

# Conflict of interest policy

## of Raiffeisen Kapitalanlage-Gesellschaft m.b.H.

### 1. Introduction

In addition to its license to manage investment funds under the Austrian Investment Fund Act, Raiffeisen Kapitalanlage GmbH (the management company or Raiffeisen KAG) also holds a license to provide investment advice and individual portfolio management services and to manage alternative investment funds (AIF) under the Austrian Alternative Investment Fund Managers Act (AIFMG). As a fund provider, the management company pursues an honest and long-term investment policy which is always based on clients' interests. The management company places an extremely high value on a lawful and ethical approach to the issue of conflicts of interest. This conflict of interest policy is intended for daily use where conflicts of interest arise. It is intended to safeguard the management company's reputation with clients, other business partners and other third parties so as to provide for enhanced opportunities for commercial success.

#### 1.1 Statutory obligations

In performing its responsibilities, the management company must act independently and exclusively in the interest of the unitholders. In this context, the management company will comply with all statutory obligations applicable to its activities in the best interest of its investors and the integrity of the market. To guarantee the provision of collective portfolio management and investment services in the best interest of its clients, the management company is obliged under §§ 22 ff. of the 2011 Austrian Investment Fund Act (InvFG 2011), Art. 31 of the supplementary regulation on alternative investment fund managers<sup>1</sup>, § 45 of the Austrian Securities Supervision Act (WAG 2018) and Commission Delegated Regulation (EU) No. 2017/565 to establish, apply and maintain principles defining the company's handling of conflicts of interest that must be set down in writing. In this context, the size, organization, type, scope and complexity of the companies or transactions are relevant.

#### Responsibility of the compliance organization

The Compliance Office of the management company is responsible for the creation, implementation, application and updating of the conflict of interest policy. The affected departments and employees are responsible for identifying and notifying potential conflicts of interest to the compliance office, which monitors such situations and acts where necessary. The managers are responsible for informing their employees about the issue of conflicts of interest. Compliance is to provide the relevant departments and employees with information and instructions enabling them to identify potential conflicts of interest and to report these to the compliance office.

#### 1.2 Definition of conflicts of interest

Like any other transaction in our economic system, bank transactions inevitably entail a conflict of interests between supply and demand. The interest of a market participant in realizing the maximum possible price conflicts with the interest of the other market participant in paying as low a price as possible for the maximum possible service. Provided that this inherent conflict of interest is resolved in a manner compatible with the market, through an appropriate agreement in keeping with what fair business partners would reasonably agree, no impermissible conflict of interest within the meaning of InvFG, the Austrian Alternative Investment Fund Managers Act (AIFMG) and WAG 2018 is applicable. Conflicts of interest that do not involve any potential damage for clients and conflicts of interest that arise between employees and clients at the personal level (e.g. an employee and a client are coincidentally interested in purchasing/renting one and the same apartment) are irrelevant for the purpose of InvFG 2011, AIFMG and WAG 2018.

InvFG 2011, AIFMG and WAG 2018 cover situations where a company prioritizes its own interests or those of a third party above the client's interests in a business transaction in order to derive a financial benefit, thus no longer acting in a manner compatible with the market. InvFG 2011, AIFMG and WAG 2018 require the company to identify in advance possible scenarios where the management company may act in this way and to implement measures to avoid them. Despite these precautionary measures, a specific scenario may materialize where a risk may be prudently assumed to exist of the company prioritizing its own interests or those of a third party over the client's interests, in order to realize a financial benefit for itself or for the third party. In this case, measures are to be implemented in order to eliminate the conflict of interest in favor of the client. If this is not possible, the conflict of interest must be disclosed to the client.

<sup>1</sup> Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, OJ L 83 of 23 March 2013, 1

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The term 'conflict of interest' in the sense of § 22 InvFG 2011, § 12 AIFMG and § 45 WAG 2018 means all conflicts between the management company's own interests, the interest of its clients and the obligations vis-à-vis the funds or the interests of the legal entity (the management company), its relevant individuals (particularly employees of the management company) or other individuals directly or indirectly associated with the management company by means of a relationship of control on the one hand and their clients on the other hand, or conflicts between two or more managed funds or clients, such as may arise during the performance of services by the management company or its subsidiaries.

### 1.3 Possible types of conflicts of interest

In connection with the provision of collective portfolio management services, § 22 (2) InvFG 2011 and Art. 30 of the supplementary regulation on alternative investment fund managers specifically mention the following conflicts of interest:

- there is a risk of the management company or the respective person obtaining a financial benefit or avoiding a financial loss to the detriment of the fund or its investors;
- the management company or the respective person has an interest in the outcome of a service provided on behalf of the fund or another client or in a transaction performed on behalf of the fund or another client that does not coincide with the fund's interest in this outcome;
- there is a financial or other incentive for the management company or the respective person to place the interests of another fund, another client or another client group above the interests of the fund;
- the management company or the respective person performs the same activities on behalf of the fund and on behalf of another fund or one or more other clients which are not funds;
- in addition to the usual commission or fee, the management company or the respective person currently receives, or will receive, an incentive in the form of money, goods or services in respect of collective portfolio management services from a person other than the fund or its investors.

Furthermore, in connection with the provision of investment services, Art. 33 of Commission Delegated Regulation (EU) No. 2017/565 presents the following list of conflicts of interest which is, however, not exhaustive:

- The investment firm or one of the persons specified is likely to make a financial gain or avoid a financial loss at the expense of the client;
- The investment firm or one of the persons specified has an interest in the outcome of a service provided for the client or of a transaction performed on behalf of the client, which is not compatible with the client's interest in that outcome;
- The investment firm or one of the persons specified has a financial or other incentive to place the interest of another client or group of clients above the interests of the client;
- The investment firm or one of the persons specified is active in the same field of business as the client;
- The investment firm or one of the persons specified receives or will receive from a person other than the client an inducement in relation to a service provided for the client, in the form of monetary or non-monetary benefits or services.

In cases whereby the measures taken by the management company in respect of conflicts of interests are not sufficient to guarantee that the interests of the fund or its unitholders are not impaired, the members of the management of the management company or employees authorized by the latter shall take the necessary decisions to ensure that the management company acts in the best interest of the fund and its unitholders at all times. The management company shall inform the investors accordingly.

Pursuant to §§ 45 and 46 WAG 2018, in its performance of investment services and ancillary investment services, the management company (in the context of its extended license) is obliged to

- identify
- register
- monitor
- prevent (i.e. implement measures to delay the applicability of a potential conflict of interest) and
- disclose conflicts of interest where such conflict cannot be avoided.

The compliance office is to be notified of any potential conflicts of interest. In principle, its response must address the interests of the client which is harmed by the conflict of interest

- with priority over those of the management company and individuals acting on its behalf and
- with equal priority in relation to the interests of other clients.

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With Commission Delegated Directive (EU) 2021/1270, UCITS managers (Undertakings for Collective Investment in Transferable Securities), similar to AIF managers (Commission Delegated Regulation (EU) 2021/1255), should also consider conflicts of interest that may arise from the incorporation of sustainability risks into their processes, systems and internal controls when identifying the types of conflicts of interest that may be adverse to the interests of a UCITS/AIF. These conflicts may include, for example, conflicts arising from the remuneration or personal transactions of the relevant employees, conflicts of interest that could lead to greenwashing<sup>2</sup>, sales under false or misleading statements or misrepresentations of investment strategies, and conflicts of interest between different UCITS/AIFs managed by the same management company.

These conflicts of interest addressed above, which could be described as "new types of conflicts of interest", can be resolved by the existing rules of conduct (e.g. remuneration policy, personal transactions, transactions between funds, as well as the fact that investments are made on the basis of the fund rules and the management activity is subject to a team approach). Should more specific conflicts of interest arise in the future from the inclusion of sustainability risks, these will be taken into account accordingly in the present conflict of interest policy.

Even if the conflict of interest policy is complied with, the management company cannot exclude the possibility that the interests of the unitholders may be impaired in individual cases.

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<sup>2</sup> [Greenwashing](#) a strategy by which actors seek to create an image of ecological responsibility through the targeted dissemination of disinformation.

## 2. Conflicts of interest at the management company and how to handle/resolve them

**Information bonus:** The employees of the management company may be tempted to circumvent compliance provisions where they have additional information not available to the market.

**Handling and resolution of the conflict of interest:** In addition to obligations applicable for all employees for the disclosure of accounts and securities accounts and transactions, employees in confidential business fields shall, without being so requested, notify ("report") the compliance officer immediately – and by no later than the banking day following the submission of an order – of all transactions required by employees, providing notice of all details and the name of the institution. This shall not apply for employees' securities accounts held at Raiffeisenlandesbank NÖ-Wien AG, for which an automatic report will be issued. In case of employee transactions instructed via the internet (online trading) the sending of a copy of this order shall be deemed a report. The same shall apply for employee transactions performed by the employee as an authorized agent or as an executor etc.

Personal transactions performed in the context of a portfolio management agreement are not reportable – provided that no related contact took place between the portfolio manager and the employee before the transaction was concluded – and nor are personal transactions reportable which involve funds of management companies other than Raiffeisen KAG that are not also managed or advised by Raiffeisen KAG.

Activities such as front-running or parallel-running are already prohibited under the Austrian Stock Exchange Act.

The compliance regulations contain further provisions regulating employee transactions.

The compliance office reviews the regulations for employee transactions on an ongoing basis.

**Invitations:** Employees of the management company receive invitations (both work-related events and social events) and gifts from third-party firms by virtue of their professional status.

**Invitations and gifts:** By virtue of their professional status, employees of the management company and its subsidiaries may accept gifts/invitations (work-related events and social events) and also provide such gifts/invitations (e.g. to customers, brokers, external managers, distribution partners or other management companies).

**Handling and resolution of the conflict of interest:** The criteria for the acceptance and for the grant of invitations and gifts are clearly defined in the compliance regulations. The regulations require that invitations and gifts may not be suitable

- to affect the recipient's decisions in a specific transaction;
- to cause conflicts of interest.

Regarding the provision of individual portfolio management – i.e. in particular, for the employees of the asset management department – the additional regulation is that in any case only the acceptance of certain minor benefits is allowed. This includes participation in work-related events (conferences, seminars, etc.), general information material on financial instruments or information material on new issuance and service during business meetings and work-related events.

**Investment of own assets:** The management company invests its own assets or assets held by the management company's unitholders and may select from the same investment universe as its funds/portfolios.

**Handling and resolution of the conflict of interest:** The individuals responsible for investing the assets of the management company or assets held by the management company's unitholders are covered by the applicable compliance regulations within the scope of this activity (investors' interests take priority). In case of doubts as to the permissibility of transactions, the compliance office shall be consulted beforehand.

**Investment of own assets in Raiffeisen KAG funds:** The management company invests its own assets.

**Handling and resolution of the conflict of interest:** In principle, Raiffeisen KAG may execute transactions which are necessary for the investment of its own assets. In particular, it may purchase its own fund unit certificates if this is in the interests of the unitholders (e.g. Raiffeisen KAG provides seed money for an investment fund) and if measures are implemented to counteract any conflicts of interest (e.g. the time of exit from the investment fund is defined ex ante, so that any information regarding a favorable time of exit cannot be exploited).

A **performance-based salary policy** at the management company might oblige a fund or portfolio manager to enter into an excessive level for risk in his transactions in order to realize or increase his bonus entitlements.

**Handling and resolution of the conflict of interest:** For all its employees, the management of the management company pursues a salary and compensation policy which is intended to prevent potential conflicts of interest and the abuse of insider information by these employees and by fund or portfolio managers in particular. For fund and portfolio managers especially, the management of the management company refrains from establishing financial incentives > stipulating bonus payments in relation to executed stock-exchange transactions or > bonus payments which make no reference to the risk component and are exclusively performance-oriented. Employees are remunerated in accordance with the rules and regulations laid down in InvFG, AIFMG and BWG as well as the management company's internal provisions in accordance with the defined investment process. The management stipulates outline conditions for the bonus arrangements and payments are subject to annual review for the company as a whole.

**Temporary loan of employees** between the management company and Raiffeisen Salzburg Invest GmbH (RSI) under the Austrian Act on the Loan of Employees (AÜG). The management company holds 100 % of the interests in RSI.

**Handling and resolution of the conflict of interest:** A contractual agreement between the management company and RSI ensures that

- the loaned employees may perform their work for the receiving partner with a sufficient degree of independence in relation to the lending partner;
- the loaned employees are granted a sufficient amount of time for their work on behalf of the receiving partner;
- the loaned employees are obliged to comply with data protection and confidentiality rules in relation to facts and circumstances which become known to them due to or in connection with this loan of personnel;
- neither the management company nor RSI will entice loaned employees through financial or other incentives to prioritize the interests of the clients or the funds of one of the partners over those of the other.

**Transfer of tasks to affiliates** within the Raiffeisen Banking Group (e.g. personnel management and IT services).

**Handling and resolution of the conflict of interest:** The transfer of tasks to affiliates within the Raiffeisen Banking Group does not normally lead to conflicts of interest, particularly since the fee for services thus received is paid by the management company and is not deducted from the fund.

**IPOs:** Allocation of securities issues in the case of participation in stock market flotations (IPOs) to the management company's funds – based on the assumption that, in the context of IPOs, significant price rises may be realized in certain market phases since demand generally exceeds supply.

**Handling and resolution of the conflict of interest:** The management company pursues the goal of fairly apportioning issues and allocated securities to its funds. It does so on the basis of the strategies and investment decisions adopted by the fund manager responsible for a fund, the investment universe and the investment goal for the fund in question. All fund managers are free to participate in IPOs that coincide with the investment goals of their portfolios. As a rule, fund managers place their orders directly with a suitable broker. Where several similar portfolios are managed or several fund managers' orders are collated and a reduced allocation occurs, where applicable the allocation to portfolios shall be implemented on a pro rata basis ("pro rata allocation"). The order and trading desks are jointly responsible for this.

**Handling of part-execution of orders**

**Handling and resolution of the conflict of interest:** The pooling of orders for various funds, or of orders for funds and orders for account of the management company, is not permissible unless it is unlikely that the pooling of orders for a fund is disadvantageous. In this case, the following principle applies: The planned transaction will be registered in advance in relevant systems and a prorate allocation to the respective funds is carried out. In exceptional cases, deviations from the prorate allocation may be admissible. Decisions will be made in consultation with the compliance office.

Where fund orders are pooled with orders for own account, the approach taken may not be to the disadvantage of the funds or the clients. If part-executions are performed in this case, the allocation of the respective transactions shall give priority to the funds or customers over the own-account transactions.

**Raiffeisen Banking Group:** Use of companies incorporated in the Raiffeisen Banking Group as the counterpart for transactions may lead to increased charges for clients.

**Handling and resolution of the conflict of interest:** The management company's Best Execution Policy establishes the framework for handling transactions with companies incorporated in the Raiffeisen Banking Group. The management company decides on the selection of the counterpart through which transactions are to be executed for the funds in accordance with objective criteria and exclusively in the interests of investors and the market's integrity, thus acting with the appropriate level of caution for prudent and diligent management. It only places orders with counterparties guaranteeing optimal compliance with clients' interests in the overall context. The management company shall act with special caution where transactions are executed for investment funds through "associates". Furthermore, the management company must comply with the Code of Conduct of the Austrian Investment Industry that also sets out best execution guidelines. In this context, best execution means that the execution of transactions is to be assessed on the basis of price, quality, operational risks and internal expenditure and that partners must therefore be selected on the basis of these characteristics. This means that the best bidder will be selected rather than the cheapest bidder.

**Utilization of own funds:** Within the framework of fund management/fund of funds management, for its "investment funds" securities category the management company will mainly select its own funds and supplement these with third-party products.

**Handling and resolution of the conflict of interest:** In its subfund selection for the management company's funds, where they are suitable for the fund in question the management company will mainly select subfunds from among its existing funds. Third-party products will be included where use of the management company's funds as subfunds is not in its clients' best interests. In its selection of suitable third-party subfunds, the management company consults the results provided by the management company's fund selection process. Accordingly, fund selection is the outcome of a clearly-structured, objective and comprehensible process where no restrictions apply with respect to individual fund companies and in which the management company's funds are subject to the same criteria as third-party funds. Please see "Use of 'group products'" for details of the fund selection process. Clients may obtain information regarding the costs resulting for a fund through the use of subfunds, together with the fund's other costs, in the form of the current costs detailed in the key information documents and in the form of the maximum management fee applicable to the invested subfunds specified in the prospectus and in the information for investors pursuant to § 21 AIFMG.

**Relationship between fund of funds and subfunds/master UCITS and feeder UCITS:** The following conflicts of interest apply in the event that funds of funds invest in subfunds managed by the management company or feeder UCITS invest in a master UCITS managed by the management company:

**Conflict of interest between fund of funds and target funds/master UCITS and feeder UCITS:** In case of a deterioration in the liquidity structure of the target fund/master UCITS, the interest of the investing fund of funds/feeder UCITS will lie in an exit. On the other hand, the target fund/master UCITS has an interest in the fund of funds/feeder UCITS remaining invested or even acquiring additional units, which would in turn improve the liquidity structure.

**Conflict of interest between fund of funds and other target fund investors/ feeder UCITS and other master UCITS investors:** Here too, in case of a deterioration in the liquidity of the target fund/master UCITS the fund of funds/feeder UCITS managed by the same management company will have additional information not available to the unitholders (in relation to the liquidity structure of the target fund/master UCITS). An exit made by the fund of funds/feeder UCITS on account of this information would result in a further deterioration in the liquidity structure of the target fund/master UCITS and therefore run counter to the interests of the other unitholders.

**Handling and resolution of these conflicts of interest:** If the relevant funds are managed by departments which belong to different areas of responsibility, this type of management will safeguard the interests of the investors. However, if the relevant funds are managed by the same department, there is a need to ensure that the interests of the investors are safeguarded – particularly in relation to any fund suspensions – with the involvement of the compliance office, the management and the fund's management.

**Seed money:** In individual cases, the seed money for the issuance of funds is provided by the management company's (funds of) funds. A fund of the management company may also be purchased subsequently by another fund (of funds) of the management company. Once a fund has been issued and the money invested, the (fund of) funds may withdraw from the subfund. This results in respective charges for the relevant subfund.

**Handling and resolution of the conflict of interest:** The management company's (funds of) funds may purchase funds of the management company if the target fund complies with the acquiring fund's investment strategy. In the case of a subsequent sale, within the framework of the strategy of the (fund of) fund, the greatest possible consideration is given to the fund being sold.

The **custodian bank/custodian** of the management company, at present Raiffeisen Bank International AG, is part of the Raiffeisen Banking Group, as is the management company itself. This could lead to higher expenses for funds or clients.

**Handling and resolution of the conflict of interest:** In terms of transaction costs and the custodian's keeping of the securities accounts, the funds are charged market fees. The fees/costs that are charged are regularly negotiated between the management company and the custodian banks/custodians. In the case of public or institutional funds, fees/costs may be differentiated. However, they are always within the range of normal market costs applicable to the respective fund categories.

**Raiffeisen Banking Group products:** Alongside other products, securities issued by companies in the Raiffeisen Banking Group (e.g. bonds issued by a Raiffeisen regional bank) may also be used as part of the management company's fund management.

**Handling and resolution of the conflict of interest:** The interests of the funds in question, compatibility with their investment goals and investment strategy and the applicable investment regulations and limits regulate the framework for the use of products issued by companies within the corporate group. Within the framework of the investment process additional criteria are formulated in line with investor interests. Investment in a Raiffeisen issue will only be possible subject to their fulfillment.

**Redemptions:** Unitholders in a fund request the redemption of their fund units during tight market phases. The securities featured in the fund are subject to varying degrees of liquidity and, in some cases, can only be sold subject to price markdowns.

**Handling and resolution of the conflict of interest:** In case of a sale of securities for the purpose of redemptions of unit certificates, fund managers are to ensure that the portfolio structure retains a balanced composition following the sale. A sale of securities subject to price markdowns is only possible to a limited extent, and such price markdowns may not be significant. Otherwise, other legal steps must be considered, with a suspension of redemption of fund units as the final option. The management company has regulated the procedure in case of the suspension of redemption of unit certificates in a service instruction.

**Transactions between funds:** A fund of the management company sells securities to another fund of this management company. The selling fund has an interest in realizing a price which is as high as possible, the purchasing fund has an interest in a price which is as low as possible.

**Handling and resolution of the conflict of interest:** Fund assets of UCITS/AIF (alternative investment funds) are valued by Raiffeisen KAG in accordance with the applicable statutory requirements and on the basis of the general and specific valuation principles. Criteria are stipulated here which correspond to statutory requirements. Transactions may be executed between two funds of the management company on the basis of the price determined by Raiffeisen KAG or of a daily (mixed) price documented by the fund management (with the aim of eliminating bid/offer spreads for the benefit of both funds).

**Compensation:** In case of damage suffered by a fund and subject to reimbursement by the management company, the management company has an interest in establishing a volume of damage which is as low as possible, unlike the unitholders who have an interest in establishing a volume of damage which is as high as possible (high compensation). The same applies for damage suffered by funds whose fund management has been outsourced to a third party and which are subject to reimbursement by the third party.

**Handling and resolution of the conflict of interest:** The damage calculation is performed by an agency which is independent of the internal or external fund management, in coordination with the fund's auditor.

In scenarios featuring **low levels of market liquidity**, the management company might consider investments by other funds of the management company in the low-liquidity fund of the management company, in order to increase its liquidity.

**Handling and resolution of the conflict of interest:** Purchasing of units in low-liquidity funds of the management company by other funds of the management company is only conceivable if this is not detrimental to the interests of the unitholders of the two funds and this purchase is compatible with the investment strategy of the absorbing fund and is covered by the investment guidelines.

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**Procurement of free research services:** Raiffeisen KAG obtains free research material on a case-by-case basis from trading partners/brokers.

**Handling and resolution of the conflict of interest:** This research material will only be collected if it is used for the purpose of enhancing the quality of the management company's services and the management company is not prevented from duly acting in the best interests of the unitholders. In particular, the optimal execution of trading decisions for managed funds must be ensured.

**Use of prime brokers:** A prime broker which acts as a business partner of an AIF (e.g. special funds, other asset portfolios and pension investment funds) may not act as a custodian for this AIF. Except in case of a functional and hierarchical distinction in terms of its custodian function and its tasks as a prime broker and subject to due identification, management and monitoring of potential conflicts of interest and their disclosure to investors in the AIF.

**Handling and resolution of the conflict of interest:** The management company does not employ any prime brokers.

The management company may **assign tasks to other service providers** (e.g. delegate management of a fund). This may include companies in the Raiffeisen group. It is possible that (potential) contractors may perform other activities which give rise to conflicts of interest in relation to the task assigned by the management company.

**Handling and resolution of the conflict of interest:** The management company will take the interests of its investors into consideration even when assigning tasks to third parties.

Commissioned managers are thus obliged:

- to implement suitable measures to identify conflicts of interest in connection with management,
- to establish internal principles for avoidance of identified conflicts of interest and
- to notify the management company of any unavoidable conflicts of interest.

Subject to consent from the management company for the commissioned manager to forward any tasks assigned to him to third parties (sub-delegation), besides other preconditions this requires prior identification of any conflicts of interest resulting from sub-delegation, and their resolution in line with the conflict of interest policy or disclosure to the management company.

Any remuneration (incl. any kickback payments) which the management company, the custodian bank/custodian or an involved third party (e.g. manager) receives for transactions executed for a fund will be passed on to the fund in question.

In outsourcing tasks, the management company will ensure that normal market fees are charged.

**Use of 'group products':** Within the framework of portfolio management, in addition to third-party products funds of Raiffeisen Kapitalanlage GmbH and Raiffeisen Immobilien Kapitalanlage GmbH (jointly: Raiffeisen Capital Management funds) might be used to achieve optimal performance for invested client assets.

**Handling and resolution of the conflict of interest:** Fund selection is implemented subject to a clearly-structured, objective and comprehensible process (Raiffeisen Capital Management fund selection process). There are no restrictions in respect of individual fund companies. The Raiffeisen Capital Management fund selection process ensures that Raiffeisen Capital Management funds are subject to the same criteria as third-party funds and have the same opportunities for possible selection by the portfolio's management. The fund selection process is based on quantitative and qualitative analysis. In the quantitative analysis process the historical performance of individual funds is evaluated on the basis of various ratios. The historical performance for at least three years is included. The results of the quantitative analysis provide an important input for qualitative analysis. For evaluation of the quantitative criteria an in-house, computer-based evaluation program is used which assesses the investment funds in accordance with pre-defined criteria. This ensures an objective quantitative evaluation which is independent of personal considerations. The characteristics of the individual funds are assessed within the framework of the qualitative analysis through contact with the relevant fund company. The goal is to obtain precise knowledge of the investment philosophy, investment process, risk management etc. for the fund/fund company. Analysis of the strengths and weaknesses of the individual funds in various market phases is another important aspect. In addition, within the framework of the qualitative analysis, qualitative and quantitative elements are linked (e.g. style analysis). The analysis is rounded off with analysis of the fund composition in terms of region/industry structure and the current positioning and market assessment of the fund's management. In the segment of the absolute return-oriented funds, in combination with the market phase analysis and correlation analysis qualitative analysis has a particularly high status. Continuous monitoring of the selected investment funds is a matter of course.

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**Non- or part-execution:** In case of limited capacities for investments in financial instruments – e.g. due to soft or hard closings for a fund (i.e. only a limited number of units are issued or issuance of units is cancelled) or limited allocations in case of equity issues or for part-executions of security orders (purchases and sales) it is possible that orders implemented for clients cannot be executed or cannot be fully executed.

**Handling and resolution of the conflict of interest:** A specific trade volume for one or more client portfolios or funds may only be ordered after specifying the quantity-based part-volumes for each client or fund. In principle, securities will be allocated to a client portfolio prior to execution of the orders. Where limited capacities lead to reductions in the financial instruments ordered for asset management clients, the allocation to clients' securities accounts will be implemented pro rata on the basis of a clearly formulated allocation policy. Where the minimum volume is undershot for individual clients in case of part-execution of an order, the order will not be billed for these clients and the corresponding number of units will be allocated to the remaining clients pro rata.

**Knowledge of the execution price:** Conflicts of interest may occur in portfolio management in that securities orders (purchases and sales) are only allocated to a client securities account or a fund after they have been executed on or off the stock exchange and thus in the knowledge of the execution price.

**Handling and resolution of the conflict of interest:** A specific trade volume for one or more client portfolios or funds may only be ordered after specifying the quantity-based part-volumes for each client or fund. Securities will be allocated to a client portfolio or a fund prior to execution of the orders. This will ensure that individual client portfolios or funds are not given preference in the knowledge of favorable execution costs and prices.

**Discounts on or reimbursements of management fees:** The management company may grant discounts on or reimbursements of the management fee in the case of large investments, thus the percentage of the management fee charged to unitholders can be different.

**Handling and resolution of the conflict of interest:** These discounts on or reimbursements of the management fee are only granted if they are in the interest of all unitholders in relation to the increase in fund volume and possible size advantages in the fund management. In this way, unitholders who do not receive any reductions or remunerations also benefit from the larger fund volume (degression of fixed cost).

### Conflicts of interest in the sales units and how to handle/resolve them (sales)

**Clients' interests in counter transactions:** In relation to institutional investors, sales targets may conflict with clients' interests in counter transactions such as if a potential investor is simultaneously a product supplier (e.g. target fund for fund investments).

**Handling and resolution of the conflict of interest:** In organizational terms, the sales units are clearly distinct from the investment decisions made by the management company. No instructions can be issued in either direction. The sales units are not permitted to influence fund and portfolio management investment decisions.

When **specifying fees** for asset management services there may be a conflict between, on the one hand, owner requirements (production costs, margins) and, on the other, the client's interest in the managed portfolio's net performance.

**Handling and resolution of the conflict of interest:** The fees for the management company's products are specified on the basis of a fees policy laid down by the management which gives consideration both to production costs and to market circumstances. This leaves the sales department with clearly defined leeway for fee decisions. The fees are agreed with the client and disclosed to the clients in a complete and transparent form. In this context, the management company provides notice to its clients of its adherence to a quality-oriented price policy in accordance with market conditions.

**Earnings targets applicable to sales staff** may establish an incentive to offer the client products with higher management fees.

**Handling and resolution of the conflict of interest:** Within the framework of the service, investor requirements (in particular, yield targets and risk tolerance) will be registered and documented by means of a structured process. The sales employees must comply with these client requirements when providing investment and product proposals. In principle, they must offer products whose yield potential is able to fulfill the client's yield expectation with the lowest possible level of risk. In addition, the following criteria apply to ensure that the achievement of rapid sales success plays a lesser role: achievement of sales targets via long-term client relationships and the extent of support provided for the client in terms of the number of support meetings and the handling of the client relationship.

### 3. General measures for avoiding conflicts of interest

#### 3.1 Creation of areas of responsibility

The management company has drawn up a compliance policy which is valid throughout the corporate group and is accessible to all employees electronically at any time. This compliance manual defines confidential business fields so as to prevent the exchange of information between persons such as might lead to a conflict of interest. Where an exchange of information between the defined business fields is unavoidable in individual cases, this must be notified to the compliance office which will then implement the required measures.

#### 3.2 Keeping of a conflict of interest register

The compliance office keeps a conflict-of-interest register in which, as necessary, records are kept on conflicts of interest occurring during day-to-day business activities. A conflict notification form is available to all employees through the compliance database. The reported conflict-of-interest scenarios provide the basis for ongoing adaptation of this policy.

#### 3.3 Additional measures

##### Employee training

Compliance training for employees takes place on a regular basis. Participation in any specific-purpose training is mandatory for all employees whose attendance is requested by the compliance team. New employees must complete compliance training within one month of joining the company.

##### Regular reporting to the responsible management

The compliance office reports quarterly on its activities to the management of the management company.

##### Ongoing auditing by the management company's internal auditing division

The management company's internal auditing division performs an annual audit of the compliance organization of the management company.

### 4. Publication and updating of the conflict of interest policy

This conflict of interest policy will be published on the internet in the Corporate Governance menu on the website [www.rcm.at](http://www.rcm.at). Where necessary, the current policy is reviewed for its up-to-dateness on the spot; otherwise, it is reviewed at least once a year.