

PROCEDURE		
		Date: 17/02/2016
	Conflict of Interest Policy	

Preamble

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Preamble

MC Square is a public limited company governed by the laws of the Grand Duchy of Luxembourg.

MC Square is supervised by the *Commission de Surveillance du Secteur Financier* (“CSSF”) as a management company governed by chapter 15 of the law of 17 December 2010 relating to Undertakings for Collective Investments (the “2010 Law”).

This complaints handling policy is subject to the following provisions:

- (i) CSSF Regulation No. 10-4 dated 24 December 2010 implementing the Commission Directive 2010/43/EU of 1st July 2010 on the implementation of Directive 2009/65/EC of the European Parliament and Council regarding organizational requirements, conflicts of interest, conduct of business, risk management and the contents of the agreement between a depository and a management company (“CSSF Regulation 10-4”)
- (ii) CSSF circular 12/546 dated 24 October 2012 on the authorisation and organisation of the Luxembourg management companies subject to Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment as well as to investment companies which have not designated a management company within the meaning of Article 27 of the Law of 17 December 2010 relating to undertakings for collective investment (“CSSF Circular 12/546”)

In accordance with the above provisions, MC Square shall set up, implement and keep up to date an efficient policy governing the identification and handling of conflicts of interests which could occur in the context of the achievement of its corporate object.

The collective portfolio management activities of MC Square include among others:

- Portfolio management
- Administration
- Distribution

1) Criteria for the identification of conflicts of interests

1. For the purposes of identifying the types of conflicts of interest that arise in the course of providing services and activities and whose existence may damage the interests of a fund managed by MC Square (the « Fund »), MC Square shall take into account, by way of minimum criteria, the question of whether it or a relevant person, or a person directly or indirectly linked to it by way of control, is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise:

a) MC Square or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the fund;

b) MC Square or that person has an interest in the outcome of a service or an activity provided to the Fund or another client or of a transaction carried out on behalf of the Fund or another client, which is distinct from the Fund's interest in that outcome;

c) MC Square or that person has a financial or other incentive to favour the interests of another client or group of clients over the interests of the Fund;

d) MC Square or that person receives or will receive from a person other than the Fund an inducement in relation to collective portfolio management activities provided to the Fund, in the form of monies, goods or services, other than the standard commission or fee for that service.

2. MC Square, when identifying the types of conflicts of interest, shall take into account:

a) its interests, including those deriving from the performance of services and activities, the interests of the clients and its duty of the management company towards the Fund;

b) the interests of two or more managed Funds, if applicable.

Relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of MC Square and to the materiality of the risk of damage to the interests of clients.

The procedures to be followed and measures to be adopted shall include the following where necessary and appropriate for MC Square to ensure the requisite degree of independence:

a) effective procedures to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;

b) the separate supervision of relevant persons whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, clients or to investors whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the MC Square;

c) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out collective portfolio management activities;

e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective portfolio management

activities where such involvement may impair the proper management of conflicts of interest.

Where the adoption or the practice of one or more of those measures and procedures does not ensure the requisite degree of independence, MC Square shall adopt such alternative or additional measures and procedures as will be necessary and appropriate for those purposes.

2) Potential conflicts of interest

MC Square shall keep and regularly update a record of the types of collective portfolio management activities undertaken by or on behalf of it in which a conflict of interest entailing a material risk of damage to the interests of one or more Funds or other clients has arisen or, in the case of an ongoing collective portfolio management activity, may arise.

MC Square must identify potential conflicts of interest that exist in its business in order to adopt measures to monitor, manage and control the realization of those conflicts. Potential conflicts of interest may arise through the interaction of the different capacities in which MC Square or the entities to which it delegated certain activities act.

The following main interests/roles that potentially may give rise to conflicts of interest were identified:

2.1. Potential conflicts of interest concerning the collective portfolio management activity of funds

- In case of issue, private placement, listing on stock exchange, etc... relating to securities held in the portfolio of funds managed by MC Square and creating shortage, allocation with priority of these securities to one or more persons linked to MC Square at the expense of a fund managed by MC Square;
- In case of issue, private placement, listing on stock exchange, etc... relating to securities held in the portfolio of funds managed by MC Square and creating shortage, unfair treatment between sub-funds of MC Square in terms of allocation;
- Investment on behalf of a fund managed by MC Square in non-listed securities, i.e. those issued by a distributor of the Fund, a shareholder, MC Square on its own behalf, any other company, in which a person having a direct or indirect participation linked to MC Square owns a significant participation.

2.2. Potential conflicts of interests concerning direct or indirect remunerations paid to MC Square

- Incentive for the benefit of portfolio managers to apply a high turnover rate of the portfolio which is not justified, with the only purpose to increase transaction fees;

- Unjustified risk taking in the investments or divestments with the sole purpose to seek for a substantial increase of the management fees;

2.3. Potential conflicts of interest implying a lack of organization or a weakness in the procedures in place at the level of MC Square governing the oversight over the portfolio managers

- Remuneration structure of the portfolio managers' employees taking into account the profits generated by the transactions initiated on behalf of their clients, including the Funds managed by MC Square;

2.4. Potential conflicts of interests in relation to operations on behalf of MC Square or to personal transactions of any person directly or indirectly linked to MC Square

- Operations on behalf of MC Square that would come into conflict with the ones realized on behalf of a fund managed by MC Square, causing a prejudice to the fund given the price fluctuations triggered by these operations;

2.5. Potential conflicts of interests concerning a Fund managed by MC Square or

2.6. Potential conflicts of interests in relation with the activities of counterparties intervening on investment or divestment orders linked to securities held in portfolio

- Taking into account in choosing those counterparties of economic and financial relations with MC Square, or of personal relations or familiar links of portfolio managers with the employees or management of these counterparties;

2.7. Potential conflicts of interests linked to privileged relationships of MC Square or of persons directly or indirectly linked to issuers of securities held in portfolio or distributors

- Privileged treatment of a distributor as regards information on positions and decisions taken on behalf of a Fund managed by MC Square

2.8. Gifts and benefits

Acceptance of gifts and benefits by the persons directly or indirectly linked to MC Square

As a rule, gifts and benefits cannot be accepted by the persons directly or indirectly linked to MC Square if the interests of MC Square are impacted or if the professional independence of these persons could be compromised.

Gifts and benefits can be accepted only under the following conditions:

- Invitations to business lunches or dinners can be accepted if they do not alter the professional independence of these persons
- Invitations to non-professional events (e.g. concert, theater, etc...) the

following rules apply:

- The person directly or indirectly linked to MC Square must verify that its attendance is in line with industry practice
- The host is present
- This participation is not recurring
- Travel and hotel fees are not borne by the host.

In order to allow the control of these conditions, the invitations for lunch or dinner are registered in the agenda of the persons directly or indirectly linked. The other invitations and gifts are sent only to the professional address of the beneficiary and are declared on an ongoing basis to the compliance officer.

Gifts and benefits granted by MC Square

The allowance of gifts or of other benefits or invitations to non-professional events can be to a certain extent be in line with the industry and be an acceptable way of entertaining a client relationship. However, these activities can give rise to conflicts of interests and threaten e.g. the independence of distributors, counterparties or shareholders. Hence, the following rules apply:

- No advantage or invitation to a non-professional event must be given with the intention to obtain unjustified commercial advantages, neither should it lead to a conflict of interest
- No advantage or invitation shall breach the ethical rules to which the beneficiary is subject, or shall breach the market practice
- Before making a gift or giving an invitation, each person directly or indirectly linked to MC Square shall keep abreast of these rules.

The granting of any of these advantages must be fully transparent, meaning that:

- Gifts and invitations are only sent to the professional addresses of the beneficiary
- The compliance officer must be kept informed of any invitation to any non-professional event

2.9. External activities

The employees of MC Square commit themselves, not to conduct an activity which is similar to the one they have within MC Square.

Any person directly or indirectly linked to MC Square declares to the compliance officer:

- All external activity (corporate mandate, ...) potentially conflicting with the activities of MC Square
- All remuneration or benefit received for public intervention, conferences or publications in the context of its professional activity
- All substantial financial participation or interest in a company, which could potentially give rise to a conflict of interest.

The person directly or indirectly linked to MC Square will inform the compliance

officer of any modification of any modification which should be brought to its declarations.

3. Handling of conflicts of interests

The handling of conflicts of interests is driven by the interests of the funds managed by MC Square and the interests of their investors.

The handling of the conflicts of interests follows the following steps:

- The conflict of interest shall be communicated by the person who identifies it to the compliance officer and to the conducting officer in charge of the oversight of the compliance function; the conflict of interest must then be registered by the compliance officer in the conflicts of interest register;
- The compliance officer and the conducting officer in charge of the oversight of the compliance function shall propose to the management committee a solution which fosters the interests of the shareholders of the fund managed by MC Square;
- The management committee shall afterwards propose any corrective measures which would prevent as far as possible the upcoming of similar new conflicts of interests; the management committee shall ensure the good application of these corrective measures.

4. Reporting of conflicts of interests to the shareholders

Where the organizational or administrative arrangements made by MC Square for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Fund or of its shareholders will be prevented, the management committee or other competent internal body of MC Square is promptly informed in order for them to take any necessary decision to ensure that in any case MC Square acts in the best interests of the Fund and of its shareholders.

The management company shall report situations referred to in paragraph (2) to investors by any appropriate durable medium and give reasons for its decision.

5. Applicable legal and regulatory provisions

- Articles 109 (1) b) and 111 d) of the law of 17 December 2010
- Articles 18, 19, 20, 21 and 22 of CSSF regulation N° 10-4
- Sections 5.2.6. and 5.2.6.1. of CSSF Circular 12/546.