

Conflicts of interests



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1. General

1.1. Purpose and basis

Carlisle Asset Management SCA (hereinafter “CMC”, the “Company” or the “AIFM”) has established this conflicts of interest policy to identify any situation in which activities carried out could constitute or may give rise to conflicts of interest, entailing risks of damage to the funds managed by the AIFM (hereinafter the “Funds”).

This Policy describes the processes established by the AIFM in relation to the identification, management and disclosure of such situations.

This policy must in particular:

- identify the circumstances, while also taking into account relationships with other members of the Company, which give rise or are likely to give rise to a conflict of interest entailing a material risk of affecting the interests of the Funds
- contain the procedures to be followed and the measures to be taken to manage these conflicts of interest and establish appropriate segregation of duties and activities

1.2. Applicability and ratification

This procedure is ratified by the Board of Managers of the AIFM’s General Partner and may be amended from time to time. It applies to all funds managed by the AIFM (the “AIFs”).

A list of AIFs managed by the AIFM is maintained by the Compliance Officer and reported on a quarterly basis to the CSSF. Such list provides for the investment vehicles covered by this Remuneration Policy.

Furthermore, the Board of Managers of the General Partner ensured that all external service providers of services delegated by the AIFM and its AIFs adhere to this procedure or have implemented similar processes aiming at detecting and preventing conflicts of interest. This adherence of existence is evidenced by formal confirmation from external service providers of services delegated by the AIFM and its AIFs, and shall be reviewed regularly when processing with the periodic Due Diligence review.

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It is applicable to all employees and officers of Carlisle Management and is made available to them in its most recent version. It enters into force with immediate effect.

2. Regulatory background

The Conflict of Interest Policy (the “Policy”) is designed with a view to complying with the requirements set out in:

- The law of 12 July 2013 relating to alternative investment fund managers (the “AIFM Law”) managing Alternative Investment Funds (“AIFs”);
- The Directive 2011/61/UE of the European Parliament and of the Council;
- The Commission Delegated Regulation (EU) No 231/2013;
- the CSSF Circular 18/698 - Section 5.5.7. (“Conflict of interests management”),
- Regulation 10-4

3. Procedure

3.1. Circumstances likely to give rise to a conflict of interest

The Operations Manual stipulates that the AIFM and its employees and officers shall maintain high professional and ethical standards in connection with its activities. According to the Financial code of conduct procedure conflicts of interest shall be avoided and, if they exist, must be disclosed. “Fair Allocation” procedure governs the fair and equitable treatment of investment opportunities to AIFM’s clients in order to avoid conflicts of interests. Conflicts of interest

Once identified, conflicts of interests should be listed in a register (the “Conflict of Interest Register”) summarising the main elements of such conflicts of Interests. Such records shall be reviewed on an ongoing basis by the Compliance Officer and presented to the Board on a regular basis and at least annually.

Conflicts of interests arise when a Fund, a relevant person or a person directly or indirectly linked by way of control to the AIFs managed by the AIFM or to the AIFM itself:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the AIFs or their investors;

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- has an interest in the outcome of a service or an activity provided to the AIFs or their investors or to a client or of a transaction carried out on behalf of the AIFs or a client or the AIFM itself, which is distinct from the interest of the concerned AIF or AIFM in that outcome;
- has a financial or other incentive to favour:
 - o the interest of a client or group of clients or a Fund over the interest of another Fund;
 - o the interest of one investor over the interest of another investor or group of investors in the same Fund.
- carries out the same activities for a Fund and for another Fund or client; or receives or will receive from a person other than the concerned AIF or its investors an inducement in relation to collective portfolio management activities provided to the AIFs, in the form of monies, goods or services other than the standard commission or fee for that service.
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Conflicts of interest are generally prevented by ensuring that actions taken by the AIFM are in the best interests of the Funds and are taken independently of the interests of the AIFM and/or of other Funds where relevant.

The Conducting Officer in charge of the Compliance Function and, whenever necessary the Board of Managers of the AIFM, will identify and manage an actual or potential conflict of interest, which could materially affect the interests of the Funds and/or the AIFM.

Where an employee becomes aware of circumstances, which he/she believes could constitute a conflict of interest, and is likely to have a material impact on the interests of a Fund managed by the AIFM, he/she shall report the matter to the Chief Compliance Officer.

3.2. Control of the exchange information

As a principle, any employees of the AIFM refrain from sharing information that may be detrimental to the interests of a Fund.

In particular, where an employee is employed by another legal entity within the AIFM and/or by another entity in addition to its employment contract with the AIFM, the latter should be aware of the obligation to preserve secrecy and does not exchange information with the legal entity within the and/or the other entity, where the exchange of that information could harm the interests(s) of one or more Fund.

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3.3. Professional ethics and rules

The AIFM is committed to take all reasonable steps to avoid conflicts of interest.

Where conflicts of interest cannot be avoided, the AIFM makes every effort to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs and their investors and to ensure that the AIFs it manages are fairly treated.

The AIFM expects all professionals to:

1. Ensure that conflicts of interests within the AIFM, investors, service providers or other third parties are avoided where possible
2. Conduct themselves, in their actions and business decisions, in such a way as to ensure that their private and personal interests do not interfere with the interests of the AIFM or any of its stakeholders, including conflicts related to a personal, financial or other type of personal gain
3. Inform the Compliance Officer should a conflict of interest come to light or be suspected
4. Provide sufficient information to the AIFM in relation to any possible conflict of interest, for example, in relation to another role outside of the AIFM.
5. Refuse any gifts or entertainment or other perks from investors, service providers or third parties, outside of the usual and accepted business practice
6. Report to the Compliance Officer any gifts or entertainment or other perks received within the usual and accepted business practice
7. Not offer gifts or entertainment or other perks to investors, service providers or third parties, outside of the usual and accepted business practice

3.4. Procedures to be followed and measures to be taken to manage these conflicts of interest and segregation of duties:

In order to avoid conflicts of interests, the following provisions shall be adhered to:

- unless otherwise explicitly decided by the Board of Managers of the General Partner, neither a Board member, Senior Manager, nor any other officer of the AIFM or of the AIFs shall have single signing authority;

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- all investment decisions will be made by the AIFM / Investment Manager to whom the management of the AIFs has been delegated. All investment decisions in this connection will then be checked by the AIFM's independent risk management function and implemented by the relevant parties as requested;
- all agreements entered into on behalf of the AIFs with any new service provider shall be either preapproved or at least ratified by the entire Board of Managers of the General Partner of the AIFM;
- Any agreement entered into on behalf of an AIF with service provider with which a conflict of interest has been identified must be executed by the entire Board of Managers of the General Partner of the AIFM,
- The following independence criteria shall apply:
 - o the risk management function must be hierarchically and functionally independent from the investment management function.
 - o AIFM's employees, officers and service providers shall share confidential information relating to the AIFM and the AIFs on a need-to-know basis only;
- Employees and officers who are responsible for control activities such as risk management and compliance or for the AIFM's accounting or for the operations of the AIFs managed shall be functionally separated from any portfolio management activity. Likewise, service providers providing such services (e.g. fund accounting, transfer and register agent, etc.) shall be supervised by individuals who are not involved in making investment decisions;
- Remuneration for different types of activities that are performed by the same individual or party and that may be subject to conflicts of interest shall not be directly linked;
- The AIFM, its employees, officers and service providers shall not exercise influence over the way portfolio management activities are carried out in a manner that would foster conflicts of interests;
- AIFM's employees, officers and service providers shall only be involved simultaneously or sequentially in other portfolio management activities that do not give rise to conflicts of interest;
- The AIFM shall put into place procedures to adequately avoid and manage conflicts of interests. Employees, officers and service providers shall acknowledge such regulations and instructions and adhere to them;
- The Board of Managers of the General Partner shall record any conflict of interest in a separate register which is open to inspection;
- Employees, officers and service providers of shall report conflicts of interests to the Compliance officer;

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- On an annual basis, the Compliance officer informs the Board of Managers of the General Partner in writing on conflicts of interest that were identified during the preceding twelve months and on the effectiveness of the safeguards to prevent conflicts of interest, including proposed remedial action to address deficiencies, if any. The Board of Managers of the General Partner deliberates and resolves on measures to be taken, if any;
- The Board of Managers of the General Partner shall inform in writing investors and, where deemed necessary potential investors, of material conflicts of interests relating to AIFM's operating conditions and its organisational arrangements with regards to handling conflicts of interests. Such information may be disclosed within the PPM of the concerned AIF or by way of a letter.
- The AIFM shall not misuse information related to pending AIF orders, and shall take all reasonable steps to prevent the misuse of such information by any of their relevant persons.

4. Conflict of Interest Register

On an ongoing basis, the Compliance Officer maintains a Conflict of Interest register recording the types of activities which it carries out itself or which are carried out on its behalf and for which a conflict of interests entailing a material risk of prejudice to the interests of one or more UCIs or investors in these AIFs has occurred or, in the case of a continuous activity, is likely to occur. The register in question is specific to the organisation and activities of the AIFM.

The register contains the following information:

- a description of the conflict of interest (whether potential or actual)
- the identification of the person or department concerned by the conflict of interest
- the date on which the existing or potential conflict of interest occurred or was identified
- the potential and proven impacts of the conflict of interest
- a description of the solutions envisaged and the measures adopted
- where applicable, the investor information procedures.

Upon request, the Conflict of Interest Register shall be made available by the AIFM to the supervisory authorities and internal control functions.

5. Remuneration principles

➤ Conflict of interest

The AIFM has adopted a remuneration policy and ensures that principles for remuneration of employees, especially incentive compensation, do not conflict with the interests of the Funds, promote a sound and prudent risk management and do not give rise to a conflict of interest.

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In particular, the remuneration policy of the AIFM ensures that any direct remuneration link is removed between persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in another activity, where a potential conflict of interest may arise in relation to those activities (e.g. the remuneration of the employees working for the internal audit function is not linked to the performance of the compliance and risk management functions).

➤ Disclosure

The AIFM will disclose details of its remuneration arrangements through a periodic disclosure in the annual report of the Company and as part of the public disclosure in the financial statements of the Funds. The AIFM will ensure that the disclosure is clear and easily understandable and accessible. Without prejudice to confidentiality and applicable data protection legislation and due to its size and non-complexity the AIFM will provide some qualitative information and basic quantitative information regarding its practices for members of staff whose professional activities have a material impact on the risk profile of the Funds, as well as providing general information about the basic characteristics of the AIFM's remuneration policies and practices in line with the Remuneration Requirements.

The full remuneration policy is available at the registered office upon request of the investors.

6. Personal transactions

The AIFM has also adopted a procedure for personal transaction to ensure that employees trading in securities for themselves and for the account of closely related persons do not give rise to any conflict of interest.

7. Delegation

The AIFM has a number of counterparties, service providers and commercial partners. As a rule, any delegation of function or appointment of business partner will be assessed ex-ante and on an ongoing basis in order to ensure that:

- The delegation relationship does not create a conflict of interest situation at the AIFM level; and
- The delegate has established an adequate conflicts of interest monitoring process.

To avoid any rise of potential or actual conflicts of interest, the AIFM ensures that all functions, which are delegated to any legal entity, are on an arm's length basis.