Conflicts of Interest Policy

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Conflicts of Interest Policy

To ensure that all clients are fairly treated, Nordea identifies and manages any conflicts of interest according to a Conflicts of Interest Policy. All employees of the Nordea Group are subject to this policy.

1 Introduction

It is the policy of Nordea Group ("Nordea") that, in providing investment or investment-related services or performing other investment activities, conflicts of interest must be identified and prevented or managed so that Clients are justly treated. This policy sets forth the organisational and administrative procedures to adhere to above requirements. All employees of the Nordea Group, including non-permanent staff working on behalf of Nordea, who provide investment or investment-related services or perform other investment activities, are subject to this policy.

It is the responsibility of each manager to ensure that this policy is where relevant, known and confounded to within his/her respective area of responsibility.

Conflicts of interest might occur between a Client and Nordea, including its managers, employees or persons directly or indirectly linked to Nordea ("Nordea or its employees") or between two or more Nordea Clients.

A Client’s best interests are always considered in Nordea to guard that the Client is treated fairly.

When identifying potential conflicts of interest issues, the following questions, among others, are considered: is there a specific interest for Nordea or its employees in the outcome of the service provided to the Client? Has Nordea a financial or other incentive to favour the interest of another Client or group of Clients over the interest of the Client? Are there inducements in the form of money, goods or services other than the standard commission or fee for the service involved?

2 Identifying conflicts of interest

Nordea provides a full range of investment services, e.g. trading in financial instruments on behalf of Clients and provision of asset management services.

Relevant business units must identify circumstances and situations that may constitute or give rise to conflicts of interest in specific business activities carried out by them.

Conflicts of interest and potential conflicts of interest may occur at least in the following situations:

• carrying proprietary trading and trading on behalf of a Client at the same time;
• providing discretionary portfolio management services and independently allocating assets to a Client’s portfolio;
• providing advisory and financing services to one Client in respect of a bid and seeking to provide financing services to another Client in respect of the same bid;
• providing portfolio management services and placing orders with affiliated broker companies;
• providing investment research in relation to such entity or group to which it also may provide corporate finance advisory services.

3 Preventing and managing conflicts of interest

A number of ethical principles have been laid down in the “Nordea Code of Conduct”. The code requires Nordea to run its business according to high standards of integrity and fair business, to handle its Clients in a proper manner and to ensure that Nordea employees uphold a high standard of ethical behaviour when performing their duties.

Nordea has introduced guidelines for its managers and employees on sound business relationships and managing inducements which are to be followed in such interaction with Clients, (including the offering or receiving of gifts or entertainment).

The principle of segregation of duties adopted in Nordea is fundamental to preventing conflicts of interest that adversely affect the interest of Nordea’s Clients. Accordingly, these principles are reflected in Nordea’s organisational structures, procedures and internal controls.

To manage the information flow, Nordea has also set up so-called “Chinese walls” around and within certain business activities where sensitive Client information is handled. These arrangements not only include physical separation and restricted access to information but also specific arrangements around investment research and advice, proprietary trading, portfolio management and corporate finance business activities.

The possibility of Nordea employees’ making personal investments in financial instruments is restricted, to avoid conflicts of interest arising. Business units have adopted “Personal account-dealing rules” for their relevant employees. In addition, Nordea employees are not allowed to accept external engagements that might affect their capability of carrying out their working duties. The employee’s manager must, where relevant, approve external board memberships and secondary employments. In determining on the remuneration of employees, a Nordea manager also has to consider that such remuneration does not compromise employees’ objectivity when carrying out their duties nor opposes Clients’ best interests.

When training employees in Nordea, ethical behaviour and conflicts-of-interest management is stressed. Business units in Nordea are obliged to establish, maintain and document procedures to identify, prevent and manage conflicts of interest and, when necessary, to issue supplementary instructions to the policies, instructions and guidelines issued by Nordea.

4 Disclosure

This policy shall be made available to Nordea’s Clients when requested. The policy is also published on Nordea’s homepage on the Internet www.nordea.com.

If the organisational and administrative arrangements within Nordea are not sufficient to ensure, with reasonable confidence, that a potential conflict of interest will be prevented, the general nature and/or source of the conflict of interest must be clearly disclosed to the Client before the service in question is performed. In case a situation arises where discl-
sure is required, the employee must immediately report this to his/her manager and seek direction as to the handling of the disclosure.

5 Addendum to the Nordea Group directive, conflicts of interest policy

In particular, Nordea Bank S.A. in Luxembourg (the “Bank”) would like to advise Clients about the following points:

In accordance with the Conflicts of Interest Policy, the negotiation of commissions is performed independently from the business operations, and asset managers have no knowledge about such commissions. Upon request, the Bank will provide further details regarding these principles.

In connection with the sale of securities, the Bank may receive inducements from investment fund companies and securities issuing houses. These include sales-based trail commissions, which investment funds pay from their management fees, and sales commissions paid by securities issuers in the form of placement commissions, non-monetary benefits, corresponding discounts on the issue price and trail commissions.

The receipt of such payments and inducements, or other incentives, enables the Bank to provide efficient and first-class infrastructures for the purchase and sale of financial instruments. The maximum trailer fees received by the Bank from investment funds where there is a retrocession fee agreement in place can be 1.25% p.a.

Should the Bank have tied or independent agents who, with or without relation to a concrete business, refer Clients or individual business to the Bank, it may pay performance-based commissions and fixed fees to such agents. These agents have both a role towards Clients of selecting a banking or financial institution that best suits Clients’ individual needs, and to Nordea, as bank to whom they introduce Clients of Nordea’s target group. The Bank has established internal procedures for the selection process of such agents, as well as an organisational structure for keeping long-term relationships and stability. In addition to the agent commissions paid by the Bank, such agents may also receive inducements directly from third parties, in particular from investment fund companies and securities issuing houses.

Portfolio management Clients have delegated the management and thus the decision-making as to the purchase and sale of financial instruments to their portfolio manager. Therefore, the Bank makes decisions regarding the purchase and sale of financial instruments in line with the investment guidelines contractually agreed with the Client without obtaining a prior instruction. This situation can aggravate an already existing conflict of interest. The Bank counters the risks resulting from this with appropriate organisational measures, particularly with an investment selection process focused on the optimisation of Client satisfaction which is aimed at the maximisation of the return/risk ratio of the investments in question by diversifying the investment classes and geographical areas, broadening market segments or choosing more specific markets and targeted investment styles.

Finally, in connection with securities business, the Bank is allowed to receive free inducements such as investment research or other informational material, training and occasionally technical services and equipment for accessing third-party information and dissemination systems. Accepting such inducements has no direct connection with the services provided to Clients: the Bank uses these inducements in order to provide Clients with the level of quality expected and to continue to enhance its services.

Clients may contact MiFID@nordea.lu to request specific additional information regarding the Conflicts of Interest Policy.