

CONFLICTS OF INTEREST POLICY

Sparinvest

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INTRODUCTION

To protect the interests of the funds and clients, and the reputation of Sparinvest all employees have a collective responsibility in the context of identifying any potential or actual conflicts of interest that could adversely affect Sparinvest and/or the clients.

The purpose of the Conflicts of Interest Policy (the "Policy") is to enable the employees to easily identify and prevent or manage conflicts of interest, and thus to maintain and promote the core value of integrity. Furthermore, the policy is an essential part of ensuring that the Sparinvest Group (Sparinvest S.A and ID-Sparinvest, Filial af Sparinvest S.A., Luxembourg) complies with the following European and local regulatory requirements in relation to conflicts of interests:

EU Directives: UCITS (2009/65/EC), AIFMD (2011/61/EU) and MIFID II (2014/65/EU) incl. the matching statutory regulation on each directive

Luxembourgish regulation:

- Law of 17 December 2010 on undertakings for collective investment
- Law of 12 July 2013 on alternative investment fund managers
- CSSF Regulation no. 10-4
- Luxembourg Law on the financial sector dated April 5, 1993;
- CSSF Circular 18/698,
- CSSF Circular 14/585 on Remuneration Policies and Practices;
- Law of 30 May 2018 on markets in financial instruments

Danish regulation:

- Lov om forvaltere af alternative investeringsfonde m.m. nr. 1047 af 14. oktober 2019
- Bekendtgørelse om ledelse, styring og administration af danske UCITS nr. 865 af 02. juli 2014

In addition to the prevailing laws and regulations, Sparinvest has decided to adopt the ALFI Code of Conduct for Luxembourg Investment Funds, as well as the Danish Brokers Association's (Børsmæglerforeningens) recommendations on managing conflicts of interest for investment banks, to the extent possible.

Sparinvest must take all reasonable steps to identify and avoid conflicts of interest. When they cannot be avoided, conflicts must be managed and monitored, and where appropriate, disclosed in order to prevent them from adversely affecting the interests of the funds and their investors, and ensure that these are treated fairly. In order to do so, Sparinvest is following four steps:

- Identification and registering
- Prevention
- Management
- Escalation and clearance of conflicts of interest

Sparinvest is part of the Nykredit Group. Accordingly, this policy applies to conflicts of interest in Sparinvest as well as conflicts of interest that may arise as a result of other group entities' organisational structure, ownership and business activities.

1 OBJECTIVE

The policy sets out Sparinvest's overall approach in properly identifying, managing and preventing conflicts of interest. The approach and objectives primarily taken into consideration are the following:

- identify circumstances or potential circumstances that may give rise to a conflicts of interest, including those entailing a material risk of financial damage to the interests of one or more clients or investors;
- detailed procedures and measures to be adopted and followed in order to manage such actual or potential conflicts of interest,
- provide a framework, and escalation rules, for dealing with conflicts of interest internally and allocate responsibilities; and
- implement obligations and requirements to record and disclose conflicts of interest.

2 SCOPE

The Policy applies to the management committee and employees in the Sparinvest Group (hereafter Sparinvest).

Each member of Staff must read and have access to this policy statement. The policy will be reviewed periodically by Compliance. If, at any time, changes are made to the policy, a new copy will be distributed to each member of staff. Any questions regarding this policy should be referred to groupcompliance@sparinvest.dk

3 IDENTIFICATION

Sparinvest takes all appropriate steps to identify conflicts of interests between:

- Sparinvest or one of our directors, managers or employees, or any person directly or indirectly linked to Sparinvest by control and our clients, or
- between one client and another that arise in the course of providing any investment or ancillary services, or combinations thereof, including those caused by the receipt of inducements from third parties, or

A conflict of interest is defined as a situation where Sparinvest or relevant person gains, or seek to gain, a benefit, which may lead to a disadvantage to a client, or, where a client to whom Sparinvest owes a duty makes a gain or avoids a loss leading to a possible loss to another client.

It is not possible to describe all situations involving potential conflicts of interest. However, key situations that can specifically lead to a conflict of interest are outlined below. They include situations where:

- Any Sparinvest employee has significant ownership or other economic interest in any of Sparinvest's or Nykredit's clients, counterparties, suppliers, etc.
- Sparinvest or any of its employees may obtain a financial gain or avoid a financial loss at the expense of the client
- Sparinvest or any of its employees and the client have different interests in the outcome of a service provided to the client or a transaction carried out on behalf of the client
- Sparinvest or any of its employees has a financial or other incentive to prioritise the interests of another client or client group over those of the client
- Sparinvest or any of its employees is or given or promised an incentive by a person other than the client in connection with a service provided to the client.
- Sparinvest has remuneration and other incentive structures that promotes its employees to act in conflict with the client's interests
- Sparinvest receives inducements from third parties

- Sparinvest produces and/or disseminate investment research

Delegation/outsourcing of activities will not release Sparinvest from its responsibilities under applicable legislation. Sparinvest must therefore ensure that all its service providers at all times comply with statutory requirements regarding identification and management of conflicts of interest.

4 PREVENTION

Where conflicts, or potential conflicts are identified, Sparinvest has prepared arrangements and measures to avoid conflicts, in order to prevent them from adversely affecting the interests of the managed funds, as well as ensuring the fair treatment of clients.

4.1 Culture and Integrity

The Senior Management within Sparinvest promotes a culture of integrity, which emphasizes that all staff have a fiduciary duty to stay alert and aware for potential conflicts of interest. In addition, the Senior Management is dedicated to taking all reasonable steps to assist in the management and prevention of potential conflicts of interests or actual conflicts of interests.

The prevention and avoidance of conflicts of interest is a focus area at all levels in Sparinvest. Hence, it is emphasised to the individual employees that all employees are obliged to keep in mind that they have a duty to prevent conflicts of interest.

4.2 Education and Training

Various training courses covering different regulatory areas and business activities where conflicts of interests may arise are delivered on a consistent basis to all staff of Sparinvest to educate and reinforce the awareness of business ethics and compliance with the conflicts of interest requirements.

In addition, all employees have permanent and easy access to the Code of Conduct and related policies & procedures.

Each employee receives, on commencing their employment a package of compliance policies, which covers different situations and activities where conflicts of interests may arise.

4.3 Personal Transactions

Employees are expected to pursue the best interests of Sparinvest customers and Sparinvest, and not put their own interests ahead of these interests. Conflicts of interests related to personal account dealing (i.e. personal gain and profit) must be avoided and managed appropriately, and thus not influence the performance of the Employee's professional duties.

Therefore, Sparinvest has a Personal Transactions Policy, which stipulates inter alia that employees must refrain from conducting transactions on the basis of insider knowledge and/or confidential information. Moreover, when conducting personal transactions, employees of Sparinvest are obligated to comply with the rules on holding periods, and report their personal transactions to the Compliance Department.

4.4 Best Execution – Execution of orders

When transmitting and/or executing client orders placed by or behalf of the client, Sparinvest is dedicated to pursue the best possible results for the clients. This is stipulated in the Order Execution Policy. To ensure that best execution is achieved, necessary steps and factors need to be considered, such as price, costs, likelihood of execution and trade settlement, speed of execution, size and type of orders, and other factors that may be relevant. In our endeavours of ensuring best execution, Sparinvest determines the relative importance of the different factors depending on the situation and circumstances.

4.5 Segregations of Duties and Chinese Walls

Sparinvest has segregated the duties between analytical, trading and advisory functions as well as between Controlling, Compliance, Risk Management and Internal Audit. In addition, Sparinvest has restricted access to IT systems for relevant functions where conflicts of interest potentially may arise

'Chinese walls', such as Insider Lists, a Personal Transaction Policy and a Market Abuse Policy have also been established, intended to prevent the exchange and disclosure of confidential information from persons or functions that could lead to a conflicts of interest.

4.6 Inducements

Sparinvest is dedicated to provide honest, fair and professional investment services and/or ancillary services to clients, in the best interest of the customer.

Therefore, Sparinvest has established an inducement framework, which entails an inducement procedure with underlying guidelines, as well as an inducement register, ensuring that no inducement scheme may have a detrimental impact on the quality of the relevant service to the client. Sparinvest operates on the basic premise that no inducements (monetary or non-monetary benefits) are received in relation to the investment services and/or ancillary services (MiFID-services) unless these are qualified as a minor non-monetary benefit.

4.7 Gifts & Hospitality

The Gifts and Hospitality Policy contains a set of rules that all apply to all employees for giving and accepting gifts and hospitality. The Policy is designed to prevent or manage potential conflicts of interest and to ensure that the Sparinvest always acts with integrity in our interactions with clients, investors and other business partners.

4.8 Remuneration

To prevent any conflicts of interest that may arise from remunerations, Sparinvest has implemented a Remuneration Policy. When designing incentive structures and deciding on remuneration, Sparinvest has established effective procedures to ensure that the remuneration is not contrary to the customer's best interest.

4.9 Activities outside the workplace

If the outside work/activity is deemed to be of a *professional nature* and potentially impair the employee's ability to act in the best interest of the funds, clients and/or the Company, the employee is required to request approval from the immediate superior.

The immediate superior and HR shall then together assess whether the outside activity could lead to conflicting interests. HR will store the written correspondence and approval, in accordance with Sparinvest's personal data rules.

5 MANAGEMENT OF POTENTIAL AND ACTUAL CONFLICTS OF INTEREST

Sparinvest is committed to prevent conflicts of interest and, where they cannot be prevented, to manage them appropriately. For each conflicts of interest, consideration will need to be given on how to best manage it to the appropriate level to protect Sparinvest and/or the affected funds and/or clients. Sparinvest manages conflicts of interest through a combination of systems, controls, policies and procedures.

Employees are encouraged to bring any activity or relationship that could reasonably be expected to give rise to a conflicts of interest to the attention of senior management, so that it can be discussed with Group Compliance. Such conflicts of interest may arise inadvertently or first be recognized after it occurs. In either case, employees are required to bring it to the attention of Compliance as promptly as possible.

If a conflicts of interest between a client and Sparinvest or one of our employees is identified, the client is informed of such conflicts so as to allow him/her to safeguard his/her interests on an informed basis.

Sparinvest has an independent Compliance function to monitor Sparinvest's compliance with applicable legislative requirements, including requirements regarding the management of conflicts of interest, and related instructions and business procedures.

Relevant Sparinvest business units have drawn up policies, business procedures and processes to identify, prevent and manage conflicts of interest.

If the administrative and organizational arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to client's interests will be prevented, Sparinvest will disclose to the client at hand the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on the client's behalf. This disclosure will be made on a durable medium and include sufficient details to enable the client at hand to take an informed decision with respect to the service in the context of which the conflicts of interest has arisen. This will however only be a measure of last resort.

5.1 Responsibility of employees

Every employee of Sparinvest is obliged to notify his/her immediate superior without undue delay if the employee becomes aware of a potential or material conflicts of interest. The immediate superior is obliged to report the identified conflicts of interest to Compliance as soon as possible, together with:

- a description of the conflicts of interest,
- persons and units concerned;
- the date in which the conflict of interest was discovered;
- the impact of the conflicts of interest;
- together with the envisaged solutions and chosen measures to control the conflict of interest.

The Conflicts of Interest Register is made accessible to the immediate superiors through Impero¹. The immediate superiors are required to submit any newly identified conflicts of interests to the conflicts of interest register. In practice, this means that the immediate superiors in scope are requested by mail to disclose whether new potential or material conflicts of interest have been identified on the Impero platform.

¹ A control and monitoring tool

6 ESCALATION AND REGISTRATION OF CONFLICTS OF INTEREST

Sparinvest has a conflicts of interest register to document all activities and situations where conflicts of interests have risen or may arise. Moreover, Sparinvest ensures that the conflicts of interest register is reviewed and updated in accordance with CSSF Regulation 10-4 article 22(1).

The conflicts of interest register covers the following:

- A description of the conflicts of interest (potential or material).
- Identification of the function or person concerned by the conflicts of interest.
- An assessment of the potential or actual impact of the conflicts of interest.
- A description of envisaged solution and chosen measures to manage the conflicts of interest
- When necessary, arrangement established to inform investors.

Upon request, Sparinvest shall submit a copy of the conflicts of interest register to the competent authorities (CSSF/DFSA).

Where the organisational and administrative arrangements taken are insufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the funds or investors of Sparinvest are prevented, the senior management are promptly informed in order to take the necessary steps to ensure that Sparinvest acts in the best interests of the funds and investors.

Compliance reports newly identified conflicts of interest to the Senior Management in connection with the periodic Management Committee meetings. Identified conflicts of interests are always registered and documented in the Conflicts of Interest Register.

7 REVIEW OF THE POLICY

The Policy is subject to an annual review by the Compliance Department and/or by Senior Management of the Company.

This Policy was approved by the Board of Directors of the Company on 13 October 2022 after which date the Policy is in force within the Company.