

# Policy «Dealing with conflicts of interest»

## Introduction

Bellevue Asset Management AG takes the necessary precautions to identify and avoid conflicts of interest in its business activities and to protect investors from disadvantages. The aim is to protect its reputation as a manager of collective assets with integrity and fairness, to comply with regulatory requirements and to maintain the trust of its clients and business partners. Bellevue Asset Management AG's actions are geared towards aligning its own interests, those of its employees and shareholders with the interests of its clients. To this end, employees are committed to the highest ethical standards.

In order to prevent Bellevue Asset Management AG's services from being influenced by extraneous interests, the operational and organizational structure is multi-level and takes into account an appropriate separation of functions. An effective internal control system aims in particular to identify potential conflicts of interest and to avoid them by taking appropriate measures. If a conflict of interest cannot be avoided, it is disclosed to the customer. The Executive Board has issued a directive 'Dealing with Conflicts of Interest', which is reviewed on an annual basis and disclosed to investors upon request.

In addition, Bellevue Asset Management AG complies at all times with the Swiss Banking Directive "Ensuring the Independence of Financial Research" of January 2008 (updated January 2018).

## 1. SCOPE AND PURPOSE

### 1.1. Scope

This policy applies to all employees of Bellevue Asset Management AG (hereafter „**BAM**“) including subsidiaries.

### 1.2. Purpose

This policy sets out BAM's guidelines for dealing with conflicts of interest with the aim of protecting BAM's reputation as an honest and fair asset management company, complying with regulatory requirements and maintaining the trust of clients and business partners.

## 2. TERM

Conflicts of interest can arise between BAM and its clients, between different BAM clients or between clients and BAM employees. They may also arise between BAM and other financial services companies (including BAM group companies).

Conflicts of interest may arise in particular (comparison in this respect Art. 25-27 FinSA, respectively Art. 24-30 Finso):

- BAM's own interest in the sale of financial products of the group;
- through performance-related remuneration of employees;

- through the acquisition of insider information;
- from private securities transactions of employees;
- in connection with the secondary employment of employees.

### 3. PRINCIPLE

BAM's actions are aimed at reconciling the interests of BAM, its employees and shareholders with those of its clients. To this end, BAM and its employees are committed to the highest ethical standards.

However, in a company that provides a wide range of high-quality financial services to its clients, individual conflicts of interest cannot always be completely ruled out. BAM has therefore taken a number of measures to avoid potential conflicts of interest from the outset.

### 4. MEASURES TO AVOID CONFLICTS OF INTEREST

#### 4.1. Organisational measures

In order to avoid that BAM's services are influenced by extraneous interests, BAM's operational and organisational structure is multi-tiered and takes into account an appropriate separation of functions.

BAM has an effective internal control system which is responsible, among other things, for monitoring the persons responsible for the provision of services with regard to compliance with the applicable legal and regulatory provisions; this is done in particular with the aim of identifying possible conflicts of interest, avoiding them by appropriate organisational measures or - if this is not possible - disclosing them. BAM's employees must observe BAM's organisational and process descriptions in the course of their work. They are continuously trained and are advised and monitored by Compliance within the scope of its activities.

#### 4.2. Dealing with grants

BAM generally does not accept retrocessions or similar services from third parties (kick-backs, finder's fees, portfolio maintenance commissions, etc.). If BAM nevertheless receives such benefits in exceptional cases, these will be reimbursed to the customer. If compensation cannot be passed on due to its nature, it must be disclosed as a conflict of interest (see also point 4.5)

Similarly, BAM does not enter into *commission sharing agreements* or accept payments in kind in the form of "soft commissions" or services compensated for by such payments.

On the other hand, BAM may accept minor non-monetary benefits such as information material and training from third parties which are suitable for improving the quality of the service provided to the client and which are reasonable and proportionate in terms of their scope and nature. The non-monetary benefits must be disclosed as a conflict of interest to Compliance.

BAM may pay performance-related commissions and fixed fees to third parties who provide BAM with clients or individual transactions. The direction of such payments will be disclosed to the customer in individual cases.

The handling of grants is regulated in the directive "Inducements".

#### **4.3. Dealing with gifts and other monetary benefits for employees**

Gifts, invitations and other monetary benefits from third parties may only be accepted by BAM employees if they are of a trivial nature or are customary occasional gifts.

- Gifts in the form of cash or securities are prohibited in all cases
- Gifts with an amount between CHF 200 and CHF 500 must be disclosed (Information to Compliance via Gift & Entertainment entry in ComplySci)
- Gifts, invitations and other monetary benefits from third parties exceeding CHF 500 may not be accepted.

Gifts to an employee's close relatives are treated analogously. Related parties are the spouse or life partner and children of an employee.

#### **4.4. Approval of secondary employment**

Sideline activities of employees, in particular their participation in administrative and advisory boards, require the prior approval of the Executive Board and the Board of Directors. For members of the Executive Board, approval of non-group directorships, foundation boards or similar mandated must be obtained from both the Executive Board and the Board of Directors.

Employees are responsible for promptly reporting their outside activities to Compliance via ComplySci ("Outside Affiliation").

Compliance periodically inform the Executive Committee and the Board of Directors about outside activities.

#### **4.5. Further measures**

BAM has also taken the following measures in particular to avoid conflicts of interest:

- Use of group-owned financial products only if this appears appropriate in view of the quality of the products;
- allocation of collective orders when orders are placed;
- execution of client orders in the best interest of the client (best execution);
- regulations on the handling of insider information, such as the maintenance of watch and restricted lists and the establishment of confidentiality areas;
- prohibition of front, parallel and after running;
- Regulation and ongoing monitoring of the personal securities transactions of employees;
- regulation of the salary and remuneration policy.

Compliance regularly identifies and documents potential conflicts of interest. If these potential conflicts are not already dealt with in these guidelines, they must be listed by Compliance in a conflict register. In this sense, the conflict register contains details of actual or potential conflicts of interests that have arisen or may arise between BAM and its clients (or between clients of BAM). Employees ensure that Compliance is immediately informed of any actual or potential conflict of interest so that it can be managed and included in the conflict register.

Communication with clients regarding a specific conflict of interest or information on measures to avoid a specific conflict of interest is the responsibility of Compliance.

## **5. DISCLOSURE OF UNAVOIDABLE CONFLICTS OF INTEREST**

If conflicts of interest affecting the client cannot be avoided in individual cases by the measures described above, these must be disclosed to the client concerned in consultation with Compliance.

## **6. MONITORING**

Compliance with this directive is monitored by Legal & Compliance. Legal & Compliance informs the management immediately of any significant findings and, together with the responsible persons, defines appropriate measures to remedy the deficiencies identified.