



Instruction for Handling of Conflicts of Interest for SEB Fund Services S.A.

Adopted by the Board of Directors of SEB Fund Services S.A.
on 30 May 2011

Reviewed and re-adopted by the Board of Directors on 9 April 2015

Approved by the Executive Management Committee on 20 March 2015

This instruction applies to SEB Fund Services S.A.
and it is effective from 1 July 2011

1. Introduction

- 1.1** SEB Fund Services S.A. ("SEB FS") is a Fund Management Company within SEB Group, offering services to a wide range of Funds. SEB Group provides a wide range of licensed financial services regulated by laws and statutes. This may result in conflicts of interest arising between different companies, units and or functions within the SEB Group (including the Board of Directors, Senior Management, employees and tied agents, or any person directly or indirectly linked to them by control) and funds under management and/or the investors, Sub-Fund or unit/share class/the Funds under management, investors, or between one or more investors.

Conflicts may also arise in the course of business, with other contractors or service providers outside the Group or Fund investors.

- 1.2** The activity of SEB FS is built on integrity and trust. SEB FS strives to act in the best interest of its Investors (as defined below). SEB FS aims at developing and maintaining among its employees, Senior Management and Directors (the "Directors" and "Board of Directors", an effective prevention and management of all potential and identified Conflicts of Interest. SEB FS has formally adopted, and fully adheres to, the SEB Group "Code of Business Conduct" as implemented and updated.
- 1.3** This instruction describes the procedures to be followed in respect of the specific services and activities carried out by or on behalf of SEB FS, which may give rise to Conflicts of Interest, entailing a risk of damage to the interests of one or more of the Funds and/or Investors. This Instruction further ensures a fair and consistent treatment of Conflicts of Interest and reasonable steps to be taken to avoid Conflicts of Interest and when these Conflicts of Interests cannot be avoided, it should be identified, managed and monitored and, where applicable, disclosed in order to prevent SEB FS from adversely affecting the interest of the Funds and its Investors. Addressing conflicts helps promote Fund and investor situations that may arise in SEB FS and specifies what actions SEB FS may take to manage Conflicts of Interest as minimum standards.
- 1.4** This Instruction shall be read in conjunction with the "Instruction for Handling of Conflicts of Interest in the SEB Group", adopted by the Board of Directors of Skandinaviska Enskilda Banken AB (publ) on 17 December 2012.
- 1.5** On an overall level, this Instruction describes the number of circumstances, identified by SEB FS, which may give rise to a Conflict of Interest and specifies the actions taken to manage the conflict of interests as a minimum standard. Acting exclusively in the best and common interests of the unitholders/ shareholders in conjunction with the management of a fund means that other interests, such as those of SEB FS or associated companies, must yield in the event of any Conflicts of Interest with the Fund or unitholders/shareholders.
- 1.6** The Senior Management in cooperation with the Compliance Officer are responsible for identifying, preventing, where possible, and managing Conflicts of Interest by implementing policies and instructions to manage the conflicts effectively. The procedures and measures shall be monitored and evaluated by the Compliance officer of SEB FS on an ongoing basis.

- 1.7 This instruction shall be revised when necessary or reviewed at least annually by the Board of Directors.
- 1.8 This instruction applies to the management (including the Directors) and employees of SEB FS and is available for the unitholders/shareholders. This policy shall be made available for the Investors on the website of SEB FS www.sebgroup.lu/corporations-and-institutions.

2. Definitions

2.1 In this instruction, the following terms shall have the meaning as described below:

Investor

- A client or group of clients in a fund managed by SEB FS.
- Where SEB FS enters into a discretionary portfolio management agreement and/or an advisory agreement and/or Investment Management Agreement with clients (including potential clients (Investors)) in a fund managed by SEB FS.
- A client could also be another fund management company, for whom SEB FS provides services.

Conflict of Interest

a situation where different parties have interests that might conflict with each other. Such conflicts may arise between different functions and/or units of SEB FS, but also between different functions, units and/or companies of SEB Group, (including SEB Group's managers, employees and tied agents, or any person directly or indirectly linked to them by control) and SEB FS as well as between one Fund or Investor and another Fund or Investor.

Areas in which SEB FS faces the potential risk of encountering Conflict of Interest, as a minimum, includes cases where SEB FS itself, an employee, manager, or third party under the control of SEB Group:

1. Is likely to make a financial gain, or avoid a financial loss, at the expense of a Fund and/or Investor,
2. Has an interest in the outcome of a service provided to, or transaction carried out on behalf of, a Fund or Investor, or a transaction carried out on behalf of the Fund or the Investor, which is detrimental to the best interest of the Fund and/or Investor,
3. Manages a Fund that is in direct competition with another investment structure within the SEB Group or manages a Fund that is in direct competition with another Fund managed by SEB FS,
4. Manages a Fund to which another entity within SEB Group provides services (e.g. administration, custody, prime brokerage, paying agency, etc),

5. Manages a Fund with which another entity within the SEB Group has a contractual relationship as counterpart (e.g. ISDA counterpart),

6. Manages a Fund for which an employee of SEB FS is serving as member of the Board of Directors at Fund level,

7. Is involved in a business that is competing with that of the Fund and/or Investor (other than, where SEB FS is dealing with another financial institution on the basis of transactions between two market participants),

8. Has a financial or other incentive to favour the interests of one Fund and/or group of Investors or over the interest of one Fund and/or Investor over the interest of another, or in the case of Fund, the interest of one Investor over the interest of another Investor or group of Investors in the same Fund,

9. Receives from (or gives to) a person other than the Fund and/or Investor an inducement for entering into a transaction or for providing a service to it, in the form of monies, goods or services, other than the standard commission or fee for that service,

10. carries out the same activities for the Fund and for another Fund or other Investor.

Employee	Any employee within SEB FS.
Personal Account Dealing	Transactions undertaken by or on behalf of employees for their own account or closely related persons.
Funds	Any type of funds, i.e. UCITS, UCI, SIF, AIFS and SICAVs (statutory form) and FCPs (contractual form), which are under the management of SEB FS.
SEB Group	Skandinaviska Enskilda Banken AB (publ) and all its subsidiaries

3. Provisions on Conflicts of Interest in external and internal rules

3.1 In applicable laws covering financial institutions there are confidentiality provisions which entail that information concerning clients may be used or disclosed to any third party within or outside the SEB Group only where such disclosure is authorised. These requirements are reflected in the confidentiality provisions contained in the SEB Group`s internal rules and in the confidentiality undertaking which applies to all employees.

3.2 The SEB Group Code of Conduct sets out the principles which express SEB FS`s and the SEB Group`s fundamental core values and which must be complied with in all employees` day-to-day work.

- 3.3** SEB FS has adopted instructions concerning Personal Account Dealing which, among other things, require the employee to obtain permission prior to dealing in certain instruments and to report transactions undertaken. This instruction also prohibits short-term trading.

4. Identification of Conflicts of Interest and management of potential Conflicts of Interest

SEB FS has identified the following list of potential Conflicts of Interest which may arise in the following areas (list is not exhaustive):

- 4.1** The main measure to prevent Conflicts of Interest from adversely affecting a Fund and/or Investor is to ensure that actions are taken with the purpose to be in the best interest of the Fund and/or Investor, and are taken independently of the interests of any of SEB FS's and/or SEB Group's other Investors, activities, or employees etc. With regard to Investors in the funds, actions should be taken in the common interests of the unitholders/ shareholders.
- 4.2** If an employee has assignments, in addition to the employment within SEB FS or if SEB FS has outsourced, delegated or contracted tasks or services to a legal entity within SEB Group, employees should be aware of the obligation to preserve confidentiality and secrecy and may thus not exchange information with a division, business area or business unit within SEB Group where the exchange of that information could harm the interests of one or more Funds and/or Investors. Disclosure to any third party can only be done if it is authorised by the law.
- 4.3** The necessary competence and access to resources must be in place within SEB FS in order to secure that SEB FS can act professional and with the requisite independence in relation to various interested parties.
- 4.4** All trading in fund units/shares must occur at an unknown price to ensure that all Investors are treated equally and in order to eliminate the risk of late trading.

To ensure all trading occurs at unknown prices, subscription and redemption of fund units/shares shall strictly observe the cut-off time provided for each fund. Exceptions can be done in special cases. Such special cases can be, but are not limited to e.g. interruption in technical systems, interruptions in the operation or by a correction of mistaken instructions. If trading occurs during such an exceptional circumstance, special attention to established routines and standard principles shall be observed in order to ensure that trading in fund units/shares still occurs at an unknown price. The Compliance Officer shall monitor that all trading is at unknown prices.

To limit the risk of "market timing" events (e.g. exploitation of time zone differences) SEB FS shall ensure that routines are established which shall make it possible to do a control and monitor the flow in a fund to detect "market timing" opportunities. Should such an opportunity or incident be detected, SEB FS shall take measures to prevent this, which shall be monitored by the Compliance Officer.

To prevent any Conflict of Interest from occurring, SEB FS's trading a fund shall be closed for subscription and redemption if the fund's underlying instruments cannot be valued at market prices to ensure equal justice for the unitholders/ shareholders. The Compliance Officer shall

ensure that routines and principles according to the instruction regarding the closing of a fund for subscription are monitored.

- 4.5** To prevent any Conflicts of Interest SEB FS's trading with units in own funds should be executed at the same conditions as for other clients according to the instruction for portfolio managers/ Investment Managers. When investing in own funds the purpose shall be through cost effective long-term investments to get an exposure towards a certain market or a certain market segment. The same is applicable when trading within the fund-of-funds products managed by SEB FS. If kickbacks (retrocessions or discounts) apply in connection with a fund's trading in units in other funds, they should accrue to the fund less a customary (depository) transaction fee.

SEB FS's trading in own funds and receiving retrocessions or discounts shall be monitored by the Compliance Officer on an on-going basis.

- 4.6** A possible Conflict of Interest occurs when SEB FS is acting as shareholder. SEB FS shall in the role as shareholder act exclusively in the common interests of the investors according to SEB FS's "Instructions for the exercise of voting rights". Other interests, such as those of SEB FS or associated companies, must hence always yield in the event of any Conflicts of Interest.
- 4.7** To prevent any Conflicts of Interest from occurring, SEB FS shall ensure that remuneration principles correspond to the interests of the Clients. SEB FS has adopted the Remuneration Policy for SEB Group and shall ensure that principles for remuneration to employees, especially incentive compensation, correspond to the interests of the Clients and do not give rise to a Conflict of Interest.
- 4.8** To avoid any Conflicts of Interest regarding employees trading in securities for own and closely related persons' account, SEB FS has adopted an instruction concerning Personal Account Dealing for Employees which, among other things, require the employees and closely related persons (depending on the employee's role) to notify transactions undertaken outside SEB Group, and prohibits short-term trading.
- 4.9** SEB FS shall in a separate instruction specify how to handle the giving and receiving of inducements.
- 4.10** A possible Conflict of Interest can occur if Employees managing discretionary portfolios and funds at the same time give advice regarding the same instruments that can be part of the discretionary portfolios.

Before SEB FS enters into new advisory agreements or changes are made to any advisory agreements, Compliance shall review and evaluate possible Conflicts of Interest.

5. Identification of Conflicts of Interest and management of potential Conflicts of Interests between SEB FS and other legal entities

- 5.1** SEB FS shall implement relevant procedures and arrangements to ensure that:

- An employee, a Conducting Officer or a Director of SEB FS or SEB Group does not handle matters on behalf of SEB FS where the employee or a closely related person or entity may have an interest which conflicts with the best interests of the Fund and/or an Investor;
- An employee, a Conducting Officer or a Director of SEB FS does not engage in business operations on his own or on behalf of any third party`s without the written consent from his manager in each individual case;
- An employee, a Conducting Officer or a Director of SEB FS in respect of assignment outside the normal employment (e.g. assignment to serve on a board of directors), obtains the formal approval from the manager or Board of Directors for such assignments;
- an employee, a Conducting Officer or a Director of the Company or SEB Group will not exchange confidential information about a Fund and/or an Investor, where the exchange of that information is not necessary and/or could harm the best interest of the Fund and/or an Investor;
- there is no direct link between the remuneration of an employee, a Conducting Officer or a Director of SEB FS principally engaged in one activity, and the remuneration of, or revenues generated by, another person within SEB FS or SEB Group or other related parties to the Fund principally engaged in another activity, where a Conflict of Interest may arise in relation to those activities;
- an employee, a Conducting Officer or a Director of SEB FS or SEB Group cannot exercise inappropriate influence over the way in which another employee of SEB FS carries out its activities;
- any other appropriate measures are taken in order to handle Conflicts of Interest.

In order to prevent Conflicts of Interest in case employees have employment in other entities within the SEB Group (double employment), Compliance shall before Employees enter into such arrangement, review and evaluate the potential Conflicts of interest.

SEB FS shall create awareness and train its employees in order to help them assess any potential Conflicts of Interest.

5.2 SEB FS has a number of counterparts, service providers and commercial partners. These can be both legal entities within SEB Group (internally) as well as parties outside SEB Group (externally) supplying among other things custody services, legal services, different administrative services and execution and trading services.

- As a general principle, SEB FS shall choose agnostically between SEB Group and external counterparts and service providers. Engaged parties of the Funds and SEB FS shall be assessed, selected and followed-up in a formal process to ensure that they are diligent, professional and that all such relationships are engaged into on a strictly professional basis with focus on quality, compliance and pricing of those services.
- The Senior Management shall monitor that all costs paid from SEB FS and/or the Funds to another legal entity within SEB Group are based on fair market conditions and in line with commercial agreements. The Conducting officer shall also monitor that the reverse situation is handled at fair market conditions, e.g. when SEB FS is compensated for services rendered to another legal entity within the SEB Group.



- If SEB FS outsources activities or functions to another legal entity within the SEB Group, or to an external party, a commercial agreement and a service level agreement shall regulate the outsourced activities and functions. The agreement shall in sufficient detail specify the services that should be performed and delivered. If applicable the service level agreement shall specify what kind and frequency of reporting the Company will receive.
- The quality and ongoing performance of contracted services and delegated functions shall be evaluated by the applicable department within SEB FS and reported to the Managing Director and summarised to the Board of Directors.
- If SEB FS, on behalf of a Fund, enters into an agreement with a legal entity within SEB Group, the Company shall ensure that the agreement is negotiated at prevailing market terms. The agreement shall be negotiated between SEB FS and representatives for the entity delivering the service. The agreement shall be presented to the Board of Directors or other authorized persons in SEB FS, who shall formally approve the agreement. The agreement shall be evaluated on an ongoing basis and re-negotiated if necessary. If a termination of the agreement is in the best interest of the Funds and/or Investors, SEB FS shall immediately terminate the agreement and find another solution.

- 5.3** Decisions taken within SEB FS could theoretically be improperly affected by other legal entities within SEB Group. To avoid any rise of potential Conflicts of Interest, SEB FS shall ensure that all businesses which involve any legal entity within SEB Group are on market conditions.
- 5.4** SEB FS has implemented a separation of premises, personnel, reporting lines, files and IT-systems and restrictions of access to confidential information to those who have a requirement for the information.
- 5.5** A potential Conflict of Interest arises when SEB Group and its affiliates issue/provide financial instruments and that SEB FS should be improperly affected to invest in these products on behalf of the Funds managed by SEB FS.
- 5.6** SEB FS has implemented a high standard of due diligence requirements in relations to investment by the Funds.
- 5.7** In these cases as well as in similar transactions handled by an external party SEB FS shall act as an independent entity and evaluate every transaction. An individual fund shall only take part in transactions if it is in the best interest of the clients, and the fact that a legal entity within SEB Group is involved in the transaction has no importance. It is the responsibility of the each Investment Manager of each fund or portfolio to decide if the fund or portfolio should invest in an instrument or a product. The overall reason to invest in instruments or products is the contribution to performance. The Investment Manager is among other things evaluated with regard to the performance in the managed funds on an on-going basis.
- 5.8** SEB FS has established and maintains a best execution and orders handling procedure and arrangements which provide for prompt, fair and expeditious execution of orders on behalf of the Funds. SEB FS shall at least yearly do a control of the quality of SEB's execution of orders, which shall be reported to the Board of Directors of SEB FS, who shall follow up the counterparties used.

- 5.9** As SEB FS places all orders in the name of the Funds, SEB FS has no Conflicts of Interest related to block-order handling.
- 5.10** SEB FS is not using soft commissions, i.e. remuneration in the form of goods and services received by SEB FS in conjunction with business transactions and which do not form part of the normal range of services offered by the trading partner, which is monitored by the Compliance officer. The revenue within SEB FS mostly exists of management fees and other fees from the managed funds according to the provisions for the funds. The management fee is normally a fixed percentage and it is therefore important to specify costs included in the management fee and costs, a specific fund shall pay beside the management fee. A Conflict of Interest can arise in case where it is not clear whether SEB FS or a Fund should pay a cost or receive revenue. SEB FS has an instruction specifying this issue.
- 5.11** Examples of fees and charges paid directly from a Fund are transaction costs such as commissions, settlement fees etc. These costs shall be market competitive and the service paid for is of high quality. A potential Conflict of Interest can be that other factors such as business interests of another party within SEB Group or another related party to the Fund should influence these fees and charges. SEB FS shall ensure that a Fund only pays for services, which is to the benefit of the Investors. When choosing counterparties the choice shall be based on the best interest for the Investors.
- 5.12** If SEB FS is lending a fund's securities to a financial institution, which is the funds depository or another associated company, there is a risk of potential Conflict of Interest. SEB FS shall ensure that lending a fund's securities is performed at prevailing market conditions both with regard to the price and other conditions, such as legal terms, and that the lending is in the best interest of the Fund. Any income derived from securities lending must accrue to the fund.

6. Record keeping and reporting of services and activities giving rise to Conflicts of Interest

- 6.1** SEB FS shall ensure that:
- In the event that it identifies an actual or potential Conflict of Interest which could materially affect the interests of one of its Funds and/or Investor, such actual or potential conflict is reported to the Compliance function;
 - The Compliance function keeps record of all such report and business activities undertaken by or on behalf of SEB FS and its Funds, which entail Conflict of Interest issues;
 - A review is undertaken at least on an annual basis (or more frequently as required) with the purpose of identifying any actual or potential Conflicts of Interest that could have a material effect on the interests of the Funds and/or Investors, and ensures that the provisions which SEB FS has implemented pursuant to this instruction remain adequate. A copy of this review shall be provided to the Compliance Officer;
 - The Compliance function is responsible for monitoring of the effectiveness of the measures and procedures implemented pursuant to this instruction, and for updating this

instruction as and when deemed necessary and report to the directors, at least once a year;

- The Compliance function shall keep a register of all situations, where a Conflict of Interest with a considerable risk of one or more Fund's and or Investor`s interest being negatively affected has arisen or could have arisen.

7. Disclosure of Conflicts of Interest

7.1 Where an employee (including the Conducting Officers, Board of Directors of SEB FS and or the Funds) becomes aware of circumstances which he believes could constitute a Conflict of Interest, which is likely to have a material impact on the interests of a Fund or Investor of SEB FS, he shall report the matter to his immediate superior or to the Compliance officer without delay.

7.2 If the Compliance officer assesses that the measures in place are not, with reasonable confidence, sufficient to avoid or adequately manage a particular conflict of interest, the Compliance Officer shall promptly inform the Conducting officers and if necessary, the Board of Directors, in order to take the necessary decision in the best interest of the Fund or its investors.

7.3 Where, in case of a specific Conflict of Interest, the Conducting Officers and/or the Board of Directors of SEB FS is not reasonably confident that the measures adopted under this instruction will prevent the risk of material damage to its Funds and/or Investor(s), the general nature or source of the Conflict of Interest shall be promptly disclosed, in a durable medium or by source of a website, to the concerned party. Such disclosure is a last resort and should only be adopted in specific cases where the measures otherwise put in place are judged to be inadequate to prevent the risk of material damage to the party (ies) affected. If the information is provided by means of a website and is not addressed personally to the investor the following conditions must be met:

- The investor must consent to the procedure which is used to provide the information
- The investor must be notified about the website address and where the information is placed
- The information must be up to date
- The information must be accessible continuously on the website for such a period of time that the investor may reasonably need in order to access the information

7.4 In such cases, SEB FS shall disclose the relevant Conflict of Interest to the Fund and/or Investor before undertaking business with or for it, giving sufficient information to enable the Fund and/or Investor to take an informed decision on whether or not to proceed with the proposed transaction.