



**AVEGA Capital Management S.A.**

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# **Conflicts of Interest Policy**

CO03V2

**AVEGA Capital Management S.A.**

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## Version history and approval

<b>Date</b>	<b>Prepared by</b>	<b>Approved by</b>	<b>Approved on</b>
24 August 2020	Stephan Grimm	Board of Directors	24 August 2020
16 April 2021	Katharina Grant/ Stephan Grimm	Board of Directors	06 July 2021
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## Glossary

ACM	AVEGA Capital Management S.A., Luxembourg, including its Branch AVEGA Capital Management S.A. – Niederlassung Frankfurt, Germany
AML	Anti-Money Laundering
Board	Board of Directors of the Company
Branch	AVEGA Capital Management S.A. – Niederlassung Frankfurt, Germany
CFT	Combating Financing of Terrorism
Compliance	Compliance is a regular control and close monitoring of the institution's operations and related risks (CSSF 18/698). Compliance aims at protecting the institution and is a matter of all employees of an institution (CSSF 18/698). It is an independent control function of the company and acts as second line of defense.
Compliance Officer	Person in charge of the compliance function
Compliance Policy	This Compliance Charter, as amended from time to time
Senior Management	The persons responsible for the management of the Company, authorised by the CSSF, also known as "authorised management" or "conducting officers" or "Management Board" or "Management"

## Purpose and scope

AVEGA Capital Management S.A. (“ACM”, “AIFM” or the “Company”) has implemented this Conflict of Interests Policy (the “Policy”) with respect to the identification, prevention, recording and management of conflicts of interest (“Col”), which arise or might arise in the course of carrying out its business and which might entail a risk of damage to the interest of one or more of its clients, the funds for which it acts as AIFM (“Funds”) and / or its reputation.

In formulating the Policy, ACM has had regard to its organizational framework and the nature, scale and complexity of its business. Col may arise in the normal course of business and through normal market practice and it is not possible to eliminate all existing and potential Col. ACM has a tolerance of a limited level of risk arising from Col but has additional policies and procedures in place designed such that Col are mitigated in a way which is sufficient to ensure that ACM’s clients and Funds interests are put first and are not materially damaged.

The Policy applies to all employees of ACM (“Employees”) including employees of the Branch and to the Senior Management of the Company. It shall be updated from time to time but at least on an annual basis to reflect legal and regulatory changes. It shall be approved by the Board and be communicated to all employees. Any breach with this policy and violation with the outlined standards may result in disciplinary actions.

For the avoidance of doubt, with the establishment of the German Branch, the Policy shall also ensure that the branch is able to fulfil its obligations arising from the above as well as to comply with obligations arising from local law and regulation of the host member state.

## Definition

A conflict of interests is defined as a situation in which a company or a person can in some way exploit a professional or official capacity for their own benefits of the company. Both, a potential or perceived conflict of interest shall be treated as a conflict of interest.

There are different types of conflicts of interests:

- Personal Conflict of Interests: a personal Col may occur when an employee’s private interest interfere with the interest of ACM or its clients, e.g. via personal relationships or family relations. Such Col could possibly impact the recruiting process, promotions, or decisions if the concerned employee is in a supervisory position.
- Organizational Conflict of Interests: an organizational Col may occur when the Company’s interests differ from those of its clients, funds or service provider, e.g. if an ACM employee is also mandated as a fund’s or client’s Board member.
- Customer conflict: a customer conflict may occur if ACM has a duty of care in regards to his customer business relationship, which differs to the interests of one or more other ACM clients/service providers or to the ACM interests.

## Risks arising from conflicts of interests

Conflicts of interests shall be avoided, where possible. In cases where Col cannot be avoided a proper management is necessary as otherwise the following main risks may arise:

- Breach of confidentiality both to clients and ACM business
- Breach of internal controls and processes
- Breach of regulatory obligations

- Reputational impact

## Principles

ACM is committed to treat all clients fairly and with integrity and to comply with all applicable laws and regulations.

The Senior Management is responsible for having effective systems, controls and procedures in place to avoid or identify and manage Col in the event that they cannot be avoided.

Furthermore, ACM is committed to maintaining and operating effective organizational and administrative arrangements to identify and manage Col, including those possibly arising as a result of the structure and business activities conducted jointly with other service providers.

Where an employee of ACM is aware that they or the Company have a material interest which could influence their dealings with or advice to a client and / or its investors, that interest must be disregarded, and the employee must act in the interests of that client.

The compliance department promotes within the company a culture of integrity. In that sense, all employees have a fiduciary duty to be mindful of Col and to take all reasonable steps to assist in their identification and proper management, including prompt escalation to relevant management functions and ACM's Compliance department.

## Governance

The Senior Management of ACM comprises from all major business areas and is therefore the most appropriate body to provide appropriate governance of Col.

The Company's Conflicts of Interests Register and the Policy will be presented to the Board of Director of ACM on a regular basis (at least annually) and any issues identified therein will be escalated to the Board, as appropriate.

The Board of Directors of ACM is informed on an ad hoc basis or at least once a year on the occurrence of (potential) conflicts of interest either by Conducting Officers or by ACM's Compliance function.

## Conflicts of interests: Management

This Policy considers Col that might arise during the normal course of business as a result of the interaction between ACM, its clients, its Funds, its fund investors and its third parties (e.g. depositarys, advisors).

ACM's organizational and governance structure, including but not limited to strictly defined reporting lines and clear allocations of areas of responsibilities among the Senior Management of ACM, the existence of various committees such as for Valuation, Investment Management and business acceptance, support the avoidance, or in case a Col cannot be avoided, the identification and management of Col.

At the time that this policy was written or at the time of the latest review thereof, ACM has four conducting officers, which ensures a separation of tasks and segregation of activities and responsibilities between them and avoids the risk of task concentration.

As an AIFM, the Company will take all reasonable steps to avoid Col in order to prevent, manage and monitor them, to prevent them from adversely affecting the interests of each Fund

under management and the shareholders thereof and to ensure that each Fund under management and the shareholders thereof are fairly and consistently treated.

As AIFM, the Company will take all reasonable steps to identify conflicts of interest that arise in the course of managing alternative investment funds ("AIFs") between:

- the AIFM, including its managers, Employees or any person directly or indirectly linked to the AIFM by control and the AIF managed by the AIFM or the investors in that AIF;
- the AIF or the investors in this AIF and another AIF or the investors in that other AIF;
- the AIF or the investors in this AIF and another client of the AIFM;
- two clients of the AIFM.

When assessing the conflicts of interests of ACM at least the following constellations shall be taken into account:

- ACM or the relevant person is likely to gain a financial advantage or avoid a financial loss to the detriment of the fund
- ACM or the person concerned has an interest in the result of a service provided to the fund or another client or of a transaction carried out for the funds or another client which is not in the interest of the fund
- There is a financial or other incentive for ACM or the person concerned to put the interests of another client or client group above the interests of the fund
- ACM or the person concerned carries out the same activities for the fund and for one or more other clients who are not funds
- ACM or the person concerned currently receives or will receive from a person other than the fund an incentive (as e.g. money, services, goods) in addition to the usual commission or fee, in respect of the joint portfolio management services provided to the fund.

The procedures and measures implemented by ACM to manage CoI have been designed to ensure that employees engaged in activities involving a CoI carry out those activities at a level of independence that is appropriate to the nature and activities of ACM and to the materiality of the risk of damage to the interests of the unitholders / shareholders.

In order to limit any conflicts and to manage any conflicts which do arise, the company implements the following:

1. levels of independence/ supervision for persons engaged in activities entailing a conflict of interest, including a full separation of portfolio and risk management (Chinese Walls) according to the requirements of article 42 of the Delegated Regulation of the EU Commission, supplementing Directive 2011/61/EU (in particular article 15);
2. the at-arms-length principle. In particular, preventative measures to limit any person from exercising influence that may be deemed as inappropriate, on the way a relevant person may carry out a service or business. The fact that a person holds a certain position within the company should not be misused to seek or accept any business opportunity, favor or benefit to the detriment of clients or other employees or to achieve certain decisions; and

3. preventative measures to limit the involvement of a relevant person in a number of separate services or businesses, where involvement may impair the proper management of conflicts of interest.

## Conflicts of interests: Escalation and clearance

In line with the regulations, specifically in relation to the article 37 of the Delegated Regulation of the EU Commission, supplementing Directive 2011/61/EU, the company has in place a register to document all kinds of services or activities in which a conflict of interest has arisen or may arise. This record is regularly updated in view of changes to operations.

The register is maintained by the Compliance Function and is amended whenever a conflict of interest is identified and generally whenever required by changing circumstances. The register is submitted to the BoD on a yearly basis.

When a conflict of interest is identified, and it cannot be dealt with or addressed within the normal procedures as stated above, then the formal escalation procedure applies, and it must be reported immediately to the Compliance Function. The Compliance Function will record the conflict of interest on the register and consider possible solutions.

Should the Compliance Function need further guidance on such conflicts, it will report them to the Senior Management or the BoD. They will consider the potential conflict situation in detail and thereafter decide on further proceedings.

If a conflict of interest cannot be avoided by other measures, the company will disclose the nature and the source of the remaining conflict of interest to the client in form of a written communication in a durable medium.

## Conflicts of Interests when outsourcing activities

With regard to the activities of third parties that perform delegated tasks of the Company, the adherence to principles of the appropriate management of Col are checked and documented in the context of the due diligence audits and delegation oversight controls.

The oversight and monitoring of Company-specific conflicts of interest will be the responsibility of the Delegation Oversight function. The oversight and monitoring of structural Col for the Company's business model as a third-party management company to the Funds and its delegates, will be that of the relevant Fund Manager, Delegation Oversight function together with ACM's Compliance department.

## Disclosure

Applicable rules require that where the organizational arrangements to prevent or manage Col put in place by ACM are not sufficient to ensure, with reasonable confidence, that the material risks of damage to the interests of a client will be prevented, ACM must disclose in a durable medium the specific description of the nature and / or sources of the Col to the client as well as the steps the ACM will take to mitigate the risks prior to the provision of the service.

Where ACM considers that there are no other means of managing the conflict, or where the measures in place do not sufficiently mitigate the conflict, the conflict may be disclosed on ACM's website or to those affected via any other appropriate media to enable them to make an informed decision. As at the date of this Policy, ACM does not have any conflicts where the measures in place do not sufficiently mitigate the Col and the risk of harm to the client.

Where ACM considers that the Col cannot be managed in any other way, including by way of disclosure, it may decline to act for the client.

## Conflicts of Interest Register

ACM Compliance department shall identify the conflicts of interest applicable to the Company and maintain a register of conflicts setting out the actual and potential instances of conflicts impacting the Company. In this frame, the individual (potential) conflicts of interests are identified and documented in the ACM Col Register. This register lists the respective sources of conflict, the description and assessment of the individual conflicts and the measures taken to deal with them. The Compliance department will regularly review the register and update it at least once a year.

In addition to the ACM related Col register, a fund specific Col register is created for each investment fund managed by ACM, which provides detailed information on the affected persons and the identified potential conflict of interests. In addition, conflicts with respect to related parties on the level of the investment itself, shall be recorded in the fund specific Col register as well, if identified. An example is provided within Annex III.

## Annex I – Potential Col indicators or scenarios

Potential conflicts of interests of ACM includes in particular (amongst others) the following indicators:

- Incentives for employees of ACM in the context of performance-related remuneration
- Employees transactions based on information that is not publically known
- Allowance to employees who may influence the performance of their activities
- Trading in funds, if it is not necessary due to the management approach or due to decisions made
- Improvement of fund performance as of the reporting dates (window dressing)
- Performing board activities on the funds managed by ACM
- Simultaneous responsibilities of the Senior Management or employees that could lead to a Col
- Commissioning of closely associated companies and persons

## Annex II – Examples of conflicts of interests

Type of conflict of interests	General Conflict of Interest	Specific Description of potential/practical Col ACM
Multiple Mandates	Members of the Senior Management / Governing Body must ensure that their mandate remains compatible with mandates outside of the AIFMs (Section 4.1.3 N 67 Circular 18/698)	Board Members / Senior Management of ACM may have mandates outside their role which has to be identified
Multiple Mandates	A person performing more than one mandate as conducting officer must identify (and demonstrate to the CSSF) any potential conflict of interest. (Section 4.1.3 N 83 Circ. 18/698)	Conducting Officers of ACM might have other Mandates as Conducting Officer
Multiple Mandates	A person could be member of the Management body / Governing Body / Conducting Officer and Board Member of a Fund	Conducting Officers / Board Members of ACM could be Member of the Board of a ACM controlled Fund
Multiple clients	the AIFM serves several clients with different interests	ACM might favour a clients versus another in relation to the service offer
Inducements from client/third party	a client or third party could offer inducements in relation to services provided to the client	ACM employee or an employee of a delegate could receive inducements in order to favour certain client decisions
Holding and creation of subsidiaries	Any holding of an IFM an another company, as well as creation / acquisition of a subsidiary	ACM shareholders might create new entities / holdings, etc.
Between clients	A Client/GP could be connected (invested, management) in another client (Section 5.5.7 N 374 Circular 18/698)	a board member of a ACM client might be a UBO of another ACM client
potential financial gain for an employee/avoid losses for a client	Handling of non-public information	a ACM employee might carry out (trans-) actions based on confidential information not available to the concerned client

# Annex III – Fund Specific Col register (example)

Conflict of Interests Register of XYZ FUND SICAV-RAIF																																											
																																											
<p>Stakeholders of the Fund:</p> <table border="0"> <tr> <td>GP (if applicable)</td> <td>Board members of the Fund/GP</td> <td></td> <td></td> </tr> <tr> <td>RR</td> <td></td> <td></td> <td></td> </tr> <tr> <td>RC</td> <td></td> <td></td> <td></td> </tr> <tr> <td>ManCo/AIFM</td> <td>AVEGA Capital Management S.A.</td> <td></td> <td></td> </tr> <tr> <td>Portfolio Manager</td> <td>AVEGA Capital Management S.A.</td> <td></td> <td></td> </tr> <tr> <td>Investment Adviser</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Central Administrator</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Register and Transfer Agent</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depository</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Audit</td> <td></td> <td></td> <td></td> </tr> </table>				GP (if applicable)	Board members of the Fund/GP			RR				RC				ManCo/AIFM	AVEGA Capital Management S.A.			Portfolio Manager	AVEGA Capital Management S.A.			Investment Adviser				Central Administrator				Register and Transfer Agent				Depository				Audit			
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Investment Adviser																																											
Central Administrator																																											
Register and Transfer Agent																																											
Depository																																											
Audit																																											
date of occurrence	concerned stakeholder/person	Conflict of interest	detailed description Col	mitigation measure																																							
example 1/date	Mr. X. Ample, Adviser xyz, Company 123	Mr. X. Ample is the responsible Advisor of Adviser xyz and at the same time UBO of Company 123	The decisions of Mr. Ample are not considered as independent with regards to Investment 123 as he is at the time UBO of Company 123	Investments related to Company 123 must be closely revised and assessed by the responsible Portfolio Manager, supported by independent data and information																																							
example 2																																											
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