

# CONFLICT OF INTEREST POLICY

*Summary of the policies put in place at **NATAM Management Company S.A.** (The Manco), 11 rue Béatrix de Bourbon – L 1225 Luxembourg T. +352-288.091 F. +352-288.091.91 [www.natam.lu](http://www.natam.lu) [info@natam.lu](mailto:info@natam.lu) ( RCS Luxembourg B 208754)*

## 1. INTRODUCTION

In the context of identifying and managing conflicts of interests, the MANCO has validated the following policy, in accordance with:

- the Regulation 10-4 of the CSSF transposing the European Directives 2010/43/UE
- the section 5.5.7 of the CSSF circular 18-698
- the Article 14 of the AIFM Luxembourg law dated 12 July 2013
- the Articles 30-36 of the EU Commission Delegated Regulation 231/2013

More in particular, the purpose of the Conflict of Interest Policy is:

- to identify by reference to the specific services and activities carried out by (or on behalf of) the MANCO, potential and existing conflicts of interest entailing a risk of damage to the interests of a managed fund or its shareholders,
- to specify procedures to be followed and measures to be adopted to manage such conflicts in an independent manner and
- to communicate this information to all MANCO employees.

## 2. CRITERIA WHICH CONTAIN POTENTIAL CONFLICT OF INTEREST

Art. 19 of the CSSF Reg. 10-4 -- for the purposes of defining and identifying the types of conflicts of interest that arise in the course of providing services and activities by a management company and whose existence may damage the interests of the funds managed -- provides a non-exhaustive list of minimum criteria used to identify potential conflicts of interest arising in the course of the management of the Funds in the following situations:

- when the MANCO, or relevant persons and entities, including those belonging to its group, can make a financial gain or avoid a financial loss to the detriment of the client;
- when the MANCO, or relevant persons and entities, including those belonging to its group have an interest in the outcome of a service provided to the client, distinct from that of the client;
- when the MANCO, or relevant persons and entities, including those belonging to its group, have an incentive to favor the interests of a client other than that to which the service is provided;
- when the MANCO, or relevant persons and entities, including those belonging to its group, carries out the same activity as the client;
- when the MANCO, or relevant persons and entities, including those belonging to its group, receives or may receive from a person other than the client, in connection with the service to these borrowed, an incentive in the form of money, goods or services, other than committees or received for that service.

With the aim of defining conflict of interest scenarios ***must to be take into account*** that:

- NATAM is a “***Super Manco***” (double license UCITS & AIFM) only authorized to provide portfolio management services to AIF and UCITS funds;
- NATAM ***does not provide*** advisory services or discretionary portfolio management services as well as

- any other non core services or fund administration services (that are delegated);
- NATAM is part of the **group Finnat**, being whole held by Banca Finnat Euramerica S.p.A.;
- **Banca Finnat may be delegated by NATAM** to provide certain financial services (such as Distribution, Investment Management, Brokerage services);
- according to a typical Luxembourg scheme, NATAM carries out **third party Manco services and white labelling solutions**, establishing *umbrella funds* to be made available to business counterparties, acting as Investment managers and co-promoters (at the present the fund co-promoted by third intermediaries exceed the 80% of the AUM);
- the co-promoter **contribute in the choice** of the outsourcers;
- the co-promoters exercise, in parallel, an **independent control on the operational activities of the Manco and supervising the governance tasks** carried out by the appointed Board members (the agreement in place set that reports and minutes of the Board meeting must to be promptly shared with the co-promoter);
- the Board members (even if chosen between Finnat banking group employees, as services offered by the White Labeller) are **appointed by the investors each year**;
- certain managed fund establish **Coordination Committees** to coordinate the co-promoter and the Board of the Fund activity and to supervise the management of the same sub-funds.

### 3. RELEVANT PERSONS AND ENTITIES

The MANCO intends to manage conflict of interest fairly, both between the relevant persons or relevant entities and the managed funds or investors and between an investor and another investor. To the extent of this policy, the following subjects are considered as:

<b>Relevant persons</b>	<ul style="list-style-type: none"> <li>• Member of the Boards of Directors of the MANCO (hereafter “BOARD”);</li> <li>• Conducting Persons of the MANCO (hereafter “CP”);</li> <li>• the members of the Board of Directors of the Funds, if any under the specific governance rules of the Funds;</li> <li>• the members of any investment committee of any of the Funds;</li> <li>• any Portfolio Manager acting for any of the Funds;</li> <li>• any other individual who participates in the provision of portfolio services and activities on behalf of the MANCO</li> </ul>	<b>Relevant entities</b>	<ul style="list-style-type: none"> <li>• Banca Finnat Euramerica SpA</li> <li>• any company of the Group Finnat</li> <li>• Investment Managers;</li> <li>• Investment Advisors;</li> <li>• Fund’s depositaries;</li> <li>• Fund’s central administrator;</li> <li>• any external valuer for any of the Funds;</li> <li>• any structuring or placement agent acting for the Funds;</li> <li>• any other entities that participate in the provision of investment services and activities on behalf of the MANCO.</li> </ul>
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### 4. RESPONSIBLE OF CONFLICTS OF INTEREST MANAGEMENT

The Board has appointed the CPs and the Chief Compliance Officer (CCO) as responsible for active management of conflict of interest under its supervision and apical responsibility.

The CCO assists in the process of management, but it is the responsibility of each employee to reports

directly to the Board any potential conflicts to be managed.

The CCO in particular oversees that the MANCO maintains its organizational structure, internal procedure and checks aimed at identify and managing such conflict as well as to oversees that the staff is duly trained on this subject (also with the support of the Parent Company, Banca Finnat Euramerica S.p.A.).

## 5. IDENTIFICATION OF SCENARIO OF CONFLICT OF INTERESTS

The MANCO conducts an exercise to identify any existing potential conflicts of interest and as part of this exercise. Given the relatively low level of complexity of the MANCO's business and organizational structure, the Board believes any potential conflicts are straightforward to identify and manage.

In this regard, the identification, mapping, and the measures adopted to manage the main potential scenario of conflict of interest is listed in the Appendix 1 and detailed in the register of conflicts of interest.

Considering the criteria described in paragraph 2 of this Policy, the MANCO has identified the following main scenarios of potential conflict of interest (***list not exhaustive***):

- Lack of independence of the majority of the Board, representing the parent company and Inappropriate Delegation of a Service provider;
- Lack of independence of the senior managers, being certain members expressed by Banca Finnat;
- Inappropriate Delegation of a Service provider;
- Lack of independence in the evaluation process, in case of (partial) involvement of relevant persons
- Trade negotiations which may involve relevant persons;
- Relevant person having an interest in the outcome of a service provided to the MANCO, which is distinct from the MANCO's interest in that outcome;
- Relevant person having multiple positions in companies or other collective investment schemes, in which the MANCO invests.

## 6. MANAGEMENT OF POTENTIAL CONFLICT OF INTERESTS AND ESCALATION

CPs and the Board ensure that the management of conflicts of interest is based on the fundamental principle that the customer's interests (in particular the UCI managed investors) takes priority over the MANCO or relevant persons interests.

At NATAM the process of management of conflicts of interest is summarized as follows:

### ➤ **Assessment of the Scenarios**

- the CPs -- taking into account the principle of proportionality, the organization and the nature of business of the MANCO -- identify situations that could suit potentially lead to conflicts of interests, effectively manage only those specific circumstances that are appropriate to effectively generate conflict "significant", that can seriously harm the interests of the MANCO or its

investors;

- in case a CPs detect a circumstance that aggravates a pre-existing conflict of interest, or that generates a new one, without delay, must inform the CCO who must immediately escalate the General Manager and then the Board if appropriate;
- the relevant person and entities concerned must report, according to the agreement in place, the conflict of interest to the CCO, who will inform CPs and Board if appropriate;
- the responsibility to assess the compliance of the MANCO's relevant persons and relevant entities with the conflict of interest procedure is assigned to the CCO.

➤ **Identification of the measures**

- to properly mitigate the risk linked to concrete situations of conflict of interest, the CPs identifies appropriate measures (see above Table 1) and assesses the relevant severity.

➤ **Procedures**

- The CPs are jointly responsible, together with the Board, that operation procedures are defined and in place to manage the conflict of interest scenarios by mean of the mitigation measures. A set of procedures are described at the following table 1

➤ **Board validation**

- the Board is requested to validate procedures measures suggested by the CPs

➤ **Implementation of the Conflict of interest register and disclosure duties**

- The CCO is held to promptly include conflict of interest scenarios and relevant mitigation measures in the register of conflicts of interest and to put in place the disclosure duties (if any), according to the relevant laws.

➤ **Checks on the procedures and mitigation measures**

- the CCO and the CP are charged to control on periodically basis that the procedures and measures are respected and to promptly notify the Board for any breach or violation they should be aware of.

TABLE 1	
Mitigation Measures	
a.	Disclosure to the investors of the infragroup and personal relations.
b.	Appointment of a independent board member and/or senior manager and/or C.O.
c.	Cost and remuneration in line with the market and standard contractual conditions
d.	Due Diligence carried out by independent subject
e.	Appointment of a segregated function and external valuator/risk expert
f.	Establishment of stricter investment thresholds
g.	Approval of the independent board member or conducting person
h.	Abstention of the person in potential conflict of interest situation from the investment/decisional process
i.	Use of an investment process reducing the decision power of the person in a situation of potential conflict of interest
l.	Personal Transaction Register

m.	Involvement of the third party promoter
n.	Threshold application
o.	Remuneration policies shared with the parent company and approval of the Group Remuneration committee
p.	Appointment process shared with the Parent Company
<b>Procedures (included in the Internal Procedure Manual in force at NATAM)</b>	
a.	<b>Procedure OU1 – Appointment of Delegates – Initial Due Diligence</b> sets that the potential delegated entity has to deliver to the MANCO the Conflict of Interest Procedure to be verified by the CPs.
b.	<b>Procedure OU2 Formalization of the Agreement with a Counterparty</b> sets to add in the Delegation Agreement a standard clause which requests the delegated entity to promptly disclose conflict of interest situations,
c.	<b>Procedure OU4 –on site visits on delegates</b> sets that the CP must to ask to the Delegated entity Compliance officer to share the result of yearly check and challenge on the Conflict of Interest procedures.
d.	<b>Procedure OU5 – on going monitoring on the Main broker</b> sets that the CP must to ask to the Delegated entity Compliance officer to share the result of yearly check and challenge on the Conflict of Interest procedures.
e.	<b>Procedure CO 02 – Compliance Officers Committee</b> sets that during the meeting between the MANCO Compliance officer, the MANCO General Manager and the Banca Finnat Compliance officer topics on the Conflict of interest at the Banca Finnat Level has to be shared.
f.	<b>Procedure CI 01 Board of Directors and Senior Management Assessments</b> sets that on yearly basis (in the occasion of the 1Q Board meeting) or on the occurrence Board members and CPs must to inform of the mandates they have outside the MANCO
g.	<b>Procedure CI 02 Conflict of Interest Management</b> sets that all employees and CP must to report any conflict of interest situation that concern them or which they become aware of directly to the CCO or Board to analyze the scenario and determine a mitigation measure.
h.	<b>Procedure CI 02 Conflict of Interest Management</b> sets that on semiannual basis the CPs analyze the MANCO environment (Internal and external) in order to identify new "significant" conflict of interests, that can seriously harm the interests of the MANCO or its investors to identify mitigation measures.
i.	<b>Procedure CI02 Conflict of Interest Management</b> sets that on a quarterly basis the CPs analyze the portfolio to identify situation of conflict of Interest between the Relevant persons and the assets held in portoflio using .....
l.	<b>Procedure UA01 – Total Expenses Ratio Analysis</b> sets that before the launch of a new project and on the occasion of the “on going TER analysis” carried out on a semiannually basis the CP verifies that the costs and brokerage fees to be charged to the Funds are proportionate compared to market standards and to the type of service provided particularly in the context of potential conflict of interests in the context of payments to third parties, intragroup delegation or depositary functions and to check if case of churning occurred;
m.	<b>Procedure UA02 – Recurrent UCI Cost Payments</b> sets that On yearly basis, the CP draw up a detailed budget of the cost to be burned by each UCI managed, on the basis of the effective agreements and the relevant fiscal and regulatory provisions. In addition, during the year, every invoice or request of payment is checked and submitted to a double approval by the CP.
n.	<b>Procedure UA03 – Ad Hoc UCI Cost Payments</b> sets that the invoices approved after check of the accountancy department and CP has to be approved by the signature of one CO or two CPs (depending by the threshold equal to 15k).
o.	<b>Procedure PT1 – Personal Transaction Management</b> sets that the Independent Compliance

	Officer may ask members of the staff to notify any positions, exceeding Euro 5.000 in financial instruments (excluding those indicated by the Art. 63 of the UE Regulation 231/2013) also by producing bank reporting documents.
<b>p.</b>	<b>Procedure RD – Periodical Reporting</b> sets that on a yearly basis the MANCO must record and regularly update all intra-group that could generate conflicts of interest.
<b>q.</b>	<b>Banca Finnat Regulation for transactions with Related Parties</b> defines the competences and rules concerning identification, approval and execution of transactions with Related Parties, after identification of the same Related Parties, carried out by Banca Finnat or by companies of the Banca Finnat banking group.
<b>r.</b>	<b>Banca Finnat Regulation Fit &amp; Proper:</b> defines the evaluation principle and process on the Corporate Boardies to sets the steps to be carried out by each corporate Boardy, organizational unit in the event of appointment or co-option of the Corporate Representatives.
<b>s.</b>	<b>Banca Finnat Remuneration Policy</b> defines the remuneration policies of its Group, with the aim of ensuring correct and consistent application of remuneration practices in all Group companies.

## 7. CONFLICTS OF INTEREST REGISTER AND DISCLOSURE

The MANCO maintains and updates regularly a Conflicts of Interest Register ,in order to record all activities which produce or can produce a conflict of interest. The register is archived in the MANCO registered office and in the CPs’ office. The conflict register contains information on:

- the sequence number of the conflict
- designation of the type of conflict;
- description of the conflict;
- persons involved;
- Measures taken to mitigate the conflict;
- Conflict rating (low, medium, high) considering the mitigating measures
- date of acknowledgement of conflict.

Conflicts of interest will be disclosed to investors in a durable medium, in accordance with the relevant regulations (in particular Art. 36 of Commission Delegated Regulation (EU) n. 231/2013 requires information to be disclosed to investors in a durable medium or via a website).

This durable medium includes paper (physical document such as Prospectus and Financial Statements) that the investor can keep and review), email (electronic message that the investor can save and access) or other forms that ensure the information can be accessed easily and accurately while website is platform where the information is continuously accessible and can be downloaded or printed.

If the information is provided via a website, there are additional conditions that must be met, including:

- The investor must be notified of the website address and the location of the information.
- The investor must consent to receiving information through this method.
- The information must be up-to-date and accessible continuously for a reasonable period.



## **8. ACCESSORY POLICIES**

This policy has to be read in conjunction with other Corporate and Banca Finnat Policies which inter alia set provisions on conflict of interest matter such as:

### **➤ VOTING RIGHT**

The MANCO has developed adequate and effective strategies for determining when and how any voting rights held in the managed funds are to be exercised to the exclusive benefit of the Funds and their investors as more particularly set out in its Voting Strategies Policy.

### **➤ GIFT OR ENTERTAINMENT**

A conflict of interest may arise where a relevant person receives or offers a gift or entertainment that constitutes an inappropriate incentive to act in a certain way.

The MANCO as part of the Banca Finnat group, does not permit the offering or acceptance of gifts or entertainment by a Relevant Person unless it is reasonable, proportionate and for a legitimate business purpose. Where applicable, the Relevant Person must obtain pre-approval and approval will not be granted where it is seen to give rise to an actual or potential conflict of interest, is inappropriate in nature or otherwise breaches any of the Banca Finnat's policies.

### **➤ WHISTLEBLOWING**

The Banca Finnat Group provides appropriate channels for the reporting/whistleblowing of conflicts of interest within the group where an employee considers this to be the appropriate channel to draw the matter to the attention of the MANCO.

The Banca Finnat's Whistleblowing Policy sets forth the procedures for employees to report any concerns or suspicions regarding possible violations of laws, rules or regulations or possible violations of the policies, standards or procedures for the countries in which it operates.

## **9. TRAINING**

With the support of the Parent Company, the MANCO provides, and expects its staff to attend or take, regular training on conflicts management and conflicts of interest related topics.

This training is critical in ensuring that the staff is able to identify and escalate conflicts of interest and are aware of the processes by which they are identified, escalated and resolved. Appropriate resources are dedicated to the training and building of awareness of conflicts of interest to develop the knowledge and understanding of each employee.



<b>MAIN SCENARIOS INVOLVING POTENTIAL CONFLICT OF INTEREST AND RELEVANT MANAGEMENT METHODOLOGIES</b>	
<b>Lack of independence of the majority of the Board, representing the parent company and inappropriate delegation of a Service provider</b>	
<b>Mitigation Measures</b>	<b>Procedures</b>
<ul style="list-style-type: none"> <li>• Disclosure to the investors of the infragroup and personal relations.</li> <li>• Appointment of a independent board member and/or senior manager and/or C.O.</li> <li>• Cost and remuneration in line with the market and standard contractual conditions</li> <li>• Due Diligence carried out by independent subject</li> <li>• Use of Standard Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Banca Finnat Regulation for transactions with Related Parties</li> <li>• Banca Finnat Regulation Fit &amp; Proper:</li> <li>• Procedure CI 01 Board of Directors and Senior Management Assessments</li> <li>• Procedure CI 02 Conflict of Interest Management</li> <li>• Procedure OU1 – Appointment of Delegates – Initial Due Diligence.</li> <li>• Procedure OU2 Formalization of the Agreement with a Counterparty</li> <li>• Procedure OU4 –on site visits on delegates</li> <li>• Procedure UA01 – Total Expenses Ratio Analysis</li> <li>• Procedure UA02 – Recurrent UCI Cost Payments</li> <li>• Involvement of the third party promoter</li> </ul>
<b>Inappropriate Delegation of a Service provider</b>	
<b>Mitigation Measures</b>	<b>Procedures</b>
<ul style="list-style-type: none"> <li>• Cost and remuneration in line with the market and standard contractual conditions</li> <li>• Due Diligence carried out by independent subject</li> <li>• Use of Standard Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Procedure OU1 – Appointment of Delegates – Initial Due Diligence</li> <li>• Procedure OU2 Formalization of the Agreement with a Counterparty</li> <li>• Procedure OU4 –on site visits on delegates</li> <li>• Procedure UA01 – Total Expenses Ratio Analysis</li> <li>• Procedure UA02 – Recurrent UCI Cost Payments</li> <li>• Involvement of the third party promoter</li> </ul>
<b>Lack of independence of the Senior Management, influenced by the interests of the parent company</b>	
<b>Mitigation Measures</b>	<b>Procedures</b>
<ul style="list-style-type: none"> <li>• Appointment of a independent board member and/or senior manager and/or C.O.</li> </ul>	<ul style="list-style-type: none"> <li>• Banca Finnat Regulation for transactions with Related Parties</li> <li>• Banca Finnat Regulation Fit &amp; Proper:</li> <li>• Procedure CI 01 Board of Directors and Senior Management Assessments</li> <li>• Involvement of the third party promoter</li> </ul>
<b>Lack of independence in the evaluation process, in case of (partial) involvement of relevant persons</b>	
<b>Mitigation Measures</b>	<b>Procedures</b>
<ul style="list-style-type: none"> <li>• Appointment of a segregated function and external valuator/risk expert</li> </ul>	<ul style="list-style-type: none"> <li>• Procedure OU1 – Appointment of Delegates – Initial Due Diligence.</li> <li>• Procedure OU2 Formalization of the Agreement with a Counterparty</li> </ul>
<b>Inappropriate Remuneration</b>	
<b>Mitigation Measures</b>	<b>Procedures</b>
<ul style="list-style-type: none"> <li>• Remuneration policies shared with the parent company and approval of the Group Remuneration committee</li> </ul>	<ul style="list-style-type: none"> <li>• Banca Finnat Remuneration Policy</li> </ul>

Trade negotiations which may involve relevant persons	
Mitigation Measures	Procedures
<ul style="list-style-type: none"> <li>• Approval of the independent board member or conducting person</li> <li>• Threshold application</li> </ul>	<ul style="list-style-type: none"> <li>• Banca Finnat Regulation for transactions with Related Parties</li> <li>• Banca Finnat Regulation Fit &amp; Proper</li> </ul>
Portfolio Management/Cross Trading/Side by Side	
Mitigation Measures	Procedures
<ul style="list-style-type: none"> <li>• Use of an investment process reducing the decision power of the person in a situation of potential conflict of interest</li> <li>• Personal Transaction Register</li> </ul>	<ul style="list-style-type: none"> <li>• Procedure OU1 – Appointment of Delegates – Initial Due Diligence.</li> <li>• Procedure OU2 Formalization of the Agreement with a Counterparty</li> <li>• Procedure OU4 –on site visits on delegates</li> <li>• Procedure PT1 – Personal Transaction Management</li> </ul>
Relevant person having multiple positions in companies or other collective investment schemes, in which the MANCO invests	
Mitigation Measures	Procedures
<ul style="list-style-type: none"> <li>• Involvement of the third party as promoter (and checks of the Promoter)</li> <li>• Threshold application</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures</li> <li>• Procedure OU1 – Appointment of Delegates – Initial Due Diligence.</li> <li>• Procedure OU2 Formalization of the Agreement with a Counterparty</li> <li>• Procedure OU4 –on site visits on delegates</li> <li>• Procedure PT1 – Personal Transaction Management</li> </ul>
Conflict of interest durable disclosure	
Prospectus / Offering Memorandum	
<ul style="list-style-type: none"> <li>• NEW MILLENNIUM SICAV</li> <li>• NEW MILLENNIUM SIF</li> <li>• FOND'AZIONI SICAV RAIF</li> </ul>	<p>Prospectus highlights nature and source of conflict, potential risks and mitigation measures such as:</p> <ul style="list-style-type: none"> <li>• Directors of the Manco may also be directors of the Fund and the interest of the Fund and/or of the MANCO could result potentially in conflicts</li> <li>• Banca Finnat Euramerica S.p.A., may act as investment manager and Global distributor of several Sub-Funds of the Fund as well as act in other role, as may be from time to time defined (Main Broker)</li> <li>• the Manco may provide services for other funds</li> <li>• the Subfunds may invest in other fund managed by the Manco</li> <li>• the Sub-Funds may enter into transactions with the Manco or Banca Finnat Euramerica S.p.A or any delegated Investment Manager or global distributor, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length.</li> <li>• the Sub-Funds may purchase products where the issuer, dealer and/or distributor of such products are their affiliates, if transactions are carried out as if effected on normal commercial terms negotiated at arm's length, in the best interest of the Fund.</li> </ul>
Conflict of Interest Policy and register	
<p>This Conflict of interest policy may be obtained in paper form free of charge at the registered office of NATAM or available for download in electronic form directly at the NATAM website.</p>	