



**Generali Investment Partner S.p.A. SGR**

## CONFLICTS OF INTEREST POLICY

Compliance function

**POLICY - EXTRACT**

[generali.com](http://generali.com)

# 1. Introduction

The identification, management and monitoring of conflicts of interest is of primary importance in the provision of investment and ancillary services and activities as well as in the provision of collective asset management services realized through the set-up and management of UCITS and AIFs.

In particular, asset managers are required to:

- identify the circumstances that give rise or could give rise to a conflict of interest likely to seriously damage the interests of one or more CIS<sup>1</sup> or one or more Investor / Client in the context of the activities and services provided.
- define the procedures to be followed and the measures to be taken to manage identified conflicts of interest.

In this context, this document illustrates the conflicts of interest management policy (the **Policy**) adopted by GIP taking into account the services and activities provided to its Clients and Investors, the current regulatory framework, including the industry self-regulations and, specifically, the "Protocollo di Autonomia per la gestione dei conflitti di interesse" issued by Assogestioni, as well as the guidelines issued by the Parent Company in order to ensure a coordinated approach to this issue by all companies belonging to the Generali Group for what specifically concerns the conflicts of interest that may arise between a company and its employees or as a consequence of employees behaviors.

This Policy also takes into account the provisions of article 6 of the Legislative Decree no. 58/1998 (Consolidated Law on Finance), with particular reference to paragraph 2-novies, according to which Members of the Board of Directors are obliged to abstain from resolutions in which they have an interest, on their own behalf or on behalf of third parties.

In accordance with the proportionality principle, this Policy considers the size and organization of the Company, the nature of its business as well as the type of Clients and Investors to which it provides services.

The Policy is subject to updates depending on the evolution of the Company's operations and the possible occurrence of new actual or potential conflicts.

# 2. General principles

GIP as an asset management company being part of the Generali Group which is composed by several companies operating in insurance, banking and asset management sectors, offers its services and products both to third parties and to Group Companies.

In this context, a conflict of interest may arise whenever GIP has a distinct interest in the outcome of a service provided to its Clients/ Investors or in the outcome of a transaction carried out on behalf of its Clients/ Investors/ CIS, which may result in a financial gain or prevention of a loss, at the expense of the Clients/ Investors/ CIS.

The conflict of interest may arise between:

- GIP, Relevant Persons<sup>2</sup> or Group companies<sup>3</sup> and one or more CIS managed by GIP and their investors;
- GIP, Relevant Persons or Group companies and GIP's Clients and other stakeholders;
- CIS managed by GIP;
- GIP's Clients and other stakeholders;
- one or more CIS and one or more Individual Mandate managed by GIP.

GIP considers, among the circumstances that likely give rise to a conflict of interest, the situations, including those arising at the time of the CIS set-up, which determine a conflict between:

- a) the interests of GIP itself or other delegated asset manager, including its relevant persons or any person or entity having close links with GIP itself or other delegated asset manager or a relevant person, and the interests of the CIS managed by GIP itself or other delegated asset manager or the interests of the participants in such CIS;
- b) the interests of the CIS, or of the Investors, and the interests of other CIS or of their participants;
- c) the interests of the CIS, or of the Investors, and the interests of another client of GIP itself or other delegated asset managers;
- d) the interests of two or more Clients of GIP itself or other delegated asset managers.

<sup>1</sup> Collective Investment Schemes, including both UCITS and AIFs managed by GIP, even under a delegation agreement. This means that this Policy applies also to CIS managed under a delegation agreement, irrespective from the additional obligations that GIP may undertake according to the specific delegation agreement

<sup>2</sup> Any of the following: - shareholders having a direct or indirect shareholding which implies the control of, or the possibility of exercising a significant influence on, the Company or that carries with it a share of 10 (ten) percent or more of the voting rights or of the capital; - members of corporate bodies, managers or financial salesmen of the Company; - Company employees, as well as any other natural person whose services are placed at the disposal and under the control of the Company and who takes part in the collective management service or in other investment services or activities performed by the Company itself; - natural persons who are directly involved in the provision of services to the Company under an outsourcing arrangement for the purpose of the provision of collective management

<sup>3</sup> Companies and entities belonging to the Group whose ultimate parent company is Assicurazioni Generali

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For the purpose of identifying the types of conflicts of interest that may arise in the course of managing CIS, GIP takes into account, in particular, whether GIP, a Relevant Person or a person directly or indirectly linked by way of control to GIP:

- a) is likely to make a financial gain, or avoid a financial loss, at the expense of the CIS or its Investors;
- b) has an interest in the outcome of a service or an activity provided to the CIS or its Investors or to a Client or of a transaction carried out on behalf of the CIS or a Client, which is distinct from the CIS's interest in that outcome;
- c) has a financial or other incentive to favor:
  - a. the interest of a UCITS, a Client/ group of Investors or another AIF over the interest of the AIF;
  - b. the interest of one Investor over the interest of another Investor or group of Investors in the same CIS;
- d) carries out the same activities for the AIF and for another AIF, a UCITS or Client; or
- e) receives or will receive from a person other than the CIS or its Investors an inducement in relation to collective portfolio management activities provided to the CIS, in the form of monies, goods or services other than the standard commission or fee for that service.

In general, and pursuant to the applicable regulatory requirements, the rules adopted by GIP to manage conflicts of interest are based on the following three pillars:

**Duty of identification:** GIP identifies, in connection with its activities and services, the circumstances that give rise or could give rise to conflicts of interest, whether actual or potential, that may be detrimental to the interests of GIP's Clients, stakeholders, managed CIS and Investors;

**Duty of organization:** GIP adopts procedures describing the methodology for identifying and managing conflicts of interest, whether actual or potential, which may affect its ability to act independently and could therefore damage the interests of GIP's Clients, stakeholders, managed CIS and Investors; in addition, said procedures describe the instances of relevant conflicts to which the so-called enhanced approval process and the respective measures apply;

**Duty of disclosure:** should GIP deems the organizational and administrative arrangements insufficient to prevent – with reasonable certainty – the risk of damaging its Clients / Investor's interests, prior to acting on their behalf, it shall inform them clearly of the nature and origin of the conflict of interest, so that Clients/ Investors can make an informed decision on the service being provided to them. With regard to the CIS managed by GIP, should the above-mentioned circumstances arise, the Board of Directors shall take the necessary decisions to ensure fair treatment of the CIS and their respective Investors.

### 3. Identification and management of conflicts of interest

For the identification of conflicts of interest, GIP takes into account, *inter alia*, whether GIP, a Relevant Person or a party falling under the Conflicting Entities List:

- o may realize a financial gain or avoid a financial loss, at the expense of the Clients and/or CIS / Investors;
- o has an interest in the outcome of the CIS or of the transaction carried out on behalf of the CIS and of the investment service, which is distinct from the interest of the CIS or of the Client;
- o has a financial or other incentive to favor the interests of another CIS or of other Clients over the interests of the CIS or of the Client concerned;
- o has a financial or other incentive to favor:
  - the interests of a CIS it manages, an Investor or group of Investors, over the interest of another CIS it manages or another Investor;
  - the interest of one Investor over the interest of another Investor or group of Investors belonging to the same CIS;
  - the interest of one Client over the interest of another Client or group of Clients;
- o carries out the same activities provided to its Clients, the CIS it manages, for another CIS or client or Investor;
- o receives or will receive from a third party, other than the CIS it manages or its Clients and/or Investors, an inducement in relation to the services provided to the CIS, as well as its Clients and/or Investors, in the form of money, goods or services other than the standard commission or fee for that service.

In order to identify all the circumstances from which conflicts of interest may arise, GIP takes into account all the services it provides, in particular:

- the provision of collective asset management services through the setting up, management and promotion of CIS, and the administration of relations with participants;
- the provision of Individual Portfolio Management service;
- the provision of Investment Advisory service;
- the marketing units or shares of its own and third-party CIS and the promotion of the investment services provided.
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Based on the specific outsourcing service level agreements in place, GIP has delegated to GIAM the following activities:

- Investments Stewardship;
- Engagement;
- Research

GIP uses GIAM for the Order Reception and Transmission (RTO) service use the RTO

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GIP also carries out promotional, marketing and commercial support activities, and some risk management services on behalf of GIAM, on the basis of specific outsourcing agreements.

GIP also carries out promotional and marketing activities for the products of several Group Entities<sup>4</sup>.

Taking into account the above services and activities as well as the relevant regulatory framework and the Protocollo di Autonomia Assogestioni, the cases of conflicts of interest identified in this Policy are aggregated in the following categories that must be considered as applicable to all the services and activities carried out by GIP:

- A. Financial instruments selection;
- B. Contractual counterparties selection;
- C. Exercise of voting rights attached to the assets under management;
- D. Other cases of conflicts of interest, which may be typical of/peculiar to GIP's operations and which generally do not fall within the previously mentioned categories.

The measures for managing each category of conflicts of interest are listed below.

**A. Financial instruments selection;**

- A.1. Investment in Financial Instruments issued by Group Companies or Participating Companies
- A.2. Investment in Financial Instruments placed by Group companies or Participating Companies
- A.3. Investment in units or shares of Conflicting Collective Undertakings
- A.4. Investment in Financial Instruments of an issuer in which a Group company or a Participating company has a significant interest
- A.5. Investment in Financial Instruments of an issuer having a significant interest in a Group company or in a Participating company
- A.6. Investment in Financial Instruments issued by Conflicted Financed Companies
- A.7. Investment in Financial Instruments issued by companies appointed as delegated third party asset manager
- A.8. Investment in Financial Instruments of an issuer whose corporate bodies include Relevant Persons with operational powers or in Financial Instruments of an issuer in which a Relevant Person holds a significant position
- A.9. Cross trades in Financial Instruments belonging to portfolios under GIP's management

**B. Contractual counterparties selection;**

- B.10 Selection or use of entities included under the Conflicting Entities List and/or under the Inducements Register for services, activities and functions connected to the provision of GIP's authorized services and activities
- B.11 Use of brokers / dealers providing GIP with further services in addition to trade execution / order transmission
- B.12 Selection of entities to manage Collective Investments Schemes

**C. Exercise of voting rights attached to the assets under management;**

- C.13 Exercise of voting rights and engagement activities relating to Financial Instruments issued by entities included in the Conflicting Entities List

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<sup>4</sup> At the date of the document, GIP promotional and marketing activities on behalf of: Generali Investments Luxembourg S.A.; Generali Global Infrastructure S.A.; Sycamore Asset Management S.A.; Generali Insurance Asset Management S.p.A. Asset Management Company; Generali Real Estate S.p.A. Asset Management Company; and some products for which Lumyna Investments Limited acts as "Principal Distributor".

**D. Other cases of conflicts of interest, which may be typical of/peculiar to GIP's operations and which generally do not fall within the previously mentioned categories.**

D.14 Redemption of investments

D.15 Credit Fund loan approval

D.16 Provision of the Investment Advisory Service

D.17 Provision of investment services (Individual Portfolios Management, Investment Advisory) and Collective Asset Management Service (CIS) along with the concurrent execution of proprietary trading activities on the same Financial Instrument, as well as "front running"

D.18 Product Governance

## 4. General measures to mitigate conflicts of interest

To mitigate and manage conflicts of interest, GIP has adopted the following general measures:

1. adequate policies and procedures to be followed and measures to be taken for dealing with conflicts of interest;
2. the duty of all GIP areas to report to the Compliance Function any possible situation which may give rise to conflicts of interest for the purpose of their management and recording;
3. the duty of the Compliance Function of analyzing the above reports and update accordingly, where necessary, the list of possible conflicts of interest;
4. a constant monitoring of compliance with management procedures of conflicts of interest and external regulations, through specific compliance controls aimed at assessing the adequacy and effectiveness of control mechanisms;
5. adequate procedures to prevent the risk of information exchanges among Relevant Persons engaged in activities that may give rise to conflicts of interest. In particular, effective procedures to prevent or control the exchange of information between Relevant Persons engaged in CIS management or other activities involving a risk of conflict of interest where the exchange of information may harm the interest of one or more CIS or their Investors;
6. the separate supervision of Relevant Persons, whose main functions are carrying out CIS management or activities or services on behalf of, or providing services to, Clients or Investors, whose interests may be in conflict, or who otherwise represent different interests that may be in conflict, including those of GIP;
7. general rules on the behavior of GIP employees, specifically with reference to the management of confidential or relevant information;
8. a Code of Conduct;
9. procedure for the management of relevant information, to avoid unlawful conduct of any Relevant Person who is involved in activities that may give rise to a conflict of interest who has access to inside information or to other confidential information relating to a CIS/Individual Mandate Agreements (**IMA**) or transactions with, or for, a CIS/IMA<sup>5</sup>;
10. the removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of, or revenues generated by, different Relevant Persons principally engaged in another activities, where a conflict of interest may occur in relation to those activities. This measure has been implemented through the adoption of GIP's Remuneration Policy and is aimed at not creating conflicts of interest or incentives for Relevant Persons to achieve their own interests or GIP's interests to the potential detriment of a Client/Investor;
11. measures to prevent or restrain any person from exercising inappropriate influence over the way in which a Relevant Person carries out CIS / Individual Portfolio Management Service through segregation of duties and responsibilities;
12. functional and hierarchical separation of the functions of risk management from the operating units, including from the functions of portfolio management. GIP has also adopted a Risk Management Policy that includes fair treatment of the potential conflicts of interest;
13. measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in separate CIS management activities or other activities where such involvement may impair the proper management of conflicts of interest;

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<sup>5</sup> for further details related to inside information or to other confidential information, please refer to GIP "Market Abuse" Operating Procedure.  
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14. measures to minimize the risk of conflicts of interest among managed assets, and, in situations of conflict, act in such a way to ensure, in any case, fair treatment of the managed portfolios;
15. the segregation of duties and responsibilities that may be considered inconsistent or that appear likely to create systematic conflicts of interest;
16. without prejudice to the obligations laid down in article 2391, paragraph 1, of the Italian Civil Code, the duty of the shareholders of GIP and the BoD Members to abstain from resolutions in which they have a conflicting interest, on their own behalf or on behalf of third parties<sup>6</sup>;
17. related parties have been identified and a Group procedure has been defined for the management of transactions with related parties. This procedure is mainly aimed at establishing competences and responsibilities within the decision-making processes;
18. according to the complaints management procedures, that Investors/ Clients' complaints are managed by an independent function, not involved in the operations;
19. the BoD includes an adequate number of independent directors<sup>7</sup> who are significant in relation to the size of the Board and the Company's operations, guaranteeing a high level of flexibility within the BoD and making a significant contribution to the BoD's decision-making process;
20. the set-up of an internal control system with independent Control Functions.

In any case, GIP acts with integrity and based on adequate professional standards, in accordance with the best interests of its Clients/ Investors/ CIS. In the transactions with Group companies, GIP acts as not to preventing the objectivity and impartiality of decisions relating to such transactions.

## 5. Monitoring and supervision of conflicts of interest

Compliance Function is responsible for checking and assessing on an ongoing basis the suitability and effectiveness of the organizational procedures and the measures adopted for correctly managing conflicts of interest.

The Compliance Function submits a report to the BoD on the activities carried out in connection with conflicts of interests on a semiannual basis, in the context of the ongoing, ex post, controls on such topic.

## 6. Register of conflicts of interest

In accordance with applicable regulations, GIP has arranged and updates on a regular basis a register, in electronic format, in which are recorded the types of activities undertaken by or on behalf of GIP in which a potential and actual conflict of interest entailing a material risk of damage to the interests of one or more CIS or its Investors / Clients.

The Compliance Function is responsible for keeping and updating the register of conflicts of interest, based on the receipt of the above-mentioned information flows (for any detail in this respect, please refer to "The Management of Conflicts of interest" operating procedure in place).

In addition, the register is updated whenever GIP notices or receives information about the existence of cases for which has arisen or may arise a conflict of interest potentially eligible to seriously harm Investors / Clients/ CIS' interests.

To this end, any GIP Managers of operational areas have to promptly report to Compliance Function, via e-mail to: [investmentscompliance@generali.com](mailto:investmentscompliance@generali.com), the existence, the modification, the termination or any other relevant information regarding a conflict of interest during the execution of usual business activities.

Data and information within the register are made available upon any possible request arising from GIP corporate bodies and/or Supervisory Authorities.

Access to the register is only allowed to the members of GIP's Board of Directors, GIP's Statutory Board of Auditors, Group's Internal Auditors, external Audit firm and Compliance Function and Supervisory Authorities.

To this end, GIP has established a procedure to manage the conflicts of interest register.

## 7. Conflicts of interest disclosure

GIP provides the potential and actual Clients and Investors with a synthetic description of this Policy.

General information on the management of the conflicts of interest are also available on the website <https://www.generali-investments.com/> through the publication of an extract of this Policy and of the Informative Document.

<sup>6</sup> Art 6, 2 novies of the Consolidated Law on Finance.

<sup>7</sup> Independent directors are those who do not maintain, even indirectly, any relationship with the company or persons linked to it that would affect their autonomous judgement.

The information on conflict of interest must be up to date and must be accessible continuously by means of that website for such period of time as the Client / Investor may reasonably need to inspect.

Moreover, GIP shall provide to potential or actual Clients/ Investors that may request it, more details about this Policy.