



POLICY FOR MANAGING CONFLICT INTEREST

As required by applicable regulations on July 28th, 2016 the Company adopted the policy for managing conflict of interest.

This policy applies to the asset management services, to the marketing of shares or units of UCITS by the Company, and to the portfolio management services.

The policy is aimed at identifying circumstances which constitute or may give rise to a conflict of interests entailing a material risk of damage to the interests of one or more UCITS managed by the Company or their investors or of the clients, and also at defining the procedure and the measures to be adopted in order to avoid, manage and monitor such conflict.

With reference to the services provided by the Company, the policy identifies: i) the activities mainly exposed to the risk of conflict of interests, with particular attention to the activities of selection of investments and counterparties and of the exercise of voting rights, ii) the situations that should be considered as a conflict of interests, iii) the measures to be generally adopted by the Company to face conflicts situations and the specific measures applicable for certain type of conflict of interests.

The policy specifies also the characteristics that the organisational measures adopted to avoid and manage the conflict of interests should have, providing that those measures should be: i) suitable to avoid that the assets of UCITS is exposed to avoidable charges, ii) proportionate to the size and to the activities done by the Company, iii) appropriate to the entity of risks to which the interests of the UCITS, of the investors and of the clients are exposed.

With reference to the organizational measures for managing the conflict of interests identified the policy provides that the procedures for managing and preventing conflicts of interests, approved by the Company and periodically examined by the Board of Director, should be implemented by the CEO who monitors the ongoing adequacy with the support of the control functions.

The measuring of the levels of risk, included the market risk, associated with transactions in conflict of interests and the verification of compliance with limits by the different operating units is entrusted to the *Risk Management* function.

Irregularities in the management and breach of the provisions regulating the conflict of interests are verified by Statutory Auditors and *Compliance* function who inform the Board of Director in order to allow it to take all the necessary measures to manage the situation of conflict.

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In particular, the *Compliance* function should identify and evaluate the situation of conflict of interests that arise from time to time, considering any information received by the employees or by the person responsible of the operational functions of the Company.

The policy for managing conflict of interests identify the measure adopted by the Company to mitigate the conflict of interests, which are: i) opinion of the Investment Committee of the UCITS involved, if formed, or of the independent director; ii) organisational separation of the Relevant Subjects; iii) the adoption of a Ethical Code; iv) the adoption of a policy for personal operations, v) the adoption of a system of black list; vi) provisions of limits and prohibitions to the investments; vii) complete and comprehensible disclosure to the clients.

In addition to the abovementioned general measures the Company identified other specific procedures for the managing of conflict of interests that might arise in the activity of selection of the investments and of the counterparties and in connection with the exercise of voting rights.

The Company fixed a general rule to permit to *Compliance* function and to the CEO to evaluate the criticality level (low, middle and high) of the situations in which may arise a conflict of interest, distinguishing between potential and effective conflict of interests and, with reference to the second type, between neutralised, manageable and not governable.

The potential and effective neutralised conflict of interests are considered as not critical, the manageable ones as averagely critical and the not governable with the organisational measures adopted by the Company as highly critical.

The Company has also defined the procedure to be adopted and the involved persons if a new situation, which may cause a conflict of interest, arise: the Compliance function should inform the unit involved and the CEO and, with them, must evaluate the nature of the conflict, the possibility of a neutralisation, the measures to manage the conflict and the appropriate measure to manage and to monitor the situation that caused the conflict.

If a situation of conflict is considered with low criticality the policy provides that Compliance function, after a preliminary audit, promptly informs the Director of Consultancy Services, the Director of Investment area and the Commercial and Operations Director of the presence of this situation of conflict to permit them to manage the situation adopting all the necessary measures. The Board of Director should be informed by them of the conflict of interests and the measures adopted at the first meeting.

Otherwise, if the conflict of interests is considered with a superior criticality level, *Compliance* function has to inform the CEO who adopt all the appropriate measures, if consider the conflict with a middle criticality, or informs promptly the Board of Directors so that it decides the intervention method, if assume that it has a high criticality.



The Board of Director monitors the correct management of the conflict of interests with the support of *Compliance* function which draws, yearly, a prospectus showing any necessary information for the evaluation and the conflict of interests identified and the measures adopted by the Company.

The Company keeps a register filled in by the *Compliance* function which contains the situations that have arisen effective or potential conflict of interests.

The policy states a procedure for reporting conflict of interests which provides that anyone has information about a potential conflict of interests must inform the *Compliance* function who, considering the nature of the conflict, intervenes according to the methods specifically defined in the policy.

The adequacy and the effectiveness of the policy is regularly checked by the *Compliance* function and the *Internal Audit* function and reviewed in accordance with eventual amendments of the applicable laws and regulations or changes of the structure of the Company or of the supervisory bodies or of the UCITS managed by the Company.

The policy is brought to the knowledge of the receivers and of the clients throughout the publishing on the Company's website, is inserted in the agreements or in the pre-contractual documents given to the clients and published into the area intranet of the SGR.