/fund group or a single customer/fund is treated better than others in the arrangement of terms, e.g. due to the size of the portfolio or because they are a particularly good customer);
  - o internal allocations from block orders that are not fully executed (a customer/fund group or a customer/fund is disadvantaged compared to others in the allocation of pre-purchased financial instruments, e.g. due to the size of the order or because they are a particularly good customer);
  - o Order execution incl. subscription orders (e.g. temporarily giving preference to one customer order over another).

### 6.2.4 Conflicts of interests between FENTHUM and the Company shareholders/Board of Directors of the Company;

- Churning;
- Admixture of other holdings of Company shareholders/directors in funds;
- Strict preferential admixture of the holdings of shareholders/directors in funds.

### 6.2.5 Conflicts of interest between FENTHUM and its connected companies or outsourcing partners

In the following situations, *inter alia*, financial benefit can be gained or a loss avoided to the detriment of the customer or fund:

- Use and disclosure of confidential information;
- Combinations of factors involving potential financial incentives which may result in the unequal treatment of different customer groups:
  - o acceptance/offering of gifts;
- share of employees
- identical board members

FENTHUM S.A.

16, rue Gabriel Lippmann  
 L-5365 Munsbach  
 R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
 info@fenthum.com  
 www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**

### 6.3 Measures to prevent conflicts of interests

Measures which may contribute to the prevention of conflicts of interests include:

- Availability of corresponding work instructions, the procedures manual, the compliance guidelines and detailed instructions for employee transactions;
- Arrangement of the target agreement system;
- Observance and enforcement of rules for employee principles and transactions;
- Disclosure requirements;
- Reporting requirements to Compliance (including reporting of mandates, etc.);
- Existence of a watch list;
- Under certain circumstances, institution of a trading ban;
- Fulfilment of the obligation to take the customer's interests into account in investment decisions and fund composition Fulfilment of the obligation to take the customer's interests into account in receipt of other monetary benefits (e.g. for technical support);
- Compliance with the law and the prevention of prohibited operations;
- Separation of trading for own funds and trading for customer funds;
- Prohibition on front and parallel running;
- Requirements for compliance with insider laws;
- Cost transparency by means of honest, unambiguous and non-misleading information on all costs associated with the securities-related services and ancillary securities-related services, including all cost bases and any decision margins, as well as the availability of a pricing table;
- Commissions paid to FENTHUM by issuers/distributors for the purchase of assets within the framework of asset/fund management, such as trailer fees, are credited to the account/securities account of the relevant fund;
- Existence of allocation principles;
- Due diligence process in custodian bank selection;
- Monitoring of gifts to employees exceeding a value of EUR 100;
- Maintenance of a register of potential conflicts of interests.
- Outsourcing controlling

### 6.4 Handling conflicts of interests

#### 6.4.1 Recording

FENTHUM shall record the forms of collective asset/fund management in which a conflict of interests with considerable adverse impact on the interests of the investment capital or the customer has occurred or could occur.

#### 6.4.2 Unavoidable conflicts of interests

FENTHUM S.A.

16, rue Gabriel Lippmann  
 L-5365 Munsbach  
 R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
 info@fenthum.com  
 www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**



In cases of unavoidable conflicts of interests, the managers shall be notified of such immediately. The managers shall take the necessary measures to ensure that FENTHUM acts in the best interests of the investment capital and its investors at all times.

### 6.4.3 Investor information

FENTHUM shall inform the investors of any unavoidable conflicts of interests and of its decisions in this regard. FENTHUM's decision in such cases shall be explained and justified, taking into account the internal principles and procedures agreed for the identification, prevention and management of conflicts of interests, even if the decision is to take no action. With the consent of the investors, in the case of special funds, FENTHUM may refrain from communicating information to the investor on unavoidable conflicts of interests and decisions regarding these.

## 6.5 Independence in conflict management

### 6.5.1 information exchange between relevant persons

In order to prevent unauthorised access to information, the following measures have been taken:

- Password-protected access to all computers at FENTHUM;
- Regular changing of passwords;
- Drives and files with department-specific and person-specific read and write permissions.

### 6.5.2 Activities with potential conflicting interests

All employees at FENTHUM are classified as employees with special relevance for compliance and are therefore subject to the checking and monitoring procedures of the manager responsible for compliance.

### 6.5.3 Independence of the remuneration

FENTHUM S.A.

16, rue Gabriel Lippmann  
L-5365 Munsbach  
R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
info@fenthum.com  
www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**

The remuneration system implemented at FENTHUM assures employees of remuneration based on individual performance, independently of services provided by third parties.

## 6.6 Non Compliance with conflict of interest policy

If a non Compliance with this policy is detected, the board of directors is to inform immediately. The board of directors has to decide on an individual basis what consequences a breach of this policy has. It takes into consideration the materiality of the breach and the importance of the conflict of interest.

FENTHUM S.A.

16, rue Gabriel Lippmann  
L-5365 Munsbach  
R.C.S. Luxembourg B 224699

Phone +352 276 921 1100  
info@fenthum.com  
www.fenthum.com

Distributor of:



**ETHENEA**



**MAINFIRST**