

# Conflicts of Interest Policy

## 1. Introduction

Kaiser Partner Privatbank AG (hereinafter referred to as the “Bank”) acts in a manner that is intended to align the interests of our clients<sup>1</sup>, our shareholders, and our employees.

In order to meet our clients’ expectations with regard to client and investor protection and to ensure our general compliance with regulatory requirements, we have developed rules, procedures, and processes to avoid potential conflicts of interest and, where this is not possible, to enable us to identify and manage them. If we have a conflict of interest that we are unable to avoid or that we are unable to identify and handle, we will disclose this.

## 2. Objective

The main objective of this Col Policy is to ensure that we provide our clients with investment and ancillary services in a professional, unbiased, fair, and honest way that takes into account the clients’ best interests.

## 3. Responsibilities

Every Relevant Person<sup>2</sup> is responsible for complying with the conflict of interest provisions while exercising his/her office or performing his/her duties.

Our Bank’s Board of Management is responsible for implementing and maintaining appropriate internal regulations (guidelines, directives, etc.), for putting in place appropriate organizational and technical measures, and for ensuring that control mechanisms exist. The Risk Management and Compliance departments are responsible for monitoring and controlling compliance with all of the conflict of interest provisions.

## 4. Identification of Conflicts of Interest

Conflicts of interest can arise between the Bank or Relevant Person and clients, or between one client and another, or between third parties appointed by the Bank or companies affiliated with the Bank and clients.

Potential conflict of interest situations are:

1. Asset management services: The Bank or a Relevant Person makes excessive, unjustified changes to a portfolio in order to generate more fees.
2. Investment advice: The Bank or a Relevant Person strongly recommends the financial instruments of a particular company since such company will grant it or him/her inducements or it or he/she could gain benefits from such recommendation (e.g. by enhancing its or his/her own position).
3. Order handling: Where there are a number of open orders, the Bank or a Relevant Person always gives preference to its or his/her own orders or those of a specific client, which can lead to it or his/her or the specific client receiving, among other things, more advantageous conditions.

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<sup>1</sup> Except where the context otherwise requires, words denoting any gender include all genders and words denoting persons include companies and other legal entities.

<sup>2</sup> For the purposes of this Col Policy, a Relevant Person includes the employees, the members of the Board of Directors, and the members of the Board of Management of the Bank.

4. Financial analysis: The Bank or a Relevant Person presents the financial instruments of a particular company in a positive light since this could result in it or he/she receiving inducements from the company or other benefits from such financial analysis (e.g. by enhancing its or his/her own position).
5. Custody: The Bank always appoints the same custodian to safekeep its financial instruments since this custodian gives it a discount.
6. Organization: Relevant Persons obtain information without authority about other Relevant Persons and use this to the advantage of their department or themselves.
7. Remuneration: Relevant Persons receive sales-based or performance-based remuneration, which means that their investment services are not independent and impartial.
8. Insider information: The Bank or a Relevant Person receives information that is not yet public and uses this for its or his/her own benefit.

Conflicts of interest may result in the Bank or a Relevant Person failing to act in the best interest of the client, which in turn can result in the client suffering a financial disadvantage.

To avoid potential conflicts of interest, the Bank has implemented numerous measures.

## 5. Measures for the Avoidance of Conflicts of Interest

### 5.1. General Prevention

As a Bank, we have an obligation when providing investment and ancillary services to act honestly, fairly, and professionally in accordance with the best interests of our clients, and to avoid conflicts of interest as far as possible. Both the Bank itself and the Relevant Persons are obliged to adhere to high ethical industry or professional standards. In order to ensure that the services for our clients are not influenced by extraneous interests, the Bank has established appropriate organizational arrangements and internal regulations, which the Relevant Persons must adhere to.

The independent Compliance and Risk Management functions are responsible for controlling compliance with conflicts of interest requirements and for adopting suitable measures. Furthermore, this is reviewed by our internal and external auditors.

### 5.2. General Measures

For the prevention of conflict of interest situations, the Bank has adopted the following general measures:

#### 1. *Separation of Functions*

The departments involved in providing investment services are separate both in organizational terms and in terms of their physical location and staffing.

#### 2. *Information Barriers and Authority to Access Information*

The departments and Relevant Persons involved in providing investment services have restricted access to investment-relevant information. Based on a function-oriented or task-oriented system, access to information is managed and restricted according to the need-to-know principle. In addition, we have put in place procedures and mechanisms that prohibit or block the exchange of information between Relevant Persons should this have a negative effect on client interests.

### **3. Dual Control**

Where necessary, the Bank applies a dual-control principle in the area of investment services. Where necessary, this even occurs across departments.

### **4. Remuneration**

The Bank does not pay the Relevant Persons any direct or indirect sales-based or performance-based remuneration.

### **5. Own-Account Trading and Own-Account Transactions**

The Bank does not trade on its own account and there are clear and strict limits on own-account transactions by Relevant Persons that is subject to close monitoring.

### **6. Training**

Relevant Persons receive training at regular intervals to increase awareness of conflicts of interest and are taught how to identify, prevent, manage, and disclose them.

### **7. Controls**

The Bank uses an extensive internal control system to periodically control compliance. Moreover, spot checks are carried out at points known to be critical. The controls are conducted by the Compliance and Risk Management functions, which are in turn subject to monitoring by the internal and external auditors.

### **8. Register of Conflicts of Interest**

The Bank maintains a register in which it records those services which have a potential investment relevance and could or have led to a conflict of interest. In the cases which have led to a conflict of interest, the register also contains information on the measures taken by the Bank to eliminate the conflict. The register is subject to review on a regular basis. Knowledge gained from such reviews is applied to the handling of conflicts of interest.

## **5.3. Specific Measures**

For the prevention of conflict of interest situations, the Bank has adopted the following specific measures:

1. Asset management services: The Bank's internal guidelines prohibit excessive, unjustified changes to portfolios.
2. Investment advice: The Bank offers independent investment advice. It waives the receipt of inducements.
3. Order handling: Orders are processed in accordance with the clear and fair principles contained in the Best-Execution Policy.
4. Financial analysis: On the one hand, our internal regulations, to which Relevant Persons must adhere, provide that financial analysis must be prepared in an impartial and honest manner. On the other hand, the Bank does not accept inducements. Relevant Persons may only invest in financial instruments after such financial analysis has been published.
5. Custody: In the interests of risk diversification, the Bank appoints different institutions to safekeep its financial instruments.
6. Organization: The Bank has established numerous organizational, technical, and personnel barriers between the various parties providing investment services (physical separation, Chinese walls, etc.).

7. Remuneration: The remuneration of Relevant Persons is not based on such person's individual sales or revenue results.
8. Insider information: Internal regulations require us to comply with strict rules that prohibit allowing access to and/or using insider information. In addition, we have made the necessary technical and organizational arrangements.

## 6. Disclosure of Conflicts of Interest

From time to time, it may not be possible for us to avoid or manage a conflict of interest. If this is the case, the Bank will disclose the conflict of interest. Where appropriate, the Bank will explain the conflict of interest to the client concerned and request instructions on how to proceed.

At this point in time, the Bank has not identified any conflicts of interests which may not be mitigated by appropriate measures.

## 7. Inducements

The Bank aims, as a matter of principle, not to invest in financial instruments for which inducements (retrocessions, trailer fees, kickbacks, etc.) are paid and avoids recommending investments of such a kind. If, in spite of the arrangements made, the Bank receives inducements for a client, it passes the appropriate share thereof to the client(s). In such a case, the Bank will forward the client(s) an exact account statement after the fact or, at least, once a year.

The Bank reserves the right to grant inducements to third parties for referring clients and/or for providing services if this will enhance the quality of the services rendered. The commissions, fees, etc., charged to the client and/or the assets placed with the Bank generally form the basis for assessing such inducements. As a rule, their amount corresponds to a percentage of the relevant basis for assessment. This basis for assessment means that the business relationship between the Bank and the client as such and individual aspects of it will be disclosed indirectly to the third party.

If requested by the client, the Bank will provide further information on this. The client expressly waives the right to obtain any more detailed information.

Non-monetary benefits from third parties that are capable of enhancing the quality of investment services provided to a client and are of a scale and nature such that they are reasonable and proportionate may and will be accepted by the Bank.

## 8. Review of the Col Policy

This Col Policy will be subjected to an annual review and whenever any significant changes to the Bank's structure/organization or range of services occur or when other circumstances suggest that this would be reasonable.

Any amendments to the Col Policy will be published promptly on the Bank's website at <https://kaiserpartner.com/en/mifid2/>.

Vaduz, October 1, 2017