

## **APPENDIX E1**

# **Conflict Of Interest Policy**

## **Numisma Capital Limited**

**V1 December 2010**

**V2 December 2022**

**V3 December 2023**

# **CONFLICTS OF INTEREST POLICY**

This policy should be read in conjunction with the policy in the Internal Procedures Manual.

## **Introduction**

The Company shall adopt, to the extent possible, the necessary measures in order to avoid any potential conflicts of interest or resolve any existing conflicts of interest between itself or persons associated with itself and its clients, or amongst its clients, and where this is not possible, to make provision in order for its clients to enjoy fair and proper treatment on the basis of objective and legal criteria.

The Compliance function of the Company is responsible for developing and continuously updating this **Conflict of Interest Policy**, which should include:

- a) a record of services or activities that may give rise to detrimental conflicts of interest and
- b) specific procedures to be followed and the controls in place to monitor and manage those conflicts.

## **Scope of this Policy**

The purpose of the Conflict of Interest Policy of the Company is:

- to identify circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients;
- to specify procedures to be followed and measures to be adopted in order to manage such conflicts;
- to communicate this information to all those who are in the Company.
- design arrangements to ensure that relevant persons, engaged in different business activities that may involve a conflict of interest, carry on those activities at a level of independence appropriate to the size and activities of the Company, and to the materiality of risk of damage to the interests of clients.

## **Identification of Conflicts of Interest**

The Company shall take all reasonable steps to identify conflicts of interest between:

- The Company (including its managers, employees or any person directly or indirectly linked to them by control), and a client of the Company; or
- One client of the Company and another client.

With the purpose of identifying the types of conflict that arise in the course of providing a service and where there may be a material risk of damage to the interests of a client, the Company must take into account whether the Company, or a relevant person, or a person directly or indirectly linked by control to the Company:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- May have a financial or other incentive to favour the interest of another client, or group of clients, over the interests of the client;
- Carries on the same business as the client does;
- Receives or may receive from a person, other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services other than the standard commission or fee for that service.
- Obtain a financial gain or avoid a financial loss by increasing the sustainability risks of the portfolios/funds under management/advise provided arising greenwashing in processes, systems and controls in the framework of environmental (E), social (S) or governance (G) risks (collectively, "ESG") for portfolios as per SFDR Regulation.

Overall responsibility for conflicts of interest lies with the Board of Directors. However, the Compliance function is responsible for ensuring that Directors and the personnel are aware of the aspects of the Policy relevant to them. In the day-to-day administration of the conflicts of

interest policy the Compliance function will work with line management to identify and eliminate such conflicts. The Conflicts of Interest Register (separate document) will be used to record both the conflicts arising and the arrangements for controlling/mitigating them. The more serious conflicts will be reported to the Board of Directors for consideration.

Set out below are typical situations in which conflicts of interest may arise. The list is not exhaustive and employees should only use it as guidance to identify and report conflicts.

1. **Remuneration:** a conflict of interest may arise regarding the Company's income from its funds under management and any client portfolios under management. The Company will ensure that all investment holding valuations are conducted on an arms-length basis by a fund administrator, an external valuer or a custodian as defined in applicable legislation, of good reputation and in accordance with the relevant valuation policy.
2. **Misuse of information:** a conflict of interest may arise where non-public information acquired in the course of the Company's activities is disclosed on purpose or by mistake. A conflict may arise whether there is an exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest that may harm the interests of one of more clients. The Company will ensure that all agreements regarding non-public information disclosures are comprehensively reviewed by the Company's Compliance function. The Compliance function will supervise the correct handling of material non-public information. The Company segregates duties and functions as appropriate to prevent possible conflicts of interests.
3. **Inappropriate influence / inappropriate simultaneous or sequential involvement:** a conflict of interest may arise whether any person may exercise inappropriate influence over the way in which a relevant person carries out separate investment or ancillary services or activities. A conflict of interest may arise whether the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities may impair the proper management of conflicts of interest. The Company has clear and defined roles and reporting lines to ensure an adequate degree of independence. The Company ensures proper supervision and control by the line managers, Compliance function and Board of Directors to prevent and limit any person from exercising inappropriate influence and to prevent and control any excessive involvement in separate activities. All relevant persons have a duty to report immediately

to their line manager and to the Compliance function any attempt to exercise inappropriate influence.

4. **Personal Transactions:** a conflict of interest may arise where an employee uses information acquired in the course of the Company's activities for dealings in his or her personal account. The Company will ensure that its personnel abide by the personal account dealing rules set out in the Internal Procedures Manual. The Company provides reporting on personal account holdings in order to prevent possible conflicts of interest (see relevant section of Internal Procedures Manual and Personal Account Dealing Policy).
5. **Personal Interest:** the Company will ensure no conflict of interest arises with the Fund(s)/portfolio holdings ensuring no personal interest of any employee/member of the Company prevails and/or has any negative consequences on the other investors interests.
6. **Inducements:** a conflict may arise where personnel receive inducements in connection with their services to the Company that can improperly influence their decisions. The Company takes reasonable steps to ensure that neither it nor its employees offer or give, or solicit or accept, in the course of business, any inducements which may lead to conflicts. Due to the various relationships the Company may have with its clients and other entities, employees may not solicit gifts or gratuities nor give inducements, except in accordance with this Manual. The term "inducements" means gifts, entertainment and similar benefits which are offered to or given by employees. Gifts of an extraordinary or extravagant nature to an employee are to be declined or returned in order not to compromise the reputation of the employee or the firm. Gifts of nominal value or those that are customary in the industry, such as meals or entertainment may be appropriate. The Company prohibits any form of a loan by an employee to a client or by a client to an employee.
7. **Investment Research:** a conflict may arise where analysts are not being objective and impartial when producing investment research. It is a fundamental responsibility of the Company to ensure that analysts producing research that is sent out to clients are free from the influence of conflicting business or personal interests in the production of research.

8. **Dealing, managing and allocating trades:** a conflict may arise when the Company aggregates orders for more than one client and there is need to allocate the executed trades to many different accounts. In such a case the Company will ensure that the allocation of trades to each portfolio is performed in a fair manner and independent of the specific portfolio manager. If needed the Company will put in place a transparent policy for order allocation, which will define the way that allocations are performed on a pro rata basis. The policy will ensure that all clients achieve same average executed price.
9. **Greenwashing and sustainable risks:** a conflict may arise when the company invests on behalf of the clients in any investments not fulfilling the investment restrictions as defined in the Company's Internal Procedures Manual or other documents or it makes misleading or exaggerated claims about the environmental benefits of its products or services.

### **Procedures and Controls to Manage Conflicts of Interest**

The Controls that are in place in order to manage conflicts are the following:

1. **Governance:**
  - a. The Company has rigorous governance rules. Key business decisions are taken by the Board of Directors. The Compliance function, working independently, reports directly to the Board of Directors;
  - b. The Company has set out specific rules governing employee conduct in the standard employment terms and conditions, including rules regarding dealings in personal accounts, with the purpose of eliminate any possible conflict of interest.
  - c. The Company has rigorous and clear reporting lines. An organisational chart is maintained by the Compliance function.
2. **Conflict of Interest Register:** As a mechanism for identifying, managing, monitoring and mitigating conflicts of interest, the Compliance function maintains a Conflicts of Interest Register. The Company keeps the register updated with the kinds of investment or ancillary service or investment activity carried out by or on behalf of the Company in which a conflict of interest entailing a material risk of damage to the interests of one or

more clients has arisen or, in the case of an on-going service or activity, may arise. The register has also the purpose of identifying mitigating controls and responsibilities. All the persons involved in the activity of the Company must familiarise themselves with the contents of the Conflicts of Interest Register and with the terms of the Conflict of Interests Policy and apply them to their own activities within the Company.

3. **Segregation of functions:** Duties and functions are segregated as appropriate to avoid conflicts of interests and meet the relevant legislation requiring segregation of functions. These duties are set out by the individual job descriptions and procedure manuals. The line managers will ensure these duties remain segregated as advised by the Compliance function.
4. **Remuneration Policy:** The level of remuneration of the personnel in the Company is fixed unless decided differently by the BoD. When decided to consist elements of variable dependent on Company's actual performance the Company ensures that its interests and employee interests are aligned with those of the Company's clients. The Company needs to ensure that the remuneration policy and the way the personnel are remunerated does not lead them to take any excessive risk including sustainability risks. Risk management and control procedures are in place to avoid that too much risk may be taken with a client's portfolio in order to increase employees' personal gains.
5. **Disclosure of Personal Conflicts:** All employees and Directors are required to disclose any possible conflict of interest. Employees are obliged to disclose any conflicts of interest to their line manager who in turn must inform the Compliance function. Directors will disclose any conflicts directly to the Compliance function. The Compliance function will record any conflict of interest in the appropriate register and will inform the Board of Directors of any action taken.
6. **Disclosure to Clients:** If the Company's arrangements to manage a conflict of interest are judged not sufficient to prevent, with reasonable confidence, the risk of damage to a client's interests, the Company shall inform the client of the type and source of the conflict in a durable medium and in sufficient detail to enable the client to make an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

Other systems and controls in place to identify, limit and mitigate possible conflicts of interests include:

1. **Constant review and update of procedures and controls:** Systems and controls are documented in this Internal Procedures Manual. To ensure all procedures are up to date and fit for purpose they will be reviewed at least once a year by a reviewer appointed by the Board of Directors and the Manual amended accordingly.
2. **Recruitment and Training:** When recruiting individuals, the Compliance officer will assess their fitness and suitability as well as technical and managerial ability. Suitable background checks will be performed, and references will be requested. The Compliance function will ensure that appropriate training relevant to conflicts of interests is planned and given to all its members.
3. **Internal Audit and Periodic Reviews:** The Compliance function, by delegation if needed to the Internal Audit Department/Internal Auditor, oversees and executes a suitable audit programme at least once a year to verify that systems and controls are being applied. The Compliance function will verify compliance with the Policy on a monthly basis and report the findings formally to the Board of Directors.
4. **Confidentiality:** The content of this Manual is strictly confidential. No portion of it can be copied, reproduced or shown to any person who is not a Director or an employee of the Company, a representative of a relevant legal or regulatory authority or a relevant professional advisor.

### **Conflicts of Interest Reporting Procedure**

The following procedure should be followed when a conflict of interest situation arises.

- An employee involved in a situation or comes to its attention a situation where there is, may be, or be perceived to be a conflict of interest shall disclose the situation giving rise to the conflict of interest, or perceived conflict, immediately and in writing using the Conflict of Interest Register to his or her immediate supervisor.
- Where such a situation is disclosed by an employee, his/her immediate supervisor shall forward the disclosures to the Compliance Officer. The information disclosed should be treated as confidential.



- Following receipt of the disclosure and in consultation with the employee, the Compliance officer shall enquire into the situation disclosed and advise the employee of what action, if any, is to be taken.
- Where the situation disclosed reveals a conflict of interest, or is likely to be perceived as involving a conflict of interest, the Compliance Officer shall, if considered necessary, ensure that the employee's involvement in the situation or activity is withdrawn immediately, and shall establish parallel or alternative arrangements specifically for the purpose of the activity.
- Where the withdrawal of the employee's involvement in the situation or activity is not reasonably practicable, or appropriate, then the Compliance officer shall, following consultation with the employee, ensure that the existence of any conflict of interest is clearly and formally communicated in writing to all those involved in the activity.
- The administrative action referred above shall only be taken in exceptional circumstances where the withdrawal of the employee from the activity would severely disrupt the operational requirements of the Company, or adversely affect Company's interests. Such action shall not be taken where continuation of the employee's involvement in the situation or activity would be in breach of any statutory or other duty.
- Confidentiality is to be maintained at all times by the persons involved in the above procedures.
- Nothing in these procedures shall preclude either the employee who has disclosed the conflict of interest, or the Compliance officer to whom the disclosure was made, from seeking advice from an alternative company's officer or outsider, such as legal advisor.
- Where there is any doubt regarding the application of this Procedure to a situation giving rise to a conflict of interest, or to the appropriate course of action to be taken, employees are to raise the matter immediately with their immediate supervisor or other senior officer of the Company and if still think that the matters has not been resolved they can raise the matter to the board of directors.
- If the conflict of interest situation arises between clients then the above procedure should be followed and the clients should be informed in writing about the situation.

## **Conclusion**

The Company is committed to act honestly, fairly and professionally and in the best interests of its clients and when providing investment or other ancillary services to comply, in particular, with the principles set out in Law 87(I)/2017, the Investment Services and Activities and Regulated Markets Law of 2017; and in accordance with Directive 2014/65/EU the Markets in Financial Instruments Directive (“MiFID II Directive”) and (EU) 600/2017 the Markets in Financial Instruments Regulation (“MiFIR Regulation”), SFDR and AIFMD and any amendments made from time to time on the above legislations.

It is the responsibility of all the persons within the Company to follow this policy and to report conflicts of interest through the appropriate channels to the Compliance function. Failure to adhere to this policy can be taken to be a breach of an employee’s contract.