



## SUMMARY OF CONFLICT OF INTEREST OF EURIZON CAPITAL S.A.

February 2022

The purpose of this document is to provide a brief description of the policy adopted by Eurizon Capital S.A. in accordance with the provisions on the management of conflicts of interest of the MiFID (Directive 2014/65/EC), UCITS (Directive 2009/65/EC, as amended and supplemented from time to time) and AIFM (Directive 2011/61/EU) directives and the related EU and national implementing regulations ("Grand-Ducal Regulation of 13 July 2007 (art. 24 - 28) Repealed by Grand-ducal Regulation of 30 May 2018 focused on management of conflicts of interest when providing investment service, whereas the CSSF Regulation № 10-04 of 24 December 2010 (art. 18 - 22) and the law of 17 December 2010 (art. 109) regulate the management of conflicts of interest when providing collective management service).

As part of its business of providing (i) services or investment activities and ancillary services and, (ii) collective portfolio management services, the Company might be in conflict of interest with the clients, UCITS managed or the investors. Pursuant to the legislation in force the Company is required to identify the circumstances which constitute or may give rise to conflicts of interest which could seriously damage the interests of one or more Clients, UCITS and Investors, and to adopt an effective policy for managing conflicts of interest appropriate to the size and organization of the Company itself, as well as to the nature, scale and complexity of its activities and (ii) define the procedures and the measures to be adopted to prevent, manage and monitor such conflicts.

The Company has therefore adopted a specific policy containing a description of the situations that generate or could generate situations of conflicts of interest between Eurizon Capital S.A. and/or its Relevant Persons and Clients, UCIs or Investors or between Clients, UCIs or Investors of the Company, at the time of providing any Investment Service and activity, the Collective Investment Management Service or a combination of such Services/activities.

The Company has identified a series of situations of potential conflict of interest in relation to (i) the selection of investments, (ii) the choice of contractual counterparties and (iii) the exercise of voting rights.

In **selecting the investments of managed assets**, the Company has identified the following main types of conflict of interest:

- investment in and/or recommendation of financial instruments issued, instituted, originated or managed by a Group Company;
- investment in and/or recommendation of financial instruments for which a Group Company participated in the placement;
- investment in and/or recommendation of financial instruments issued, instituted, originated or managed by companies in respect of which (or in respect of which parent or majority shareholder) the Intesa Sanpaolo Group:
  - holds a managerial position and/or a significant stake in the share capital;
  - designates one or more members of the corporate bodies;
  - participates in shareholders' agreements;
  - has granted significant financing or is one of the main lenders;
  - is a specialist operator or liquidity provider in relation to certain financial instruments of the company or has provided corporate finance services and activities to the company;
  - is participated to a significant level;
- the inclusion in the assets under management of units or shares of UCITS set up or managed by the SGR itself or by other Group management companies or in which the Intesa Sanpaolo Group holds a significant stake;
- the transfer of financial instruments from one managed asset to another, even indirectly, through a negotiator;
- the inclusion in the managed assets and/or the recommendation of financial instruments on which the manager or other Relevant Persons involved in the management hold a directional position and/or a significant shareholding in his portfolio;

- the inclusion in the managed assets and/or the recommendation of financial instruments relating to companies in which the manager or another Relevant Person plays a significant role;
- the presence of a personal interest of a Relevant Person;
- the granting to the Company of management powers from several intermediaries, including those external to the Group.

With regard to **the selection of contractual counterparties**, the following main cases are considered situations of conflict of interest:

- use of a Group company as a negotiator;
- the use of Group counterparties that provide services other than trading services (for example, custody, administration, consulting, portfolio management, distribution of managed products, research);
- the existence of agreements to receive non-monetary fees or commissions or benefits (so-called "inducements").

In relation to the **exercise of voting rights**, situations of conflict of interest are considered to be the exercise of voting right inherent to the financial instruments pertaining to the managed UCITS, issued by Group companies or by companies with which the Company, its significant shareholders or Group companies, have relations of strategic nature.

The *Conflict of Interest Regulation* adopted by the Company includes a series of organizational, procedural and control arrangements which are formalized in the following internal procedures:

- **Code of Ethics:** it regulates the general principles of conduct that must be observed by the Relevant Persons and forbids the perception of gifts in excess of their low value;
- **Internal Code of Conduct:** it regulates the personal transactions of relevant parties, providing specific obligations in terms of preventive communication and authorization, as well as rules regulating confidential information's management;
- **Protocol of Autonomy:** it defines the conflicts of interest management Regulation adopted by the Company that includes the presence of Independent Directors, with the aim to oversee the management companies' decision-making autonomy concerning investment choices. In particular - it defines, with the involvement of the Independent Directors, the trading counterparts selection procedures, and it includes the definition of the general limits applied to the purchases, made on the account of the managed assets, financial instruments - issued or placed by companies of the Group, or by companies that avail themselves of services provided by the companies of the Group.

As well as additional documents aimed at monitoring compliance with current legislation on (i) approval and/or distribution of products and services, (ii) management of inducements paid and/or received as part of the activities carried out by the Company (iii) the methods used by the Company to execute or transmit orders for assets under management.

In the provision of portfolio management and investment advisory services, where the organisational and administrative provisions adopted to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable certainty, that the risk of damage to the interests of Clients is avoided, the Company shall clearly inform Clients, before acting on their behalf, of the general nature and/or sources of conflicts of interest and of the measures adopted to mitigate the associated risks so that they can make an informed decision on the services provided. Independently of the adequacy of the measures adopted so far, the Company makes a *disclosure* to customers in the pre-contractual phase, informing them about the type of conflicts of interest that may arise.

With regard to the Collective Investment Management service, when the measures adopted are not sufficient to prevent, with reasonable certainty, the risks of damage to the interests of one or more managed UCIs or of the Investors, the competent corporate bodies are informed in order to adopt the necessary resolutions to ensure that the Company acts in the best interests of the UCIs or of the Investors. The Company shall periodically make available to Investors, in an appropriate and durable

form, information on any of the above situations of conflict, explaining the decision taken by the Board of Directors and the reasons for it.

The mapping of conflict of interest situations and the related analyses are to be considered as a static representation. The constant innovation of products and processes, together with the relevance of factors exogenous, require constant updating of the mapping of conflicts of interest. The Regulation also takes into consideration the circumstances, of which the Company is or should be aware, which could potentially cause a conflict of interest resulting from the structure and activities of the other companies belonging to the Group. For this purpose, the Company shall update the mapping whenever necessary, identifying all situations of potential conflict of interest that may occur in the provision of services. The situations of actual conflict are recorded in the Register of services or activities in accordance with current legislation.

Customers (or potential customers) have the right to request more details in relation to the conflict of interest regulation on a durable support or through the Company website.