

## **Basic principles for dealing with conflicts of interest**

Erste Asset Management GmbH (EAM) has taken the following measures to ensure that conflicts of interest between EAM itself and its clients or between clients themselves do not negatively affect the interests of clients.

### **Conflicts of interest may arise in the EAM between**

- the interests of the clients on the one hand and the interests of the EAM, its employees, the members of the management and other members of the EAM on the other hand, or
- the interests arising from EAM being part of the Erste Bank und Sparkassen Group and EAM's obligations to the investment funds it manages or EAM's obligations in regard to services of individual portfolio management.
- the interests of EAM clients among themselves.
- the interests of the investment funds managed by it among themselves.
- the interests of the investment funds it manages and the interests relating to the services of individual portfolio management.

In order to avoid these conflicts of interest as far as possible, our company implemented a multi-level organization with a corresponding distribution of responsibilities. We as a management company ourselves, as well as our employees, are obliged, in accordance with the statutory provisions, to provide investment services and additional investment services honestly, fairly, independently and professionally in the interests of our clients and to avoid conflicts of interest as far as possible. In spite of this, we have a compliance organization at our disposal, which in particular takes the following measures:

- Establishment of confidentiality areas with so-called "Information Barriers" (i.e. virtual or actual barriers to monitor or restrict the flow of information)
- Issue of guidelines for employee transactions, in particular supplementary provisions on the management of securities accounts for employees in confidential areas
- Obligation for all employees to report their transactions in financial instruments
- ongoing monitoring of all employee transactions in financial instruments
- Maintaining watch lists or restricted lists, in which financial instruments, in which conflicts of interest may arise, are included.
- Regulations regarding order acceptance and order execution
- Product testing process at the launch of products
- Rules on the remuneration system for our employees to ensure objective advice in the best interests of our clients and to prevent preferential sales of certain financial instruments from the very beginning
- Rules on the acceptance and granting of gifts and other benefits
- Ongoing training of our employees
- Obligation of all employees to report on secondary employment, shareholdings and mandates
- Continuous monitoring by Internal Audit and Compliance.

If, in individual cases, the above division of responsibilities or our compliance organization cannot avoid conflicts of interest, we will inform our clients in accordance with these principles. If necessary, we will not evaluate, advise or recommend the specific financial instrument.

## Possible Conflicts of interest and their management and/or solution at EAM

Nr.	Source of potential conflict of interest	Potential for conflict and handling the conflict
1	Remuneration	<p><b>Conflict of interest:</b>            due to a performance-based remuneration policy, a fund manager might be driven to take excessive risks in relevant transactions in order to achieve or increase his/her own bonus entitlements.</p> <p><b>Dealing with and resolving the conflict of interest:</b>            with respect to all employees, the management of Erste Asset Management GmbH pursues a remuneration policy aimed at preventing any potential conflicts of interest and the abuse of insider information by them and by fund managers in particular. With fund managers, in particular, the management of Erste Asset Management GmbH desists from providing any financial incentives</p> <ul style="list-style-type: none"> <li>• that provide for bonus payments in relation to any stock exchange transactions carried out, or</li> <li>• bonus payments that do not take account of the risk component and are exclusively based on performance.</li> </ul> <p>In this context, the remuneration of employees is based on the rules and regulations of the Austrian Investment Fund Act as well as on the internal rules under the defined investment process.</p>
2	Participation in IPOs	<p><b>Conflict of interest:</b>            allocation of securities issues in case of participation in IPOs to investment funds of EAM considering the fact that a benefit may be drawn from significant price increases during IPOs in certain market phases, as demand often exceeds supply.</p> <p><b>Dealing with and resolving the conflict of interest:</b>            it is the intention of Erste Asset Management GmbH to divide the securities allocated in a fair manner among the investment funds managed by it. Generally speaking, the strategies and investment decisions of any manager responsible for a fund are based on the investment universe, as well as on the investment objective of the respective fund. Each fund manager is free to participate in any IPO that corresponds with the investment objective of his/her portfolio. As a rule, the fund manager will pass on his/her order directly to a suitable broker. In case of the management of several similar portfolios or when collecting the orders of several fund managers and in case of reduced allocation, division among the portfolios, if any, shall take place pro rata ("pro rata allocation"). This is the joint duty of the fund management and of the trading desk.</p>

3	Partial execution of orders	<p><b>Conflict of interest:</b> handling the partial execution of orders</p> <p><b>Dealing with and resolving the conflict of interest:</b> the pooling of orders for different funds or of orders for funds with orders for the own accounts of Erste Asset Management GmbH shall only be admissible if it is unlikely that the pooling of orders will cause any disadvantages overall. In this case, the following basic principle shall be observed: there shall be a preliminary recording of the planned transaction in adequate systems, and the transaction shall be allocated on a pro rata basis to the funds concerned. In case of the pooling of fund orders with orders for the own accounts of Erste Asset Management GmbH, those responsible must not proceed in any way that is detrimental to the fund or the customers. If partial executions take place in this case, the funds and/or the customers must be basically given priority over transactions for the own accounts of Erste Asset Management GmbH during the allocation of the pertaining transactions.</p>
4	Organizational Structure	<p><b>Conflict of interest:</b> using companies of the Erste Bank und Sparkassen Group as counterparties for transactions might cause higher bank charges for the customers.</p> <p><b>Dealing with and resolving the conflict of interest:</b> the Best Execution Policy of Erste Asset Management GmbH forms the basis of transacting business with companies of the Erste Bank und Sparkassen Group. EAM shall decide on the choice of the counterparty through which the transactions are settled for the fund, according to objective criteria and exclusively taking account of the interests of investors and of the integrity of the market, with the care of a prudent and conscientious manager. It shall give orders exclusively to counterparties that, from an overall perspective, guarantee the best possible protection of customer interests. If transactions are handled through "affiliated companies" for investment funds, Erste Asset Management GmbH shall apply special care. In this context, Best Execution means that the transaction of business must be evaluated according to the criteria of price, quality (research, settlement service etc.), operational risks and internal costs, and that the selection of partners will be based on these aspects. Accordingly, not the cheapest but the best bidder will be selected.</p>
5	Sub-funds	<p><b>Conflict of interest:</b> within the scope of (fund of) fund management, appropriate own investment funds or real estate investment funds are primarily used to cover the "investment fund" securities category, supplemented by products from third-party suppliers.</p> <p><b>Dealing with and resolving the conflict of interest:</b> in selecting sub-funds for investment funds of EAM, sub-funds from the existing investment funds or real estate investment funds of Erste Asset Management GmbH will primarily be selected, provided that they are appropriate for the respective investment fund. If the use of own investment funds or real estate investment funds as sub-funds is not in the customers best interest, the products of third-party suppliers will be used. In selecting the eligible external sub-funds, EAM will consider the results of the fund selection process of Erste Asset Management GmbH. The selection of funds is governed by a clearly structured, objective and reasonable process without any restrictions regarding individual investment companies, where own funds are subject to the same criteria as third-party funds.</p>

6	Portfolio Management	<p><b>Conflict of interest:</b>  Erste Asset Management GmbH, has a concession for the management of investmentfunds according to the Austrian investmentfund act (InvFG 2011) and a concession for the management of alternative investmentfunds according to §3 paragraph 2 Z 31 InvFG 2011, and in addition, a concession for investment advice concerning finance instruments and for discretionary portfolio management („extended concession“). Thereby it could come to a conflict of interests for the purposes of a non-equal treatment of fund customers and discretionary portfolio customers.</p> <p><b>Dealing with and resolving the conflict of interest:</b>  Investmentfunds / single customer's portfolios or also parts of investmentfunds and single customer's portfolios are managed within the unit “Asset Management” under the rules of equal treatment. Besides, it is considered that every investmentfund and every single customer's portfolio is defined as a separate asset and is treated with equal standing or equally.  This is important in particular during the order process, where every order for an investmentfund or a single customer's portfolio is placed separately or the relative order size per fund / single customer's portfolio has to be fixed in advance. Internal transactions between funds and/or single customer's portfolios which contradict the principles of the equal treatment are not permitted.  These regulations are documented on in the „Asset Management Rulebook“ of EAM.</p>
7	Seed Capital for new funds	<p><b>Conflict of interest:</b>  during the launch of investment funds, the seed capital for said investment funds is provided by the (funds of) funds of Erste Asset Management GmbH in individual instances. Investment funds of EAM may also be purchased by another fund (of funds) of Erste Asset Management GmbH at some later date. After the launch of the investment fund and/or after investment, the fund (of funds) may exit the sub-fund again, with corresponding fee charges on the sub-fund.</p> <p><b>Dealing with and resolving the conflict of interest:</b>  acquisition of investment funds of Erste Asset Management GmbH through (funds of) funds of Erste Asset Management GmbH may take place if the fund to be acquired is in line with the investment strategy of the acquiring fund. During any later sale, the interests of the investment fund to be sold will be considered in the best possible manner within the scope of the strategy of the fund (of funds), based on an individual evaluation of interests.</p>
8	Custody Bank	<p><b>Conflict of interest:</b>  the custody banks of Erste Asset Management GmbH, currently Erste Group Bank AG, are part of Erste Bank Group, just like Erste Asset Management GmbH. This might cause higher charges for the investment funds and/or the customers.</p> <p><b>Dealing with and resolving the conflict of interest:</b>  the fees for keeping securities accounts as well as transaction costs, as customary in the market, will be charged to the investment funds. The fees/costs charged will be negotiated by Erste Asset Management GmbH with the depository bank in regular intervals. In case of mutual funds and/or big investor/special funds, a differentiation of fees/costs charged may occur. However, this will take place within the ranges customary for such fund categories in the market.</p>

9	Erste Group products	<p><b>Conflict of interest:</b> in fund management, issues by companies of Erste Bank und Sparkassen Group (e.g. shares of Erste Bank Group AG) may be employed apart from other products.</p> <p><b>Dealing with and resolving the conflict of interest:</b> the scope for the use of sector products is determined by the respective interests of the investment funds and the compatibility with the funds' investment objectives and investment strategies, as well as the applicable investment regulations and investment limits. Within the scope of the investment process, additional criteria along the lines of investor interests have been formulated, which must be met for any investment in an issue of Erste Bank und Sparkassen Group to be considered eligible.</p>
10	Redemption of shares	<p><b>Conflict of interest:</b> when there is a narrowness of the market, shareholders of a fund wish for their shares in the fund to be redeemed. The securities included in the fund have a varying degree of liquidity, or part of them can only be sold at markdowns.</p> <p><b>Dealing with and resolving the conflict of interest:</b> in case of the disposal of securities for the redemption of share certificates, fund managers shall take care to maintain a balanced composition of the portfolio structure even after the disposal. Disposal of securities at markdowns shall only be possible to a limited extent, and the markdowns must not be significant. Otherwise other, legal steps shall be considered, which may ultimately lead to suspension of the redemption of fund units.</p>
11	Loss Cases	<p><b>Conflict of interest:</b> in case of losses incurred by a fund and to be reimbursed by Erste Asset Management GmbH, the latter is interested in keeping the amount of loss as low as possible, as opposed to the shareholders, who are interested in the amount of loss being as high as possible (high amount of damages). The same applies to losses in funds where the fund management has been outsourced to third parties, which that third party must reimburse.</p> <p><b>Dealing with and resolving the conflict of interest:</b> the loss shall be calculated in consultation with the auditor.</p>
12	Low market liquidity	<p><b>Conflict of interest:</b> in situations of low market liquidity, Erste Asset Management GmbH might consider to have other EAM funds invest in the fund with lower liquidity in order to improve the latter's liquidity.</p> <p><b>Dealing with and resolving the conflict of interest:</b> acquisition of shares in EAM funds with lower liquidity may only be considered for such other EAM funds, if this does not cause any impairment of the interests of the shareholders of both funds, if said acquisition is in line with the investment strategy of the absorbing fund and is covered by the investment guidelines.</p>

13	Brokerage Services	<p><b>Conflict of interest:</b> Erste Asset Management GmbH purchase both brokerage and information services from two companies belonging to the same group of companies. The group of companies determines its pricing strategy such that upon reaching a certain trading volume (achieved through transactions for funds), the expenditure of Erste Asset Management GmbH for using information services will be reduced.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Because Erste Asset Management GmbH are obliged not only to the best possible realization of trading decisions, but in general to act in the best interest of the unit holders, the respective trading decisions have to occur taking into account all possible factors. On this occasion, the possibility of retrieving research results will be included. For this purpose the management companies can conclude commission sharing agreements with trading partners and a part of the transaction costs can be credited and be used to retrieve research results from third party.</p>
14	Private Equity Funds of Funds	<p><b>Conflict of interest:</b> Erste Group Bank AG („EGB“) could act as creditor to a company in one of its subfund portfolios. This influences the creditworthiness of the company.</p> <p><b>Dealing with and resolving the conflict of interest:</b> To exclude this case, all investments are coordinated with potential lenders of EGB Erste Bank and are also subject to ongoing monitoring.</p>
15	Private Equity Funds of Funds	<p><b>Conflict of interest:</b> Employees of Erste AM could invest in companies which are also part of a subfund portfolio, or a subfund fund acquires shares in a company in which an employee already has a stake. This leads to a conflict of interest between employees and investors.</p> <p><b>Dealing with and resolving the conflict of interest:</b> This case is ruled out by clear regulations for secondary employment and participations. At the beginning of employment, all employees must report existing participations or have new participations approved.</p>
16	AIF in real estate	<p><b>Conflict of interest:</b> EAM and Erste Immobilien KAG both belong to the Erste Bank Group. There is a risk that information relevant to the portfolio may be used by the other company for the benefit of its customers and to the detriment of other customers, and that the monitoring of insider trading by employees may be more difficult.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Compliance regulations for both companies, a central compliance office (Erste Group Compliance) for both companies in connection with the real estate business, clear responsibility matrix in each company, clear internal regulations regarding real estate management for the AIF / customers separately for each company in the best interest of the client, regulations regarding a transparent external appearance, detailed regulations regarding the allocation of IT access authorizations.</p>
17	AIF in real estate	<p><b>Conflict of interest:</b> Debt financing on the purchase of real estate for an AIF in real estate with banks within the Group.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Obtaining multiple offers from banks within and outside Erste Group.</p>

18	AIF in real estate	<p><b>Conflict of interest:</b> Use of companies close to the company as a counterparty or assignment of tasks to affiliated companies within Erste Bank Group could lead to higher expenses for customers.</p> <p><b>Dealing with and resolving the conflict of interest:</b> EAM decides on the selection of the counterparty according to objective criteria and while preserving the interests of the investors and the integrity of the market with the diligence of a proper and conscientious management. EAM only places orders with counterparties that guarantee the best possible protection of customer interests from an overall viewpoint.</p>
19	AIF in real estate	<p><b>Conflict of interest:</b> An AIF in EAM real estate is offered for sale or sold to companies of the Erste Bank Group or of institutional clients or a real estate fund investor in real estate or real estate companies.</p> <p><b>Dealing with and resolving the conflict of interest:</b> For the purchase and sale of real estate, a valuation according to defined rules. In any case, the transmission modalities are to be designed in accordance with the market and customary in the third place and documented accordingly. This procedure ensures that EAM buys or sells a property at the market price, regardless of the person of the seller / buyer.</p>
20	AIF in real estate	<p><b>Conflict of interest:</b> A Real Estate Asset Management employee lives in an object managed by EAM.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Employees who inhabit properties managed by EAM will not be involved with the management of this property.</p>
21	AIF in real estate	<p><b>Conflict of interest:</b> An EAM employee rents an underground parking space in an object of an AIF in real estate.</p> <p><b>Dealing with and resolving the conflict of interest:</b> The rental takes place at market prices.</p>
22	AIF in real estate	<p><b>Conflict of interest:</b> An expert is chairman or member of a decision-making body for an AIF in real estate of EAM.</p> <p><b>Dealing with and resolving the conflict of interest:</b> The expert, who also performs tasks in a decision-making body, may not value objects for the fund concerned.</p>
23	AIF in real estate	<p><b>Conflict of interest:</b> An EAM employee has a relationship with a business partner in the real estate sector (salesperson / project developer, etc.).</p> <p><b>Dealing with and resolving the conflict of interest:</b> The affected employee does not receive access or information on relevant business documents.</p>

24	AIF in real estate	<p><b>Conflict of interest:</b> An EAM employee gives a private loan to a company involved in a project company for the construction of real estate.</p> <p><b>Dealing with and resolving the conflict of interest:</b> The employee concerned may have no points of contact in this connection as soon as there is a business relationship between the EAM and the project company. This concerns not only the strategic and operative work, but also the access rights to data.</p>
25	AIF in real estate	<p><b>Conflict of interest:</b> The EAM is in a purchase or sale of a property. The buyer or seller is a member of the Erste Bank Group. An employee has an essential function in both companies.</p> <p><b>Dealing with and resolving the conflict of interest:</b> The employee will not receive a document for this transaction and will not participate in the discussion or vote on agenda items relating to this transaction. The employee only knows the result of the vote. Even with related protocols, the employee gets a correspondingly shortened version.</p>
26	AIF in real estate	<p><b>Conflict of interest:</b> A real estate object could be of interest to several EAM-managed AIFs in real estate.</p> <p><b>Dealing with and resolving the conflict of interest:</b> The choice of property is subject to a clearly structured, objective and comprehensible process within the scope of the purchase, which has been approved by the management. The allocation of a property to an AIF in real estate is made by the management in coordination with the fund manager. Allocation to a specific AIF managed by EAM in real estate takes place after an initial internal performance audit and is regularly documented. When examining whether there is a conflict of interest, v. a. the following criteria of the AIF are decisive: Fund regulations, risk appetite, target countries, asset class, size of property and target performance. The annex defines a catalog of criteria in this regard. If there is actually a conflict of interest, then the one AIF should come to the train, with which the last purchase dates back in time. The relevant cut-off date for the assessment of this criterion is the timing of the allotment to a given EAM-managed AIF in real estate.</p>
27	AIF in real estate	<p><b>Conflict of interest:</b> Property management may create a conflict of interest between real estate managed by EAM in real estate, if there are adjacent properties and / or have the same tenant, or AIFs in real estate have a common property (co-owned or real estate company).</p> <p><b>Dealing with and resolving the conflict of interest:</b> In principle, interfaces between real estate and tenants should be avoided; If such conflicts arise, e.g. due to the size of a property, purchase of a portfolio or the like, possible conflicts of interest must be identified in advance and critical facts noted; The employee responsible for managing the real estate in question must observe the critical facts and, if a conflict of interest arises, document and report them accordingly.</p>

28	AIF in real estate	<p><b>Conflict of interest:</b> Investors of an AIF in real estate demand a repurchase of their fund shares in marked phases.</p> <p><b>Dealing with and resolving the conflict of interest:</b> When selling real estate to service unit certificate redemptions, fund managers must ensure that the portfolio structure remains balanced after the sale. A sale of real estate at a discount is only possible to a limited extent and the discounts must not be material. Otherwise, other legal steps should be considered, as a last resort a suspension of the redemption of fund units.</p>
29	AIF in real estate	<p><b>Conflict of interest:</b> Conflicts of interest in the selection of external consultants and / or service providers between</p> <ul style="list-style-type: none"> <li>- the interests of the AIF managed by EAM in real estate and its investors and EAM on the one hand and the external service provider appointed by EAM on behalf of the AIF in real estate on the other or</li> <li>- between the service providers</li> <li>- between the interests of EAM and the AIFs it manages in real estate.</li> </ul> <p><b>Dealing with and resolving the conflict of interest:</b></p> <ul style="list-style-type: none"> <li>- before subcontracting service providers, several bids will be obtained for the provision of the requested service;</li> <li>- The service provider must state the ownership of the company when making his offer;</li> <li>- If such a conflict of interest affects the interests of shareholders, the agreement with the relevant service provider concerning the provision of the service shall be terminated as soon as possible.</li> </ul>
30	AIF in real estate	<p><b>Conflict of interest:</b> A property management company commissioned by EAM is itself a tenant of the managed property.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Conclusion and changes to the lease, as well as investments at the expense of EAM need the written approval by the EAM.</p>
31	AIF in real estate	<p><b>Conflict of interest:</b> An employee of the property management rents an apartment, which is managed by the same property management.</p> <p><b>Dealing with and resolving the conflict of interest:</b> The employee of the property management, who is also the tenant of the apartment, may not manage the facility himself.</p>
32	AIF in real estate	<p><b>Conflict of interest:</b> A property management company is involved in a service provider under company law or has a close personal or family relationship.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Decision on assignment is made by EAM and not in the own budget of the property management.</p>
33	AIF in real estate	<p><b>Conflict of interest:</b> An AIF in real estate is offered an object. The seller of the real estate takes over the administration of the real estate as a property manager.</p> <p><b>Dealing with and resolving the conflict of interest:</b> A customary remuneration of the services of the property manager must be ensured.</p>

34	Outsourcing	<p><b>Conflict of interest:</b> Erste Asset Management (EAM) may transfer tasks to other service providers (e.g. delegation of fund management). Companies from the Erste Bank Group may also be used for this purpose. It is possible that contractors may carry out other activities that have a conflict of interest with the task delegated by the Management Company.</p> <p><b>Dealing with and resolving the conflict of interest:</b> When delegating tasks to third parties, the Management Company takes into account the interests of investors and subjects all service providers to a detailed examination ("due diligence").</p> <p>All commissioned service providers are obliged to take appropriate measures to identify conflicts of interest in connection with the commissioned activity, establish internal principles to avoid the conflicts of interest identified and disclose unavoidable conflicts of interest to EAM. Any remuneration received by the EAM for transactions it undertakes on behalf of a fund will be passed on to the relevant investment funds. In addition, when outsourcing tasks, care it has to be insured that fees customary in the market are charged.</p>
35	Sustainability Criteria	<p><b>Conflict of interest:</b> Exclusion criteria for investing for sustainable funds could result in lower performance for investors compared to traditional products.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Exclusion criteria in sustainable fund management are communicated transparently to the public. In accordance with legal requirements, the needs and expectations of customers are taken into account in the sales process.</p>
36	Sustainability Criteria	<p><b>Conflict of interest:</b> In the course of exercising voting rights, conflicts could arise in connection with companies associated with Erste Bank Group.</p> <p>The following companies were identified by Erste Asset Management GmbH as affected: Erste Group Bank AG and Vienna Insurance Group AG</p> <p><b>Dealing with and resolving the conflict of interest:</b> For these companies Erste Asset Management will abstain from exercising voting rights to avoid conflict of interest. The list of affected companies will be reviewed annually, in advance of the main season.</p>
37	Sustainability Criteria	<p><b>Conflict of interest:</b> In connection with the management of sustainable funds, internal analyses concerning the investment in Erste Group Bank AG could be influenced.</p> <p><b>Dealing with and resolving the conflict of interest:</b> Erste Group Bank AG is excluded from internal ESG analyses.</p>

**Publication and update of these guidelines**

The present guidelines for handling conflicts of interest of EAM are published on the Website of EAM. If required, they will be reviewed immediately, but at least once annually, as to their up-to-datedness, and adjusted accordingly.