



**PRAUDE**  
ASSET MANAGEMENT LTD

# CONFLICT OF INTEREST POLICY

## Static Data

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## Approval and Review

| Approved by       | Board of Directors |
|-------------------|--------------------|
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## 1. Introduction

Praude Asset Management Limited (the “Company”) is guided by the general principle to act honestly, fairly and in the best interests of our clients. Our policy is to identify any conflicts of interest (“COI”) that may exist between:

- (a) ourselves or anyone linked to the Company and our clients; or
- (b) one client and another.

We must ensure that clients are not adversely affected by potential risks.

Employees and others acting on behalf of the Company must be free from any conflict of interest that may adversely influence their judgement, objectively or loyalty in conducting the Company’s business activities. Where the COI does arise, it must be promptly reported so as to ensure that the best interest of our clients are upheld. The Company recognises that employees may take part in legitimate financial business, charitable and other activities outside their role at the Company but any potential COI issues raised by these activities must be disclosed promptly to management. Praude Asset Management Limited encourages a culture of openness – disclosures of COI should be embraced and not ignored.

As the following persons have been identified as crucial to minimising and managing COI within the Company, however, all staff members must sign a declaration confirming that they have read this policy and agree to work with it every time the Conflict of Interest Policy (the “Policy”) is updated:

- Board of Directors
- Members of the Investment Committee
- Chief Operations Officer
- The Compliance Officer
- Chief Financial Officer
- Investment Analysts

A copy of the declaration is attached in Appendix A.

The Company can therefore document the arrangements put in place to manage the conflicts identified that pose a material potential risk of damage to the interests of one or more clients.

## 2. What is a Conflict of Interest?

Conflicts of Interest which carry a material risk of damage to the interest of a client may include situations where the Company or any person directly or indirectly linked to the Company:

- Is likely to make financial gain or avoid a financial loss at the expense of the client;
- Has an interest in the outcome of a service or activity provided to the client or of a transaction carried out on behalf of the client, which is distinct from the clients’ interest in that outcome;
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- Carries out the same business as for other clients;
- Receives or will receive from a person other than a client, an inducement in relation to a service provided to that client in the form of monies, goods or services other than the standard commission or fee for that service;

- Designs or recommends a product or service without properly considering all of the Company's other products and services and the interest of its clients and makes the fees payable in such product clear to the client;
- Where there is non-disclosure of the Company's employees having an interest or position in an outcome of a transaction that is at odds with the outcome sought by the client.

### **3. Managing Conflicts of Interest**

Employees are expected to conduct themselves in a way that avoids COI wherever possible. When a conflict is identified or where a potential conflict may arise, all employees have a duty to ensure the fair treatment of all the parties involved and to make the appropriate disclosures. In instances where a conflict cannot be avoided, the issue must immediately be disclosed to all the parties involved and all the circumstances surrounding the conflict must be reported to senior management. If conflicts are not properly identified and managed, the Company and its Employee could lose revenue, suffer reputational damage and be subject to legal or regulatory action. Accordingly, the Company has procedures for managing conflicts of interest as set out below:

#### **3.1 Staff Dealing Policy**

The Company maintains a separate Staff Dealing Policy which amongst other things sets out the Company's requirements and procedures for instances where staff undertake their own personal dealings. The policy deals with instances where the dealings which conflict with those owned by the Company's clients (both for discretionary mandates and those directly invested in the fund) as well as instances which do not.

In instances where the external business interests of employees may conflict with the Company's interests and those of its clients, staff must obtain senior management approval. No approval will be given to Employees seeking to make any form of financial gain from an association with any type of fund or organisation that manages or promotes any fund that the Company may invest in.

#### **3.2 Independence Policy**

Where the Company or an Employee has an interest arrangement or relationship which may be considered likely to influence any exercise of discretion of the portfolio managers then it/they must disregard that interest, arrangement or relationship when exercising that discretion.

#### **3.3 Gifts Policy**

Staff are not permitted to receive monetary gifts from any potential or existing service providers or clients in any way or form. The Company's stance on non-monetary gifts are limited to gifts that do not exceed €100 in value. Items exceeding this amount shall be put past the Board of Directors for consideration. Items such as pens, diaries, calendars and other souvenir items are not considered gifts for the purposes of this Policy.

#### **3.4 Chinese Walls**

This term is used for the established arrangements, which prevent the unauthorised flow of confidential information from one predefined part of the company to the other. These arrangements define the circumstances in which the Company can communicate confidential information within the

entity and the procedures to follow. The nature of the Company's business is such that it does not need to have Chinese Walls in place on a permanent basis but such arrangement could be used on an adhoc basis if, and when, the need arises.

### 3.5 Restriction on Access to Information

To minimise the risk of accidentally/disseminating confidential information, all employees are asked to ensure that when they leave their desk unattended, sensitive and confidential correspondence and information is not left on the desk so that it is visible and computers are either switched off or locked. As an additional precaution, computers will automatically lock if unattended for a short period.

The access to computer drives and to files located within the drives can be and are restricted using passwords and user IDs. All employees have access to the drives though certain files are restricted to management and some are only accessible by the CEO depending on the nature of those documents.

Where confidential information is to be disposed of, employees should make sure that this is done in a secure way e.g. through shredding.

### 3.6 Inducements ILg

The Company maintains an Inducement Policy and has a log annexed to it.

### 3.7 Separation of Function

Job roles are designed to limit the potential for COI. Where appropriate and proportionate, systems and controls exist to prevent employees from undertaking roles where such conflicts may exist. Part of the Company's compliance obligations are to review these to ensure that the segregation of duties is reviewed as appropriate.

### 3.8 Anti-bribery & Corruption Procedures

The Company has in place a Code of Business procedure which is detailed in the Company's Compliance Manual.

### 3.9 Exercise of Voting Rights

The Company maintains an Exercise of Voting Rights Policy, which forms part of the Investment Management Policy and Procedure as well as Corporate Actions Log which details the actions and the reasons for such action taken by the Company in respect of corporate action requests.

## 4. Action to be taken when a "COI" is Identified

The Company takes all reasonable steps to prevent COIs from constituting or giving rise to a material risk of damage to the interests of our clients. Where the potential risk cannot be effectively managed with reasonable confidence to prevent it, it shall be disclosed to clients preferably prior to the provision of services, in a durable medium. The client shall be provided with sufficient detail so as to enable them to make an informed decision on how to proceed.

Appendix B of this Policy contains a Conflict of Interest Register which is specifically designed to identify perceived or actual conflicts that staff or the Company may face together with the description of the conflict and the mitigating controls that the Company has put in place.

Apart from Appendix B, the Company Secretary maintains a separate Conflicts of Interest Register for the Directors. This separate register contains a list of any directorship, shareholding or other business interests with clients, competitors or service providers that may give rise to conflicts with the ongoing business of the Company. Directors or staff present at a Board Meeting are expected to recuse themselves from any discussions or decisions that involve any potential conflict of interest until that matter is dealt with. If the matter is of a highly confidential or controversial nature, the person involved should leave the room so as to avoid any doubt that the conflict has been dealt with and it should be minuted accordingly.

In circumstances where the Company's arrangements for managing conflicts of interest are insufficient to ensure the prevention of risks or damage to a client's interests, then Senior Management shall be promptly informed and shall consider bringing this to the client's attention and where necessary seek the permission of interested parties to act. The client shall be provided with sufficient detail so as to enable them to make an informed decision on how to proceed. In managing the COI, the Company will pay due consideration to the client's investment objectives, the content of their portfolios and the investor's objectives.

#### 4.1 Disclosure of the Policy

A summary of the Policy is available on the Company's website and the full Policy shall be made available to any investor who requests it. The subscription documents of the Company's clients provide investors with the appropriate information they need, including the details of the Company's website to be able to access the latest Policy.

#### 4.1 Amendment and Review of the Policy

The Company is committed to ensuring that its policies and procedures are comprehensive and up-to-date, particularly as new information, techniques and regulations come into effect. The Board of Directors may alter, add to, or eliminate specific aspects of the systems as they deem appropriate in order to safeguard the investors best interests.

The Board of Directors shall review and update the Policy including the Conflict of Interest Register, should the Company decide to introduce new procedures that are not sufficiently covered by the Policy currently in force or where new COIs are identified. In any case, the Board of Directors shall carry out an annual review of this Policy which shall be accompanied by a written report on Appendix B in terms of Article 35 (2) of the Commission Delegated Regulation (EU) No 231/2013.

## **Appendix A**

### **Confirmation of Receipt of Conflicts of Interest Policy**

The overarching principle of the Conflict of Interest Policy of Praude Asset Management Limited (the “Company”) is that every relevant employee must act in the interests of the customer and disregard any material interest or conflict of interest when dealing for a client in the exercise of discretion.

I will ensure that any material interest or conflict of interest will be disregarded when dealing on behalf of a client in the exercise of discretion.

Where it is not possible to disregard such material interest or conflict of interest, I agree to discuss the matter with the Senior Management or the Board of Directors prior to exercising discretion and will only act on their instructions.

I declare that I have read and understood the contents of the Company’s Conflict of Interest Policy

I also declare that I am aware of and agree to abide by the Company’s Conflict of Interest Policy at all times. I further confirm that if I am in any doubt of how this policy is to be interpreted I will discuss the matter with the CEO.

(Please sign and return one copy to the CEO)

Signed

Name and Surname

Position/Title

Date

**Appendix B**

| <b>General Business Conflicts</b>                  |  |  |
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| <b>Conflict of Interest</b>                        | <b>Description</b>   | <b>Mitigating Controls</b>   |
| <b>Conflicting positions or trading strategies</b> | <ul style="list-style-type: none"> <li>- One portfolio manager manages multiple clients;</li> <li>- Having a conflicting position in securities or adopting conflicting trading strategies for different Clients such that dealing for one Client may potentially be detrimental to the other.</li> </ul>  | <ul style="list-style-type: none"> <li>- <i>Trade Allocation Policy</i></li> <li>- <i>Best Execution Policy</i></li> <li>- <i>TOR of IC, Portfolio Managers are Regulated positions and must abide by their Codes of Conduct</i></li> <li>-</li> </ul>                     |
| <b>Management and performance fees</b>             | <ul style="list-style-type: none"> <li>- Potential failure to properly disclose the amount and basis of calculation of the fees and commission charged on a particular fund could give rise to a conflict of interest between the interests of the Company, of its Clients and those of Investors.</li> </ul>  | <ul style="list-style-type: none"> <li>- Monitoring and board review of disclosures</li> <li>- Legal review of Offering Documents to ensure disclosures are adequate and in line with Regulations</li> <li>- External Administrator performing fee calculations</li> </ul> |
| <b>Trade Allocation</b>                            | <ul style="list-style-type: none"> <li>- Issues of allocation and aggregation between clients;</li> <li>- Investment opportunities between Clients; or between the Company, it's Personnel and Clients; may be allocated more preferably to one party, disadvantaging one or more Clients</li> <li>- Conflicts of interests arising in allocating investments to concurrent Funds/investors</li> </ul> | <ul style="list-style-type: none"> <li>- <i>Independent Board oversight for all Funds;</i></li> <li>- <i>Order Allocation Policy;</i></li> <li>-</li> </ul>  |
| <b>Favouring counterparties</b>                    | <ul style="list-style-type: none"> <li>- Potentially favouring certain counterparties over others where such counterparties offer the Company or its staff other products, services, allocations, or other gifts, entertainment, fees or benefits.</li> </ul>  | <ul style="list-style-type: none"> <li>- <i>Gifts Policy</i></li> <li>- <i>Best Execution Policy (in respect of the selection of brokers of other counterparties)</i></li> </ul>   |
| <b>Co-Investment</b>                               | <ul style="list-style-type: none"> <li>- Potential conflicts arising as a result of co-investment by the Fund(s) and Personnel in an individual capacity</li> </ul>  | <ul style="list-style-type: none"> <li>- <i>Staff Dealing Policy</i></li> </ul>  |



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|   | <ul style="list-style-type: none"> <li>- Personnel are permitted to invest on a deal by deal basis and/or different terms to those offered to Investors</li> </ul>  |  |
| <b>UBO roles and investments</b>  | <ul style="list-style-type: none"> <li>- UBO is invested in some of the clients managed by the Company whilst holding various positions including Portfolio Manager and Investment Committee Member.</li> </ul>   | <ul style="list-style-type: none"> <li>- <i>The Board believe that this is in fact a strength. Promoting a fund which you are invested in yourself is evidence that you are committed and believe in your strategy. If you do not believe in what you do, (i.e. if you are not invested in the fund you manage and promote), why should anyone else. However, we do note that it may be perceived as a conflict. The UBO has purchased the units with his own funds and therefore also carries an equal risk in the funds which he manages. Furthermore, the majority of his personal investments are carried out through companies which he owns, however he does not sit on the respective Boards who would ultimately have the final say on the respective company investments.</i></li> <li>- <i>Staff Dealing Policy</i></li> </ul> |
| <b>Employees holding senior positions in the funds managed by the company</b> | <ul style="list-style-type: none"> <li>- Various employees of the company occupy directorship roles or senior management positions in the funds managed by the Company.</li> <li>- This could give rise to a situation where the Company and the funds it manages have a conflicting interests and the employee is put in a position where they must choose a side.</li> <li>- Puppet director</li> <li>- Employees giving preferential treatment to the funds in which they hold a position (see client order handling)</li> </ul> | <ul style="list-style-type: none"> <li>- <i>The Company understands that occupying a senior role such as a directorship gives rise to a fiduciary duty wherein the director must act in good faith and execute the office in a professional and ethical manner and is subject to its own separate requirements. Most of these roles are approved by the regulator so there is an added comfort in that.</i></li> <li>- <i>Employees that are recommended for such roles have the utmost trust of the Company and as such are put in that position because the Company believes that they would always carry out their fiduciary duties diligently and fairly. The Company also provides independent</i></li> </ul>   |

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|   |  | <p><i>training to employees who assume such a role to ensure that they are fully aware of their duties and responsibilities.</i></p> <ul style="list-style-type: none"> <li>- <i>Company Employees do not make up a majority of the Board composition of the Fund's they are appointed Directors on.</i></li> </ul>            |
| <b>Client order handling</b>                      | <ul style="list-style-type: none"> <li>- Orders are not handled fairly and not executed in a timely manner</li> </ul>    | <ul style="list-style-type: none"> <li>- <i>Best execution policy</i></li> </ul>   |
| <b>Remuneration of Portfolio Managers</b>         | <ul style="list-style-type: none"> <li>- Article 33(1)(c)</li> </ul>   | <ul style="list-style-type: none"> <li>- <i>Remuneration policy</i></li> </ul>   |
| <b>CEO and MLRO roles occupied by same person</b> | <ul style="list-style-type: none"> <li>- The Company's CEO and MLRO position are held by the same individual.</li> </ul> | <ul style="list-style-type: none"> <li>- <i>The Company does not engage in active marketing of the Funds it manages. Most of investors are known personally by the Company and the Company is not focused on increasing its investor base. The MLRO understands her obligations and duties, and is good repute.</i></li> </ul> |