

Policy on Dealing with Conflicts of Interest

Aquila Group

In business relations with investors and contract partners, Aquila Group companies shall always strive to act in the exclusive interests of investors. This also means that, in line with statutory requirements, the Aquila Group shall take adequate precaution to identify, prevent and settle potential conflicts of interest and monitor these in order to prevent conflicts of interest from damaging the interests of the investment fund and its investors and contract partners.

Senior management of the Aquila Group shall be responsible for ensuring that processes and directives as well as the systems and access authorisations introduced are adequate to identify and manage conflicts of interest. Compliance and Legal shall support the specialist departments in identifying and monitoring potential conflicts of interest.

The measures taken for dealing with conflicts of interest are laid out in the following and shall be implemented in connection with the provision of business services.

General

In the course of its activities, the Aquila Group shall be required to take steps to ensure conflicts of interest are avoided; if conflicts of interest cannot be avoided, it must ensure that the investment funds it manages are managed justly and equitably.

The interests of investors may run counter to the interests of

- the Aquila Group and/or affiliated companies,
- employees, executives, directors,
- other investors,
- other contract partners or
- other investment funds.

Conflicts of interest may also exist in respect to a transaction between two investment funds administered or advised by the Aquila Group or by relevant persons as well as between several contract partners of an investment fund managed by the Aquila Group.

In connection with the management of investment funds, conflicts of interest can arise

- between the capital management company as well as its managers, employees and every other person with a direct or indirect relationship of control in connection with the asset management company, and between the investment fund managed by it or the investors in this investment fund,
- between the investment fund or the investors in this investment fund and another investment fund or investors in that investment fund,
- between the investment fund or the investors in this investment fund and another contract partner of the capital management company,
- between two contract partners of the capital management company.

Criteria for identifying conflicts of interest

Each investment fund structure is assessed by the Aquila Group for possible conflicts of interest in accordance with statutory and supervisory provisions. On identifying conflicts of interest which occur on managing investment funds, all actual circumstances shall be taken into account, in particular whether the Aquila Group as asset management company, a relevant person or a person connected with the asset management company through a direct or indirect relationship of control:

- secures a financial advantage unusual for the market or avoids a financial loss which in all likelihood works to the detriment of the investment fund;
- has an interest in the result of a service provided for the investment fund or of a transaction performed for the investment fund which is not in line with the interest of the investment fund in this result;
- has a financial or other incentive to place the interests of another contract partner or another group of persons above the interests of the investment fund;
- provides the same services for the investment fund, for another investment fund or contract partner;
- in addition to the standard commission or fee, presently or prospectively receives an incentive in the form of money, goods or services from a person or entity other than the investment fund in relation to common portfolio management services rendered to the investment fund.

Where one or more of the above criteria are satisfied, the identified conflicts of interest shall be recorded in writing by the Compliance Officer in a register of conflicts of interest.

Within the framework of the identification of conflicts of interest, based on the activities of the Aquila Group, the following situations in particular shall be assessed, which against a backdrop of

- relationships with issuers or service providers as well as collaboration of employees;
- executives, directors, members of the supervisory or advisory boards of these issuers or service providers;
- the acquisition of knowledge that is not publicly known;
- personal relationships of employees, executives, directors or of persons associated with these (incl. service providers);
- relationships to relevant persons;
- relationships to affiliate companies (in particular Aquila Group companies)

can result in important potential conflicts of interest.

Measures taken to avoid conflicts of interest

In order to avoid conflicts of interest, Aquila Group employees undertake to maintain high ethical standards. At all times, the Aquila Group expects care and honesty from its employees along with lawful and professional conduct, compliance with market standards and regard for the interests of investors with respect to the investment funds managed.

The Aquila Group has appointed an independent Compliance Officer directly responsible to management. The Compliance Officer is charged with ensuring the adequacy and efficacy of the measures implemented and with monitoring procedures as well as with their assessment and further development. This shall apply in particular to the identification, prevention and resolution of conflicts of interest. All employees of the Aquila Group shall be required to notify the independent Compliance Officer of all transactions in respect of which a potential conflict of interest cannot be manifestly ruled out.

In order to prevent conflicts of interest to the detriment of investors, the Aquila Group has implemented various organisational measures. These include, in particular:

- Creation of areas of confidentiality and information barriers, the separation of responsibilities and/or a physical separation;
- Rules for the personal transactions of employees with the aim of ensuring that investor transactions are not disadvantaged relative to employee transactions;
- A code of conduct for the acceptance, granting and disclosure of benefits and gifts;
- Proper legal framework for the remuneration of employees;
- Recording of memberships and business interests of directors, executives and employees;
- Careful selection and regular training for employees;

- Contractual regulations with agents, sub-agents and counterparties with whom possible conflicts of interest could occur, concentrating on parties who are not subject to financial market regulation.

Monitoring and management of conflicts of interest

Should potential or actual conflicts of interest become known, employees of the Aquila Group shall undertake to notify the independent Compliance Officer immediately.

After investigating the matter, the Compliance Officer, where necessary, acting together with the respective departments and senior management, shall make proposals for the resolution of the conflict of interest with the investment fund, respectively with the investors.

The Compliance Officer shall keep a register of conflicts of interest documentations. The entries shall be regularly evaluated and updated. Unavoidable conflicts of interest shall always be resolved in the interests of the investors and of the investment funds in question managed by the Aquila Group.

Notification of affected investors

If the organisational or administrative precautions taken by the Aquila Group are reasonably considered to be insufficient to ensure that the risk of impairment of interests of the investment fund or of investors is avoided, the investors concerned shall be notified of the existing situations. Where unresolvable conflicts of interest are determined, investors shall be provided with corresponding information.

Evaluation and evolution of the Policy on Conflicts of Interest

Senior management and the Compliance Officer shall carry out an annual evaluation and – where necessary – review of the Policy for Dealing with Conflicts of Interest.

Further information is available free of charge upon request from the Aquila Group.

Other relevant document:

Annex 1 to the Policy on Dealing with Conflicts of Interest of the Aquila Group – Allocation of Target Assets – Real Assets

As at: January 2018