

Principles regarding conduct in cases of conflict of interest

The purpose of this policy is to set out the legal & regulatory requirements, as well as the related actions, which Prime AIFM Lux S.A. (hereinafter “Prime”) complies with in order to meet its obligations, in the area of conflicts of interest, as AIFM authorized under the Law of 12 July 2013 on Alternative Investment Fund Manager.

Prime expects its employees to perform their duties conscientiously, honestly, and in accordance with the best interest of the clients.

Conflicts of Interest – Identification and Types

Prime considers conflicts of interests as any situation in which, in the course of managing an AIF, the AIFM, any relevant person (i.e. any person involved in the activities carried out by or on behalf of the AIFM, such as the employees and executives of the AIFM, the delegates and, if applicable, the sub-delegates of the AIFM, the external valuer of the AIFM, as the case may be, or, if applicable, the AIFM’s counterparties), or any person directly or indirectly linked by way of control to the AIFM:

- is likely to make a financial gain or avoid a financial loss at the expense of the AIF or its investors;
- has an interest in the outcome of a service or an activity provided to the AIFs or their investors or to a client or of a transaction carried out on behalf of the AIFs or a client, which is distinct from the interest of the AIFs in that outcome;
- has a financial or other incentive to favour:
 - the interest of a client or group of clients or another AIF over the interest of the AIFs;
 - the interest of one investor over the interests of another investor or group of investors in the same AIF;
- carries out the same activities for the AIFs and for another AIF, or a client;
- receives or will receive from a person other than the AIF or its investors an inducement in relation to collective portfolio management activities provided to the AIF, in the form of monies, goods or services other than the standard commission or fee for that service.

In connection with the management of investment funds, conflicts of interest can arise between:

- Prime (including its managers, employees or any person directly or indirectly linked to it by control) and an AIF it manages or any investors in the AIF; or
- an AIF or the investors in that AIF, and another AIF or the investors in that AIF; or
- an AIF or the investors in that AIF, and another client of Prime; or
- two clients of the Firm

However, it is important to note that this is not an exhaustive list and it is always important to consider if there is anything that might impact its ability to act in the best interests of its clients (including any AIFs and their investors).

Identifying Conflicts of Interest

Prior to taking on a new client or changing our business activities we must assess whether there are any conflicts of interest. The Firm’s Board has considered this area and identified a number of potential conflicts. These are recorded in the Conflicts Register.

It is the responsibility of all employees to identify such potential conflicts of interests and it is the responsibility of the Compliance Function to regularly review, within the course of the Compliance Monitoring Plan, the company's processes, potential conflicts of interest associated with them and the procedures in place in order to mitigate them.

Management of potential and actual conflicts of interest

Where conflicts, or potential conflicts, are identified Prime is committed to ensuring that they are effectively and fairly managed so as to prevent these conflicts from constituting or giving rise to a material risk of damage to the interests of our clients. Prime applies at least one of the following measures to every conflict or potential conflict:

- Oversight by the Management
- Compliance Training
- Regular audits by the Internal and External Audit
- Segregation of Functions and Independence
- Handling confidential information
- Record keeping
- Regular independent monitoring or review
- Implementation of specific policies or procedures with regard to among others execution of orders, personal account dealing, remunerations and inducements
- Disclosure to clients

A description is given below of the measures which Prime has taken, supplementary to the general policy, to control and prevent specific conflicts of interest.

1) Oversight by the Management:

Prime has robust governance arrangements and senior management oversight of the business. Key business decisions are taken by the Governing Body which understands Prime's obligations to manage and mitigate conflicts of interest. Prime's Conducting Officer (senior management) are responsible for ensuring that Prime's systems and controls and procedures are robust and adequate to identify and manage any conflicts of interest that may arise.

2) Compliance Training:

The Compliance Function carries out an annual compliance training program to ensure the staff is aware of the importance of conflicts of interests and the need to report any potential or actual conflict of interest immediately to the Compliance Function.

3) Executing Order:

Prime has a policy on the execution of orders ("Best Execution Policy") which serves the following purposes:

- act in best interests of AIFs and investors through implementation of effective arrangements for ensuring that all activities of the AIFM are carried out in compliance with the legal requirements;

- act in best interests of Prime's shareholders by creating new business opportunities by satisfying current and attracting potential clients with our solid best execution framework; and
- act in best interests of the regulator by fulfillment of regulatory requirements

4) Personal Account Dealing:

When dealing personal transactions, employees of Prime must comply with the procedures described in the group-wide Personal Account Dealing Policy, which stipulates inter alia that employees must refrain from conducting transactions on the basis of insider knowledge and/or confidential information. All employees of Prime must comply with the restricted list and the obligation to provide the following to the Compliance Officer:

- Annual confirmation of understanding the Personal Account Dealing Policy and the intention to comply with it.
- An unrequested, immediate notification of any personal account dealing in a regular letter of representation has to be provided to the Compliance Function.
- An annual letter of representation which confirms the completeness of your declarations.

The restricted list is a list of financial instruments / entities in which the firm has deemed it appropriate to restrict trading or research activity in that entity. Typically an instrument will be placed on the restricted list where Prime is involved in a transaction affecting that instrument. The restricted list is posted on the Intranet by the Compliance department and updated as required. Each employee has an access to the restricted list and is encouraged to consider it before every personal transaction. Any exception to these restrictions requires the prior approval of the Compliance department.

5) Segregation of Functions and Independence:

Prime has established an appropriate organizational structure with appropriate functional, hierarchical and territorial separation of conflicting functions including Chinese Walls.

Prime has structured its senior management to appropriately segregate duties so as to avoid conflicts of interest wherever possible.

6) Handling Confidential Information:

Prime has effective procedures to prevent or control the exchange of information between Staff engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.

7) Risk- and performance-based remuneration framework:

To mitigate conflicts of interest, Prime has a Remuneration Policy in place which ensures that incentives are consistent with the provision of fairness and do not create conflicts.

8) Disclosure to Clients:

As a measure of last resort, a disclosure to clients is made if Prime cannot ensure, with reasonable confidence, that the organisational and administrative arrangements in place are (or have been)

sufficient to prevent or manage certain conflicts of interest, which could potentially harm the client's interest. The disclosure will provide sufficient detail to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest has arisen.

The conflicts of interest will be disclosed to the client before any investment in the relevant disclosure documents (Offering Memorandum, Issuing Document).

9) Declining to Act:

Prime may decline to act for a client in cases where the Governing Body believes the conflict of interest cannot be managed in any other way.

Conflicts Register

Prime keeps and regularly updates a record of the types of activities undertaken by or on behalf of the AIFM in which a conflict of interest entailing a material risk of damage to the interests of one of more AIFs or its investors has arisen or, in the case of an ongoing activity, may arise. The register covers at least the following:

- the description of the conflict of interest
- the identification of the person or units concerned by the conflict of interest;
- the date on which the conflict of interest occurred or was discovered;
- the potential or actual impacts of the conflict of interest;
- the description of the envisaged solutions and chosen measures;
- where appropriate, the arrangements for informing investors.

The register is considered at each quarterly Board Meeting.