

Conflict of Interest Policy

Policy 04

Background

Under the EU Markets in Financial Instruments Directive (MiFID), LuxNordic Wealth Management S.A. ("LuxNordic") is required to put in place a conflicts of interest policy and to take all reasonable steps to avoid conflicts of interest.

This policy is issued pursuant to, and reflects compliance with, the MIFID's requirements. It does not create third party rights or duties that would not already exist if the policy had not been publicly available, and it does not form part of any contract between LuxNordic and any Client or prospective Client.

Statement of Principle

This policy is an addition to LuxNordic's overarching general obligation to act with integrity and fairness, both with its clients and with its counterparties.

Introduction

As a Financial Sector Professional, LuxNordic might face actual and potential Conflicts of Interest periodically.

LuxNordic's policy is to take all reasonable steps to maintain and operate effective organizational and administrative arrangements to identify and manage relevant conflicts.

Management within LuxNordic is responsible for ensuring that LuxNordic's systems, controls and procedures are adequate to identify and manage Conflicts of Interest. The Compliance Officer of LuxNordic assists in the identification and monitoring of actual and potential Conflicts of Interest.

LuxNordic has in place other business-specific procedures that also might address the identification and management of actual and potential Conflicts of Interest that may arise in the course of LuxNordic's business.

Objective

The purpose of this document is to provide our clients with information on LuxNordic's conflicts of interest policy. LuxNordic is required to take all reasonable steps to identify and adequately manage Conflict of Interests entailing a material risk of damage to a client's interest. This policy specifies the requirement for LuxNordic to have in place appropriate procedures and measures in order to identify and manage any such material Conflicts of Interest.

Each Relevant Person should adhere to a high standard of business ethics and should be sensitive to and seek to avoid situations that may give rise to actual as well as apparent conflicts of interest. A "conflict of interest" occurs when a Relevant Person's private interest interferes with the interests of, or his or her service to, LuxNordic. For example, a conflict of interest would arise if a Relevant Person, or a member of his/her family, receives improper personal benefits as a result of his/her position with LuxNordic.

Scope

Conflict of Interests

For the purposes of this document this policy applies to those Conflicts of Interest that may give rise to a material risk of damage to the interests of a Client. Conflicts of Interest may arise between:

- LuxNordic and a Client;
- a Relevant Person and a Client;
- two or more Clients of LuxNordic in the context of the provision of services by LuxNordic to those Clients,
- LuxNordic and its Vendors.

LuxNordic includes some examples to illustrate a range of possible Conflicts of Interest that might arise in an asset management environment.

Clients

For the purposes of this policy, Clients include:

- existing Clients of LuxNordic;
- potential Clients; and
- past Clients where fiduciary or other duties remain in place

Relevant Person

For the purposes of this policy, “Relevant Person” means any of the following:

- (a) director, partner or equivalent, manager of LuxNordic ;
- (b) an employee of LuxNordic;
- (c) a natural person who is involved in the provision of services to LuxNordic or its appointed representative (or where applicable, tied agent) under an outsourcing arrangement for the purpose of the provision by LuxNordic of investment services and activities.

Application

This policy applies to all employees of LuxNordic. It also applies to Relevant Persons.

Vendor Relationship

For the purposes of this policy, a “Vendor Relationship” means a relationship that LuxNordic has with a service provider, including but not limited to entities providing outsourcing facilities to LuxNordic, where services are being provided to LuxNordic .

Rules and Regulations

LuxNordic’s domestic regulator, the CSSF has issued rules and guidance regarding Conflicts of Interest. LuxNordic’s policy is to adhere to such rules and guidance where applicable. This policy sets out the minimum standards that LuxNordic will meet to comply with such rules and guidance. It does not replace LuxNordic’s requirement to observe any additional local regulatory requirements when identifying and managing Conflicts of Interest.

General Guidance

In identifying Conflicts of Interest, LuxNordic will consider all of the factual circumstances and LuxNordic will take into account, *inter alia*, whether LuxNordic, Vendor or a Relevant Person:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- has a financial or other incentive to favour the interest of a Client or group of Clients over the interests of another Client;
- carries on the same business as the Client; and/or
- receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Examples of Potential Conflicts of Interest

Within an asset management environment, Conflicts of Interest may arise in a variety of situations. Areas of concern include:

- reception and transmission of orders in relation to one or more financial instruments;
- portfolio management;
- investment advice.

Below are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to advisory and discretionary management services provided by LuxNordic:

- where a Relevant Person serves as a director, officer, partner, consultant or in any other key role with any company with which or with whom LuxNordic has current or prospective business dealings;
- the receipt by a Relevant Person of LuxNordic and his or her family members of any gifts or entertainment (including non monetary inducements) from any company with which or whom LuxNordic has current or prospective business dealings if it influences or gives the appearance of influencing the recipient;
- the receipt of customary business amenities from any company with which or with whom LuxNordic has current or prospective business dealings unless such amenity is business-related, reasonable in cost, appropriate as to time and place, and neither so frequent nor so costly as to raise any question of impropriety;
- any ownership by a Relevant Person and his or her family members of significant financial interest in any company with which LuxNordic has current or prospective business dealings;
- a direct or indirect financial interest in commissions, transaction charges or spreads paid by LuxNordic for effecting portfolio transactions or selling and purchasing financial instruments other than an interest arising from the Employee's employment, such as compensation or equity ownership;

- a personal transaction entered into by a Relevant Person; personal transactions means a trade carried out for the Relevant Person himself, for any person with whom he has a family relationship or with whom he has close links, or for a person whose relationship with the Relevant Person is such that the Relevant Person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.;
- LuxNordic is the discretionary portfolio manager or investment advisor for more than one client. Conflicts could arise between clients.

Identifying Conflicts of Interest

Should a Conflict of Interest arise, it must be managed promptly and fairly. As a minimum standard LuxNordic has in place arrangements designed to ensure that, to the extent possible:

- the different departments in LuxNordic operate with appropriate independence from one another (segregation of functions);
- there are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
- LuxNordic is not a counterparty for the clients and does not buy from a Client and sells immediately to another client of LuxNordic;
- LuxNordic is not a market maker or otherwise having a holding or dealing position in any investment;
- LuxNordic is not sponsoring, underwriting or otherwise participating in, whether previously or concurrently, the issue of any investment;
- LuxNordic is not engaged in stock lending activities with Client's financial instruments;
- relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interest;
- appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- appropriate processes are in place and complied with where a Conflict of Interest has been identified or may be identified;
- adequate records are maintained of the services and activities of LuxNordic where a Conflict of Interest has been identified;
- where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- It is the responsibility of each Relevant Person to promote compliance with the standards and restrictions imposed by laws, rules and regulations applicable to banks, and
- there is a periodic review of the adequacy of LuxNordic's systems and controls.

Measures adapted to manage conflicts of interest.

LuxNordic respects the confidentiality of information it receives about its Clients and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client or LuxNordic.

Management measures are put in place to enable LuxNordic and Relevant Persons to carry out business on behalf of Clients without being influenced by other information held within LuxNordic that may give rise to a potential Conflict of Interest.

In managing a Conflict of Interest it may be appropriate to use additional measures in the event that existing ongoing conflicts management measures are not sufficient to adequately manage the potential conflict, such as declining to act.

Disclosure of Conflicts of Interest and Client Consent

LuxNordic has procedures to protect the Client's interests from conflicts that might arise from LuxNordic's own activities. In certain circumstances, if some Conflict of Interest remains and, where permissible by local regulations, disclosure to an affected Client may be made in order to seek Client consent to act. Disclosure will be made of the general nature and / or sources of conflict to enable the Client to make an informed decision.

Register

LuxNordic keeps and regularly updates a record of the types of activities carried out by or on behalf of LuxNordic in which Conflicts of Interest entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing activity, may arise.

The information contained within the register facilitates the effective identification and management of any potential Conflicts of Interest.

Appendices:

These appendices are shown for information.
New versions may be created without direct update of the procedure.

None

Applicable laws or regulations:

- CSSF Circular 07/307 on "Conduct of business rules in the financial sector".

Policy created in July 2008