

# Conflict of Interest Policy

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BG FUND MANAGEMENT LUXEMBOURG S.A.

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## 1. Introduction

This document aims to illustrate the approach that BG FUND MANAGEMENT LUXEMBOURG S.A. (hereinafter “BGFML” or the “Company”) has adopted in relation to conflicts of interest that could arise in the provision of the services and execution of the activities, pursuant to Directive 2010/43/EU containing the procedures for the execution of Directive 2009/65/EC of the European Parliament and Council, as amended by Directive 2014/91/EU (the UCITS V Directive) and in line with requirements set in Directive 2011/61/EU, Regulation (EU) 231/2013, CSSF Regulation 10-04, CSSF Regulation 15-07 and CSSF Circular 18/698 (among others) in regard to organisational requirements, conflicts of interest, rules of conduct, risk management and the contents of the agreement between the depositary bank and the management company.

Directive 2009/65/EC, as amended, requires that all management companies:

- be structured and organised in such a way as to reduce to a minimum the risk that the interests of the UCITS or its clients be adversely affected by conflicts of interest between the company and its customers, between two of its customers, between one of its customers and a UCITS, or between two UCITS;
- strive to avoid conflicts of interest, and should this not be possible, ensure that the UCITS it manages are handled fairly;
- define the measures that can be reasonably expected of management companies in order to identify, prevent, manage and/or disclose conflicts of interest and also define appropriate criteria for determining the types of conflicts of interests which could harm the interests of the UCITS.

Directive 2010/43/EU, the level 2 implementing provisions of the UCITS directive, provides that:

- The management company must define, apply and maintain an efficient management policy for its conflicts of interest. The management policy for conflicts of interest includes:
  - in regard to the collective management of portfolios undertaken by or on behalf of the management company, the identification of the circumstances that generate or could generate a conflict of interest that may seriously harm the interests of the UCITS or other clients;
  - the procedures to follow and the measures to adopt to manage such conflicts;
- As respectively indicated by the Directive, CSSF Regulation 10-04 and further described by CSSF Circular 18/698, the management company must maintain and regularly update a register containing the types of collective portfolio management activities carried out by the management company or on its behalf, in relation to which a conflict of interest has arisen or, for activities currently underway, for which a conflict of interest could arise that could seriously harm the interests of one or more UCITS

or other customers – such register shall be regularly maintained and include the description of conflicts of interest (whether potential or actual), identification of persons or units concerned, the date on which the conflict occurred or was discovered, potential or actual impacts of the conflict of interest, description of envisaged solutions and chosen measures, arrangements for informing investors;

- Should the organisational or administrative procedures adopted by the management company for the management of conflicts of interest not be sufficient to prevent, with reasonable certainty, the risk of damages to the interests of the UCITS or the relative unit holders, top management or another internal competent body of the management company must immediately be informed so as to take any necessary decisions to ensure that in any case the management company will act in the best interest of the UCITS and the relative unit holders;
- The management company shall inform investors regarding the above situations using any appropriate durable medium or by means of a website<sup>1</sup>, and shall justify its decision.

The above mentioned approach is also confirmed by Directive 2014/91/EU.

In regard to requirements applicable to AIFMs, Directive 2011/61/EU requires that AIF Managers:

- adopt all measures considered to be reasonable in order to avoid conflicts of interest and, when such conflicts cannot be avoided, any measure necessary to identify, manage, control and – where applicable – communicate such conflicts of interest, in order to avoid any negative impact on the interests of the AIFs and their investors, and in order to guarantee that the AIFs under management are treated fairly;
- adopt any reasonable measure in order to identify conflicts of interest arising as part of the AIF management between:
  - the AIF Manager, including its own management bodies, employees or any other person directly or indirectly related to the AIFM by way of a control relationship, as well as the AIF itself and/or its investors;
  - the AIF and/or its investors and another AIF or the investors of such AIF;
  - the AIF and/or its investors and another Manager;
  - the AIF and/or its investors and a UCITS fund managed by the same Manager and/or the investors of such UCITS fund;
  - two different clients of the same Manager;

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<sup>1</sup> In case information is provided to investors by means of a website, investors must consent to the provision of information by such means and must be notified of the address of the website and the place on the website where the information may be accessed; information published on the website must be kept up to date at all time, and must be accessible for such period of time as the investors may reasonably need to inspect it.

- the Fund Managers will adopt and apply effective organizational and administrative measures, in order to implement any reasonable measure to identify, prevent, manage and monitor conflicts of interest in order not to affect the interests of the AIF and its investors;
- when the organizational measures adopted by the Manager for the identification, prevention, management and monitoring of conflicts of interest are not sufficient to reasonably guarantee the avoidance of risks for the interests of investors, the Manager will clearly inform the investors, ahead of any action taken on their behalf, about the general nature and the source of such conflicts of interest, and adequate mitigating measures will be developed in a timely manner.

The Delegated Regulation (EU) 231/2013, integrating the Directive 2011/61/EU, states that:

- in order to identify what type of conflicts of interest may arise as part of the management of the AIF, the Fund Manager will have to assess if the Management Company itself, a relevant party or any other person having direct or indirect control of the Management Company is in one of the following situations:
  - the subject in question may cause a loss to the AIF or one of its clients in order to realize another capital gain or prevent a separate capital loss;
  - the subject in question has an interest different than those of the AIF in the type of results or services pursued/offered in favour of the AIF or its investors, a client or any operation realized on behalf of the AIF or one of its clients;
  - the subject in question has a financial interest (or any other type of interest) that makes him favour (i) the interests of another UCITS, another client or a group of clients other than the AIF it is managing, or (ii) the interests of a specific investor over the interests of other investor(s) of the same AIF;
  - while offering management services to the AIF, the subject in question offers the same services to other AIFs, UCITS or clients;
  - the subject will receive, from a counterparty different than the AIF, inducements in relation to the activities of portfolio management offered by the AIF, either by payment of lump sums or offering of goods or services other than the commissions usually charged as management fees;
- the Manager implements and manages an effective Conflicts of Interest Policy, and such Policy must be captured in writing, has to be adequate to the dimension and organization of the manager and to the nature, scale and complexity of the activities it is responsible for;
- the Conflicts of Interest Policy must include:

- identification of all circumstances that represent or might represent instances of conflicts of interest with detrimental effects on the AIF and its investors, in the activities carried out by the Manager or by one of its delegates and/or sub-delegates;
- procedures to be followed and measures to be adopted in order to prevent, manage and monitor such conflicts of interest;
- when organizational and administrative measures implemented by the Manager are insufficient to prevent, with adequate certainty, risks of damage to the interests of the AIF or the investors of the AIF, Senior Management or any other competent body of the Fund Manager must be informed immediately in order to take any decision or adequate measure, and in order to ensure that the Manager acts in the best interest of the AIF or its investors.

Furthermore, regarding the relationship between the Fund Manager and its Depositary Bank, Directive 2011/61/EU states that, in order to prevent any conflict of interest between the Depositary, the Manager and/or the AIF and its investors:

- A Fund Manager must not act as Depositary;
- An intermediary acting as counterparty of an AIF cannot act as the Depositary of such AIF, unless it has functionally and hierarchically split such roles and potential conflicts of interest have been adequately identified, managed, monitored and communicated to the investors of the AIF. Delegation of functions related to custody of assets from the Depositary to such intermediary is only allowed under terms and conditions defined by applicable laws.

Regarding instances of outsourcing of functions by the Fund Manager, all risks generated by the delegation of tasks will have to be assessed before any move of tasks can take place.

Since the above mentioned texts provide that when a management company belongs to a group, the conflicts of interest policy must take into account also the circumstances the company is or should be aware of, that could cause a conflict of interest arising from the structure or the activities of other group members, this document shall illustrate the macro categories of conflicts of interest connected to the current structure of the Banca Generali Group and the activities/services provided by the entities belonging to it, as well as the measures adopted in order to prevent conflicts of interest and to manage those cases which have the potential of adversely affecting customers.

Since BGFML is subject to the coordination and control of Banca Generali, this Policy has also taken into account the Regulation for the Prudential Supervision of Banks introduced by Bank of Italy Circular No. 285 of 17 December 2013 (and following updates), with special regard to the applicable provisions concerning

the shareholdings that may be held by banks and banking groups, as well as risk assets and conflicts of interest in respect of connected parties in the context of the provision of investment services.

The policy adopted by BGFML for the management of conflicts of interest is based on four basic principles:

- Identification: with reference to the investment services and the activities and the services ancillary to them, the companies belonging to the Group<sup>2</sup> shall identify the circumstances that generate or could generate a conflict of interest that could seriously harm the interests of one or more customers.
- Organisation: the companies belonging to the Group shall define the procedures to follow and adopt organisational measures in order to manage the conflicts that were identified.
- Declaration: in the event that companies belonging to the Group consider that the organisational and administrative measures adopted to manage certain types of conflicts of interest do not sufficiently ensure, with reasonable certainty, that the risk of harming the interests of clients is averted, they shall clearly inform clients, where required, prior to acting on their behalf, of the nature and the sources of the conflicts of interest, so that they can make an informed decision on the services provided, given the context in which the conflict situations arise.
- Given their duty to act honestly and fairly, companies belonging to the Group shall act, in providing investment and/or ancillary services, in a correct, fair and professional manner to better serve the interests of their customers.

The provisions contained in this Policy and its Appendixes have been approved by the Board of Directors of BGFML; the present policy will be applicable in any instance of insurgence of conflicts of interest, even if just potential.

## 2. Regulatory references

Directive 2009/65/EC	Article 12, paragraph 1.b) Article 14, paragraph 1.d) Article 14, paragraph 2.c)
Directive 2010/43/EU	Considering 15; 17 Article 17 “Criteria for the identification of conflicts of interest”; Article 18 “Conflicts of interest policy”; Article 19 “Independence in conflicts management”; Articles 20 “Management of the activities giving rise to detrimental conflict of interest”

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<sup>2</sup> “Group” shall be understood to refer to the Banca Generali Banking Group.

Directive 2011/61/EU	Considering recitals 22,29,43,80,81: Article 12, "General Principles"; Article 14, "Conflicts of Interest"; Art. 15, "Risk Management"; Art. 20, "Delegation"; Art. 21, "Depositary"; Art. 23, "Disclosure to Investors"; Art. 28, "Disclosure in case of acquisition of control"
Directive 2014/91/EU	Considering recital 24: Art. 14 <i>ter</i> ; Art. 22 <i>bis</i> ; Art. 25; Art. 112 <i>bis</i>
Regulation (EU) N° 231/2013	Art. 30, "Types of Conflicts of Interest"; Art. 31, "Conflicts of Interest Policy"; Art. 32, "Conflicts of Interest related to the redemption of investments"; Art. 33, "Procedures and measures preventing or managing conflicts of interest"; Art. 34, "Managing conflicts of interest"; Art. 35, "Monitoring conflicts of interest"; Art. 36, "Disclosure of conflicts of interest"; Art. 43, "Safeguards against conflicts of interest"; Art. 80, "Conflicts of interest"
Delegated Regulation (EU) 438/2016	Art. 23, "Conflicts of interest"; Art. 24, "Independence of management boards and supervisory functions"
Luxembourg Law 13 February 2007	Art. 42
Luxembourg Law 17 December 2010	Art. 20; Art. 37; Art. 109; Art. 111, Art. 111b, Art. 148
Luxembourg Law 12 July 2013	Art. 11, "General principles"; Art. 13, "Conflicts of interest"; Art. 14, "Risk management"; Art. 17, "Valuation"; Art. 18, "Delegation"; Art. 19, "Depositary"; Art. 21, "Disclosure to investors"; Art. 26, "Disclosure in case of acquisition of control"
CSSF Regulation 10-04	Art. 18 – 22
CSSF Regulation 10-05	Art. 15, "Conflicts of interest"
CSSF Regulation 16-07	Art. 8, "Agents in charge of handling requests" Art. 15, "Complaint handling by professionals and disclosure requirements"
CSSF Circular 16/644 (as amended by Circular 18/697)	Chapter 1, "Conflicts of interest"
CSSF Circular 18/698	Paragraphs 372 – 384

Bank of Italy Circular 263 of 27 December 2006 (and following updates)	Part I – Title IV – Chapter: “Company Governance” Part I – Title IV – Chapter III: “Internal control system” Part III – Chapter I: “Admitted shareholdings for banks and banking groups”
Bank of Italy Circular 285 of 17 December 2013 (and following updates)	Part I - Title IV – Chapter I: Corporate Governance. Part I – Title IV – Chapter III: The internal control system. Part I – Chapter I: Shares acquisition by banks and banking groups.
Regulation (EU) 2019/2088	Regulatory requirements on sustainability-related disclosures in the financial services sector (SFDR)

### 3. Relations with other documents

The guidelines presented in this document are defined in coordination with other regulations issued by BGFML and the Generali Group, in compliance with the regulation concerning the provision of investment services/activities and other general provisions. They include rules of conduct that the staff must observe by virtue of BGFML and the Group’s internal regulations, as well as external regulations.

In particular, the former consist of:

- Corporate Governance documents, regulations and proxies, which describe the general operating mechanisms of the Company, defining the areas of responsibility and the structure of the powers and proxies;
- Code of conduct, issued by BGFML, which aim to establish rules of conduct to which directors, auditors, staff, consultants and suppliers must conform;
- Policies, which establish principles and guidelines for conduct which are binding with regard to specific issues;
- Operating procedures, which describe the activities comprising the corporate processes, defining the roles and responsibilities in detail.

The contents of this document, together with those of the document on the Order Transmission and Execution Strategy, the Regulation for Portfolio Management/UCITS prospectuses, and BGFML’s Investment Process, identify the principles and operating guidelines which the Company intends to apply to the collective portfolio management services; together with those of the “Policy for Transactions with Related Parties, Connected Parties and Corporate Officers” and “Policy for Transactions of Greater Importance” of the Banking Group, identify the principles and operating guidelines to which the Group intends to comply in terms of operating activities involving connected parties.

#### 4. Definition of conflict of Interest

Articles 17 of Directive 2010/43/EU and art. 19 of CSSF Regulation 10-04 provide that *“management companies take into account, by way of minimum criteria, the question of whether the management company or a relevant person, or a person directly or indirectly linked by way of control to the management company, is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise”*:

- a) the management company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the UCITS;
- b) the management company or that person has an interest, in the outcome of a service or an activity provided to the UCITS or another client or of a transaction carried out on behalf of the UCITS or another client, which is distinct from the UCITS interest in that outcome;
- c) the management company or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the UCITS;
- d) the management company or that person carries out the same activities for the UCITS and for other clients which are not UCITS;
- e) the management company or that person receives or will receive from a person other than the UCITS an inducement in relation to collective portfolio management activities provided to the UCITS, in the form of monies, goods or services, other than the standard commissions or fees billed for that service.

Similarly, art. 30 of the Delegated Regulation 231/2013 establishes that, in order to identify conflicts of interest that might arise as part of the AIF Management, the Fund Manager must assess if any of the following situations may affect their business and the relationship with any relevant person exercising direct or indirect control over the Fund Manager:

- a) Possibility to realize a financial gain or prevent a loss at the expenses of the AIF or its investors;
- b) Existence of an interest different than that of the AIF in regard to the results of the offered services or the activities performed on behalf of the AIF and/or its investors;
- c) Existence of a financial incentive related to the protection of interests of an UCITS, a client or a group of clients, an AIF other than the managed AIF, as well as the interests of investors different than those invested in the managed AIF;

- d) Execution of the same activities for the managed AIF as well as for another AIF, a UCITS or any other client;
- e) Receipt of incentives from a subject other than the AIF or its investors in regard to the portfolio management activities carried out for the AIF, in the form of payments, goods or services different than the commissions normally offered for such services.

The management company must take into account the following elements in determining the types of conflicts of interest:

- the interests of the management company, including the interests arising from its belonging to a group or from the performance of services and activities, the interests of the clients and the duty of the management company towards the UCITS/AIFs;
- the interests of two or more UCITS/AIFs managed.

In light of the above, the conflicts of interest situations indicated herein represent those circumstances in which the interests of the UCITS/AIFs can be harmed while the management company itself, its managers and staff or another UCITS/AIFs can obtain a benefit.

The staff in charge of providing these services/activities, within various operating units in which the Company is organised, as well as the respective managers of those units, each in his/her area of competence and sphere of activity, are required to identify the situations of conflicts of interest that could arise between BGFML or a Relevant Person (or individuals that are directly or indirectly linked by way of control to them) and the UCITS/AIFs, or between managed UCITS/AIFs, that can significantly harm the interests of one or more UCITS/AIFs.

In order to identify the conflicts of interest, the competent staff and managers must examine whether the Company or a Relevant Person (or individuals that are directly or indirectly linked to the Company by way of control):

- can realise a financial gain or avoid a financial loss to the detriment of the UCITS/AIFs: for the purposes of this Policy, in order to identify a conflict of interest, it is not sufficient for the Company or other individuals indicated to realise a profit (this should be coupled by a concurrent possible disadvantage for a UCITS/AIFs), nor it is sufficient that a UCITS/AIFs towards which the Company has an obligation realises a profit or avoids a loss without there being a concurrent possible loss for another UCITS/AIFs;
- have an interest different than that of the UCITS/AIFs in the results of services provided to the client.

The rules implemented by BGFML around conflicts of interest with respect to Connected Parties aim to monitor the risk that the closeness of certain parties to the Bank's decision-making centres, and particularly the parent company Banca Generali and its subsidiaries, and how these could compromise the objectivity and impartiality of decisions regarding the transactions involving the said parties, and potentially create distortions in the resource-allocation process, exposing the Company to risks that are not adequately measured or controlled (including possible conflicts of interest) and/or resulting in harm and losses to the UCITS/AIFs under management.

In pursuing these objectives, the term "Related Parties" refers to, first and foremost, the Company' Senior Management, Board Members, its shareholder and other persons in a position of influence in the Company's management, in light of their ability to exercise control or a significant influence, either individually or jointly with other parties.

Applicable provisions for the mitigation of conflicts of interest require the identification of the sectors of activity and types of dealings of an economic nature, including those that do not entail the assumption of risk assets, in relation to which conflicts of interest may arise, on the basis of the operating characteristics and strategies of the Company and the Group it belongs to.

In line with Art. 109 of Law 17 December 2010, BGFML has implemented internal control mechanisms around personal transactions executed by its employees or for the holding or management of investments in financial instruments, in order to invest on its own account and ensure that each transaction involving its funds may be reconstructed according to their origin, the parties to it, their nature and the time and place at which this was effected.

All the relevant staff and their respective managers must identify and constantly update the areas of operation, namely the types of transactions that entail the assumption of risk assets or the transfer of resources, services or obligations, specifying to which conflicts of interest these may relate. This Policy and its Appendixes describe the conflicts of interest falling within BGFML's operating scope.

In this context, the Policy includes, for example, conflicts of interest relating to investment in financial and non-financial assets, rendering of collective portfolio management services and the delegation of such services to entities belonging to the Banking Group.

## 5. Identification of relevant persons

In line with Directive 2010/43/EU and Delegated Regulation (EU) 231/2013, the following individuals are identified as relevant persons:

- a director, partner or equivalent, or manager of the management company;
- an employee of the management company, as well as any other natural person whose services are placed at the disposal and under the control of the management company and who is involved in the provision by the management company of collective portfolio management;
- a natural person who is directly involved in the provision of services to the management company under a delegation arrangement to third parties for the purpose of the provision by the management company of collective portfolio management.

In line with the above, the Delegated Regulation 231/2013 identifies the following parties as relevant subjects in relation to the Fund Manager:

- an administrator, a business associate (or equivalent), the General Manager of the Fund Manager;
- an employee of the Fund Manager, as well as any other natural person whose services are offered to (and under control of) the Fund Manager, provided he/she is directly involved in the portfolio management activities of the Fund Manager;
- any natural or legal person that is directly involved in the provision of services for the Fund Manager, as part of outsourcing arrangements intended to support the provision of portfolio management services.

In general, each relevant person is obliged to disclose to the manager of the operating unit to which he/she belongs any situation that could even potentially generate a conflict of interest, modify the conflict map and/or register identified by the Company or indicate incomplete efficiency of the protection and management measures set up by BGFML.

As a non-exhaustive example, it is considered that the amendments and updates to situations of potential conflicts of interest arise mainly from operating amendments introduced into the Company's activity (e.g.: new activities, new UCITS/AIFs managed, setting up of new relations/provisions of new services for the UCITS/AIFs), from changes to the organisational structure of the Company or the introduction of new laws or regulations.

## 6. Duties of the Compliance Department

In relation to the corporate governance activity, BGFML's Compliance function is in charge of the following activities:

- disclosures to Relevant Persons;
- collection of disclosures regarding potential conflicts from the managers of the organisational units according to the process set forth in below paragraphs;
- management of the Conflicts of Interest Register: the Compliance function – in coordination with Banca Generali's Compliance function – is tasked with the establishment and regular update of a register containing the type of investment activity/service (or ancillary service) impacted, the situations in which a conflict has arisen or those currently underway in which one could arise and seriously harm the interests of one or more clients or UCITS/AIFs. As part of the proper management of the Conflicts of Interest Register, effective processes have been implemented in order to facilitate communication between the Compliance Department and the Company's Senior Management and departments;
- reporting to the Board of Directors regarding new conflicts identified, and proposals for appropriate management thereof. In any case where it is considered appropriate, the Compliance function will inform the Conducting Officers of the need to establish or change the measures adopted by the Company, in light of significant changes compared to what it has defined, and will report accordingly to the Board of Directors at the first available meeting.

## 7. Disclosure to the Personnel

This Policy constitutes a binding regulation for all Personnel; to this end the Policy and its subsequent updates shall be included in the company Intranet and made available to the staff following communication by the appropriate means.

## 8. Group operating model

The Banca Generali Group is an international banking group with a multifunctional and integrated corporate structure consisting of:

1. a parent bank, Banca Generali S.p.A., which is authorised to carry out bank operations and provide investment and/or ancillary services and which provides control and strategic guidance and coordination;
2. subsidiaries:
  - Generfid S.p.A.;
  - BG FUND MANAGEMENT LUXEMBOURG S.A.
  - BG Valeur S.A.;
  - BG (Suisse) S.A.;
  - Intermonte Partners SIM S.p.A.

In order to identify the cases in which a situation of conflicts of interest may arise, as indicated under point 4 above, and pursuant to the above mentioned regulatory requirements, the investment and ancillary services provided by each of the entities which are part of the Banca Generali Group were identified and an assessment took place regarding whether a conflict of interest situation exists with BGFML or the funds it manages, considering also the other activities carried out by the latter.

Similarly, the sectors of activity and types of dealings of an economic nature in relation to which conflicts of interest may arise were identified, including those that do not entail the assumption of risk assets.

In the context of such exercise and in line with the approach defined at corporate level, BGFML has also identified situations of potential conflicts of interest that may be relevant and potentially detrimental to its business and clients; the applicable methodology is detailed in the following sections of this Policy and the outcome of such analysis has been captured in BGFML's Conflicts of Interest Register.

### ***8.1 Services offered and activities carried out by the Banca Generali Group***

Due to the aforementioned multifunctional structure of the Group, there exists a significant number of situations in which a conflict of interest can arise.

The following table summarises the investment services and activities provided by the Banca Generali Group and BGFML, independently and through their delegated entities, as well as other situations which could give rise to conflicts of interest that could potentially adversely affect the interests of the client.

Type of service	Description
<b>Investment Services</b>	<ul style="list-style-type: none"> <li>▪ Receipt and transmission of orders</li> <li>▪ Execution of orders on behalf of clients</li> <li>▪ Dealing on own account</li> <li>▪ Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis</li> <li>▪ Placing of financial instruments without a firm commitment basis</li> <li>▪ Portfolio management</li> <li>▪ Investment advice</li> </ul>
<b>Ancillary services</b>	<ul style="list-style-type: none"> <li>▪ Foreign exchange services where these are connected to the provision of investment services</li> <li>▪ Safeguarding and administration of financial instruments</li> <li>▪ Services relating to underwriting</li> <li>▪ Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction</li> <li>▪ Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments</li> </ul>
<b>Collective asset management services</b>	<ul style="list-style-type: none"> <li>▪ UCITS and AIFs fund management</li> </ul>
<b>Services/activities of a banking nature/other relevant situations for the purpose of identifying conflicts of interest</b>	<ul style="list-style-type: none"> <li>▪ Granting of loans (banking activity);</li> <li>▪ Deposits through the issuing of own securities;</li> <li>▪ Distribution of financial insurance products;</li> <li>▪ Shareholdings in entities that issue financial instruments;</li> <li>▪ Banking Group/Group shareholdings in entities to which the Company has delegated the performance of services (e.g. Portfolio Management or Investment Advice);</li> <li>▪ Supply relations with entities issuing financial instruments;</li> <li>▪ Relevant persons that assume top positions or acquire significant shareholdings in issuers of financial instruments.</li> </ul>

The table below summarises the operating areas BGFML identified and the type of transactions that may lead to conflicts of interest in relation to Connected Parties.

OPERATING AREAS	TYPES OF TRANSACTIONS
Agreements/contracts to purchase goods and/or services	Agreements on the purchase of goods or provision of services
	Agreements on the purchase of goods or provision of IT services
	Other marketing/publishing expenses
	Sale/purchase of commercial/advertising spaces
	Outsourcing agreements
	Agreements on the distribution/placement of products and services
	Insurance policies entered into

	Consultancy services received
	Sponsorships
Loan assets	Guarantees
	Consumer credit
	Cash loans and similar loans
	Foreign loans
	Special condition loans
	Loans (including changes in the amount loaned, assumptions, substitution, subrogation)
	Substandard positions
	Bad loans
Proprietary finance	Proprietary trading of financial instruments
Treasury management	Foreign exchange treasury
Shareholdings management	Purchase/sale of shareholdings
	Extraordinary transactions (sale of business units, etc.)
	Extraordinary transactions (mergers/de-mergers and capital increases through contributions in kind)
Property transactions	Property lease/rent
Direct inflows	Certificates of deposit
	Term deposits
	Subordinated loans
	Repurchase agreements
Banking and payment services	Current account agreement
Client investment services	Managing agreements concerning the rendering of investment services

Nevertheless, it must be understood that, due to the nature of its business and the permissions it has received under Luxembourg law, BGFML does not directly offer services nor is in charge of operations related to banking activities, loans, treasury management, payment services, direct inflows, and the above mentioned activities falling within these categories and being classified as part of the exclusive competencies of the parent Company Banca Generali.

## 9. Methodology adopted for the identification of conflicts of interest

The methodological approach followed for the identification of potential conflicts of interest is set up as follows:

- Identification of potential conflicts arising from the provision of investment services or ancillary services, either individually or in combination, via companies belonging to the Banking Group, as well as potential conflicts of interest arising from transactions with Connected Parties (Conflicts of Interest Map). In order to identify all possible types of conflict of interest arising from the combined provision

of investment and/or ancillary services and other activities, a list is provided, for each conflict macro-typology defined by the regulation (see paragraph 4), of the potential situations of conflict of interest that the company could face as a result of its activities or the services it provides.

- To ensure correct and complete identification, BGFML has also considered cases of conflicts connected to:
  - **Relevant persons:**
    - potential conflicts arising from roles carried out in other issuing companies;
    - potential conflicts arising from significant shareholdings in other issuing companies.
  - **Organisational structure:**
    - potential conflicts connected to the attribution of responsibilities among the organisational units of each company being examined. We refer to those situations in which a relevant person may concurrently cover more than one role in the same company (under examination);
    - potential conflicts connected to the attribution of responsibilities among the companies comprising the Group. We refer to those situations in which a relevant person can currently cover several roles in different companies belonging to the Group.
  - **Relations relating to remuneration:**
    - potential conflicts arising from the remuneration system/incentive mechanism.
  - **Sustainability risks:**
    - potential conflicts arising from the Integration of sustainability risks in the processes, systems and internal controls.

## 10. Identification of cases which generate Col and measures for management

All the cases of conflicts of interest identified according to the procedures described above in reference to BGFML have been captured in Appendix I of this Policy.

For each type of conflict, a description has been provided together with the relative management measures adopted.

The organisational and operating structure were adopted with reference to general and specific measures for conflict management, which are illustrated in the paragraphs below.

### **10.1 General management measures**

#### **Information barriers**

The company adopts measures able to prevent the exchange of information among individuals involved in activities that are potentially conflicting. The information and documentation relating to each of the conflicting activities is not made available to the staff involved in other activities; this restriction can be overcome only upon authorisation by the responsible parties for specific and substantiated reasons.

#### **Measures for preventing or limiting undue influence**

The Company does not allow any Relevant Person to exercise undue influence or to carry out their activities based on undue interference by a person presenting a conflict of interest; relevant persons who consider to have been subjected to undue influence in the carrying out of activities assigned to them can make a specific disclosure, including anonymously, to BGFML's Compliance Department.

#### **Separate supervision**

Individuals involved in activities potentially triggering conflicts of interest are hierarchically placed and report to separate managers, notwithstanding the ultimate responsibility of the Company's Senior Management and the departments that control the overall activities carried out. Every area of the Company's activity is in fact assigned to a manager that refers directly to the Conducting Officers of BGFML.

#### **Code on Inside Information**

Pursuant to applicable laws, Banca Generali, which is the parent of the Company, has adopted specific rules for the circulation of inside information, the management of the Insider Register, and rules for the management of transactions involving issued shares. The scope of the application of the Code on Inside Information extends to interested parties within subsidiary companies. The aforementioned rules, which must be considered to be applicable as a whole, also allow the Company (and the Parent Company) to reinforce the measures adopted for the management of conflict of interest situations.

#### **Separation and segregation of roles and powers**

In order to minimize potential risks related to conflicts of interest, BGFML and its Parent Company have implemented measures in order to keep roles and activities separate. In case of reorganization of the structure and its activities, BGFML will adopt all relevant measures required to guarantee the respect of segregation principles.

## **10.2 Specific management measures**

### **▪ Best Execution**

The Company has adopted organisational measures to ensure execution or transmission of orders under the most favourable conditions for the client. BGFML has defined, as the main best execution factor, the total consideration (as this derives from the combination of the price of the financial instrument and the costs incurred by the client). Under certain circumstances, when researching the best execution, the Company reserves the right to take additional factors into greater consideration, which – in relation to the dimension (in terms of quantity to be traded and the estimated counter value) and the characteristics of the trading order to be executed (for example, listed or unlisted financial instruments) – may be considered relevant: speed of execution, probability of execution and settlement, liquidity and breadth, size of the order, completeness of the offer of the various execution sites.

### **▪ Investment process**

Regarding the investment management process, the Company has established a formal decision-making process for the definition and control of management strategies, asset allocation and investment decisions. This investment process, which provides for the involvement of numerous corporate bodies, ensures that the selection of the investments relating to the UCITS/AIFs is based exclusively on macroeconomic sector analysis, analysis of the financial instruments and the issuers, sustainability risks considerations, and not on corporate bodies' specific indications or directives, which could potentially be of an inappropriate nature.

### **▪ Operating limits**

The Company has set operating limits relating to the inclusion among managed assets of financial instruments which could give rise to conflicts of interest.

Purchase limits for companies in conflict of interest for Generali group relation apply to UCITS/AIFs managed directly by BGFML and to delegated Investment Managers belonging to the group.

Third party Investment Managers, delegated by BGFML to take investment decisions for the portfolio management of the sub-funds, are not required to apply investment limits linked to the Generali group.

Nevertheless, third party Investment Manager should maintain and apply all reasonably organizational and administrative measures to avoid that conflicts of interest negatively affect the interests of the Sub-funds, in compliance with the principles of this Policy. Delegated portfolio managers are required to disclose conflicts of interest not only when organizational measures are insufficient, but also on an ongoing basis.

Any new conflicts of interest that arise during the term of the delegation agreement will be flagged and managed in a timely manner in accordance with the conflicts of interest policy.

▪ **Internal Code of Conduct**

The Company has instituted an Internal Code of Conduct. Without prejudice to the provisions of laws and regulations, the Code lays down the rules of conduct with which the members of administration and control bodies, employees and all collaborators are required to comply in the provision of banking and investment services.

▪ **Shareholding Management Policy**

The Compliance function of the Parent Company has drawn up this Policy with the aim of establishing transparent, detailed rules governing the methodological approach and operating model adopted by the Bank for investment and management of its shareholdings, as well as those of connected Companies.

In relation to the activities performed in the segment of shareholdings and the strategies of the wider Group, the Policy also contemplates activities that may result in conflicts of interest in the management of the Parent Company's shareholdings (the granting of credit facilities in any form; participation in placement and guarantee consortia; and strategic supply arrangements).

▪ **Policy for Transactions with Related Parties, Connected Parties and Corporate Officers" and "Policy for Transactions of Greater Importance"**

BGFML adopted the above Banking Group Policies in order to ensure that transactions with Related Parties and Connected Parties undertaken directly or through delegates are carried out in accordance with the principles of transparency and substantive and procedural propriety, thereby preventing possible conflicts of interest that may arise in instances where transactions are concluded with Connected Parties.

The Policies are intended to implement the provision of the Supervisory Authorities by adopting rules on transactions with Related Parties and Connected Parties governing the related investigation activities and approval, reporting and disclosure powers.

The aim of the policies is governing (i) the organisational processes required for the thorough identification and classification of Connected Parties, and in order to identify and quantify the pertinent transactions throughout all phases of the relationship, and (ii) the processes meant to ensure that the risks assumed in relation to Connected Parties are properly measured and managed, while verifying that internal policies and procedures have been properly designed and effectively applied. These Policies have been developed in line with those applicable to all Companies of the Banking Group.

### **10.3 Conflict of Interest Register**

The Register contains the types of activities carried out by the Company or on its behalf, in relation to which a conflict of interest has arisen or, for activities currently underway, could arise, that may seriously harm the interests of one or more UCITS/AIFs or other clients.

The corporate department in charge of centrally managing and maintaining the register of the conflicts of interest is the BGFML's Compliance function, with the involvement of the Conducting Officers and in coordination with Parent Company's Compliance Department.

### **11. Updating procedures**

This document shall be periodically updated by the departments in charge, pursuant to the procedures set forth in paragraph 14 below.

### **12. Management of clients' requests for additional information**

BGFML's Compliance Officer, in coordination with Parent Company's Compliance Department, shall handle any requests from clients for more information on the management of conflicts of interest, providing responses on a durable medium.

### **13. The organisational model for management of conflicts of interest**

#### **13.1 Objectives of the organizational model**

The organisational model for management of conflicts of interest aims to:

- attribute the responsibility for the conflicts of interest management model;
- define the procedures for updating cases of conflicts of interest;
- identify conflict owners for notification of specific cases of conflicts of interest;
- summarise the process of disclosure to clients;
- illustrate the operating steps for the management of any requests for additional information coming from clients regarding the policy adopted in terms of conflicts of interest management.

#### **13.2 Roles and responsibilities**

The responsibility for the management of conflicts of interest is attributed to BGFML's Compliance Officer with support from different departments within the Group, as shown below.

#### **1. Inter-company committee for the management of conflicts of interest**

The inter-company committee for the management of conflicts of interests monitors the conflicts of interest management process in line with MiFID II requirements, including investors' sustainability preferences, and assists the Business Units that carry out activities aimed at managing conflicts of interest.

In particular, the Inter-company Committee for the management of conflicts of interest monitors over the correct implementation of the process for the identification and management of conflicts of interest, as well as on the existence of adequate procedures, organizational and administrative measures.

The Inter-company Committee consists of:

- the Chief Compliance Officer of Banca Generali which chairs the Committee;
- C.O.O. & Innovation;
- C.F.O. & Strategy;
- Chief Audit Officer;
- Chief Risk Officer;
- Chief People Officer;
- the Head of Products Department;
- the Head of Administered Savings;
- the Head of Lending Department;
- the Head of Risk and Capital Adequacy Department;
- the Head of Corporate Affairs;
- Managers from each of the Group Subsidiaries.

For the examination of issues requiring specific competences, the Heads of other Departments and/or Services, as well as other employees and staff of the Bank and Banking Group Companies may be invited to participate in the meetings. Those who are not part of the Committee have no voting rights.

The Committee will meet, even via videoconference, at least every six months and, in any case, each time there is a need due to the relevant circumstances.

The Committee provides consulting for the assessment and management of critical or particular situations.

The Committee, at least once a year, reports to the Board of Directors of Banca Generali on the critical issues and the activities carried out by Group Companies in regard of conflicts of interest, submitting to it the assessments it has conducted for final approval.

## **2. BGFML' Compliance Function**

This department's duties are listed below:

- together with the Parent Company's Compliance Function, management and maintenance of the conflict management model: assessment of amendments of a regulatory nature (i.e., trigger events, which are identified below) which could involve:
  - updating of the conflicts management policy;
  - modification/integration of the conflicts list in regard to which disclosure needs to be made to the clients and/or counterparties;
- updating of information documents for the clientele (Conflicts of Interest Policy), in coordination with the Parent Company's Compliance Function;
- in coordination with the Parent Company's Compliance Function, management and maintenance of significant parameters for identification of significant shareholders, significant shareholdings, significant loans and strategic suppliers;
- maintenance of a conflict of interest register, in coordination with the Parent Company's Compliance Function;
- management, in concert with the compliance contact person and with the Parent Company's Compliance Function, of client requests for additional details in regard to conflicts of interest;
- monitoring of the periodic assessment activity of corporate processes identified for the management of conflicts of interest;
- report to Senior Management and Board of Directors of the Company any new conflict of interest identified.
- provide support to Senior Management in defining the organisational structure and operating processes which are significant in terms of managing conflicts of interest;
- preparing and updating of internal regulations defined for the management of conflicts of interest;
- monitor the efficient application of the agreed mitigating measures.

## **3. Conflict Owners**

Conflict owners are identified as the persons in charge of those activities that shall report on operations deemed able to generate a potential conflict of interest. Conflict owners shall:

- identify any conflicts of interest;
- immediately report any conflicts which have not been managed based on the parameters of relevance defined, so as to initiate the monitoring and mitigation activity;
- immediately report any changes in the operations identifying any consequent conflicts that have arisen;
- propose the management/mitigation measures for the identified conflicts of interest;
- collaborate with the Compliance department, for the assessment and definition of the management measures aimed at monitoring conflicts of interest.

#### **4. Senior Management**

The management company shall ensure that the Board of Directors of the managed funds are informed regarding situations in which organisational or administrative provisions adopted by the management company for the management of conflicts of interests are not sufficient to prevent, with reasonable certainty, risks that are detrimental to the UCITS/AIFs interests or those of the relative shareholders. It shall also inform them on the adoption of any necessary decisions to ensure that the management company is however acting in the best interest of the UCITS/AIFs and the relative shareholders through its placement agents.

## **14. The organisational model for management of conflicts of interest**

The procedures for identifying conflicts of interest and subsequently assessing the control mechanisms in place for management thereof (as described in the Policy) may be updated in compliance with the organisational or regulatory amendments, resulting from the following main trigger events:

### **1. Amendments of an organisational nature**

The amendments of an organisational nature that can result in updates are, for example:

- changes in the corporate structure of the Group (for example, the purchase or sale of a company);
- addition of new investment services/activities or exclusion of certain services/activities;
- changes in the organisational structure of companies belonging to the Group;
- changes in the operating model for the provision of services and investment activities.

## 2. Amendments of a regulatory nature

The amendments of a regulatory nature that can result in updates are, for example:

- additions to already existing external regulations;
- innovations applying to the external regulations.

BGFML's Compliance Department is in charge of receiving the information relating to such events and verifying the compliance of the management measures proposed, in coordination with the Parent Company's Compliance Function.

In order to monitor the framework for the management of conflicts of interest adopted by the delegate portfolio managers and advisors, the Compliance Function reviews the answers provided to the initial and periodic due diligence questionnaires, to ensure that the obligation to report existing and new conflicts is adequately formalized and accepted by the counterparties.

Once feedback is received, BGFML's Compliance Officer will carry out an assessment to ascertain that the possible conflicts of interest have been identified and adequate management measures or disclosure to clients have been defined; the assessment results will be communicated to the Parent Company's Compliance Service.

***The conflict owners in charge of identifying events that could result in cases of conflicts of interest is listed in the Conflict of Interest MAP, available in Appendix II.***

In order to ensure maximum accuracy and prompt identification of significant events that could result in potential conflicts of interest and the appropriate management measures, each conflict owner:

- will communicate to BGFML's Compliance Function the occurrence of any events that could result in conflicts of interest, as part of the cases that have already been identified and assessed;
- upon the occurrence of a new case of conflicts of interest, shall immediately inform BGFML's Compliance Function, specifying at least the following information:
  - disclosing affected department/activity;
  - type of conflict of interest;
  - operational/organisational amendment made;
  - interested issuer/financial instrument;

- shall immediately inform BGFML’s Compliance Function once a conflict of interest which had previously been identified has been addressed;
- identifies the appropriate management measures, reporting to the BGFML’s Compliance Function for assessing their compliance.

Upon receiving the report regarding new conflicts of interest cases, the BGFML’s Compliance Function in coordination with Senior Management and the Parent Company’s Compliance Function shall launch a specific analysis aimed at:

- ascertaining the actual existence of the conflict;
- assessing the compliance of the management measures proposed;
- assessing the need for a consultation with the Inter-company Committee for the management of conflicts of interest;
- involving the appropriate departments for actual adoption of the control mechanisms identified;
- updating the conflicts of interest register.

Upon receipt of specific indications, BGFML’s Operations & Oversight Department shall:

- plan and ensure their implementation by the Company or other external outsourcers;
- prepare internal regulations.

In order to complement the internal regulatory provisions concerning risk assets and conflicts of interest involving Connected Parties and transactions with Related and Connected Parties, the following table shows those Owners in charge for identifying the situations which can lead to cases of conflicts of interest within the meaning of the provisions set forth in the Bank of Italy’s Supervisory Provisions and with reference to Company’s operating areas.

OPERATING AREAS	TYPES OF TRANSACTIONS	OWNER
Agreements/contracts to purchase goods and/or services	Agreements on the purchase of goods or provision of services	General Manager/Conducting Officers
	Agreements on the purchase of goods or provision of IT services	
	Other marketing/publishing expenses	
	Sale/purchase of commercial/advertising spaces	
	Outsourcing agreements	
	Consultancy services received	
	Sponsorships	
Shareholdings management	Purchase/sale of shareholdings	Board of Directors/General Manager

	Extraordinary transactions (sale of business unit, etc.)	
	Extraordinary transactions (mergers/de-mergers and capital increases through contributions in kind)	
Client investment services	Management of agreements for providing collective portfolio management services	Investments Management Department
	Securities Lending	
	Sustainability risks	Marketing and Product Management Department

#### **14.1 Procedures for the compilation of the conflicts of interest register**

BGFML’s Compliance function shall maintain the conflicts of interest register which contains the types of activities carried out by the management company, in relation to which a conflict of interest has arisen or, for activities currently underway, could arise, that may seriously harm the interests of one or more UCITS/AIFs or other client.

#### **14.2 Process for disclosure to clients**

Should the organisational or administrative procedures adopted by the management company for the management of conflicts of interest not be sufficient to prevent, with reasonable certainty, the risk of damages to the interests of the UCITS/AIFs or the relative shareholders, the Senior Management must immediately be informed, so as to take any necessary decisions to ensure that the management company will however act in the best interest of the UCITS/AIF and the relative shareholders.

The management company shall inform the Board of Directors of the relevant UCITS/AIFs regarding the above situations using any appropriate durable medium and shall justify its decision.

#### **14.3 Management of client requests for additional information**

The Company makes available the Policy on its website.

BGFML’s Compliance Officer, together with the Parent Company’s Compliance Department, shall handle any requests for additional information received from clients or contractual counterparties on the management of conflicts of interest, and responses should be provided by BGFML’s Compliance Officer on a durable medium.

APPENDIX

1. [Conflicts of Interest Register](#)
2. [Conflict of Interest Map](#)