



Conflict of Interest Policy

Procedure for handling potential conflicts of interests

Asset management companies endeavour to safeguard and to strike a proper balance between the interests of their clients, shareholders and employees. However, asset management companies which render a wide variety of high-quality financial services for their clients are not always entirely able to exclude conflicts of interest. In accordance with Art. 20 of the Liechtenstein Asset Management Act [Vermögensverwaltungsgesetz ("VVG")] and Art. 12 b of the Liechtenstein Asset Management Ordinance [Vermögensverwaltungsverordnung ("VVO")] we consequently take this opportunity to inform you as follows about the measures we have put in place to avoid possible conflicts of interest.

Conflicts of interest can occur between our company, our company management, our employees, our contractually-associated agents or other persons affiliated to us, as well as with our clients or between clients.

Specific conflicts of interest may occur:

- in investment advisory services and in asset management due to the company's own (revenue) interest in trading with company-owned financial instruments and/or products;
- when giving or receiving inducements (such as placement commissions, regular sales commissions or non-cash benefits, etc.) from third parties in connection with security investment services;
- as the result of performance-related compensation for employees and/or intermediaries;
- when granting inducements to employees and/or intermediaries;
- from relationships between our company and the issuers of financial instruments, such as credit relationships, involvement in the issue of securities or cooperative arrangements;
- in the preparation of investment research materials on securities which can be offered to clients;
- from access to information which is not publically known
- from personal contacts of employees or the executive board or an associated person or
- by the involvement of these people in any other governing, supervisory and/or advisory boards.

In order to prevent inappropriate interests influencing for example our consultancy services, order execution, asset management or financial analysis, we have committed ourselves as well as our employees to **stringent ethical standards**. We expect our employees to act at all times diligently and fairly, legally and professionally, in accordance with market standards as well as in particular at all times in accordance with the **interests of the client**.

In particular, we have, among others, taken the following **measures** for avoiding conflicts of interest:



- the establishment of a compliance function in the organisation for the identification, avoidance and management of potential conflicts of interest and which takes appropriate measures as far as these are necessary;
- the creation of organisational procedures to protect the client's interests in investment advising and asset management e.g. by the use of approval processes for new products;
- **regulations** regarding the acceptance and provision of inducements, gifts and other advantages by all employees as well as their disclosure;
- demarcation of business units (special separation) from each other and the simultaneous control of the flow of information among units (creation of confidentiality areas and information barriers);
- Personnel separation of essential competence areas such as compliance, due diligence, internal auditing and risk management from all operational activities;
- all employees for whom conflicts of interest may arise within the framework of their duties are identified and are obliged to disclose all of their transactions in financial instruments;
- regulations regarding transactions performed on own account by our executives and employees(see as the Zehenter & Partner Invest AG's regulations for proprietary transactions by staff and bodies, available upon request);
- when executing orders we act according to our Execution Policy and the client's instructions;
- monitoring of all transactions carried out by our employees;
- ongoing training of our employees

Conflicts of interest which cannot be avoided will be disclosed to the client affected before completing a transaction or providing consultation services.

We would like to draw attention in particular to the following points:

- When trading in securities we routinely receive **payments (portfolio commission or reimbursements)** from investment fund companies and issuers of securities on custodian fees and other charges. In addition we may also be granted transaction commission payments such as placement commission and/or issue and redemption surcharges. The receipt of these payments and other incentives serves to promote more efficient and qualitatively more superior infrastructures for the purchase and sale of financial instruments. These incentives are in line with the usual market standards and normally do not represent an additional financial burden for the client. Details relating to the receipt of or the entitlement to inducements are disclosed to our clients upon request.
- In connection with an asset management agreement the client has delegated the management of his assets, and thus also the decision to purchase or sale a financial instruments, to the asset management company. Within the framework of the agreed investment policies, the asset management company can thus make decisions on the purchase and sale without first obtaining the consent of the client. This constellation can compound an already-existing conflict of interest. We counter the resulting risks with appropriate organisational measures, particularly in using an investment selection process focussed on the client's interest. Irrespective of this, before concluding an asset management agreement with a client we disclose the extent of costs to be incurred.
- A further typical conflict of interest in connection with asset management can arise when agreeing on a performance-related compensation. It cannot be ruled out that in order to obtain the highest possible



return, and thus a higher remuneration, the asset management company may assume disproportionate risks. In such cases, risks can be reduced, among other things, by internally monitoring the investment decisions made, through the agreed risk categories and by the combination with other fixed compensation components.

- We also eventually receive **non-cash benefits** from other service providers in connection with our securities services, such as financial analyses and other information material, training courses and, to some extent, technical support and equipment for accessing third-party information and dissemination systems. Accepting such inducements has no direct connection to the services rendered; we use these inducements in order to provide the high quality services we have committed ourselves to and to improve our services on an ongoing basis.
- In some cases we pay performance-related commission or fixed fees to contractually bound or independent agents, who supply us with clients or individual business dealings, with or without reference to a concrete transaction. Furthermore, associated investment agents may receive inducements directly from third parties, in particular from fund companies and issuers of securities in addition to the agent commission paid by us.
- We also provide information about relevant potential conflicts of interest in the financial analyses we compile and disseminate.

These regulations were agreed upon by the Board of Directors of Zehenter & Partner Invest AG and came into effect on 1st July 2015.

Upon request, further details concerning this policy are available from Zehenter & Partner Invest AG. Simply contact us via our website www.zpi.li.

Schaan, 15th. July 2015