

I. Introduction

DJE Kapital AG (hereinafter referred to as “DJE”) provides services for private customers and for companies as well as for financial institutions. The task of DJE is to consider the interests of all clients and to avoid conflicts. Despite all efforts, conflicts of interest cannot always be completely ruled out within the scope of the DJE’s business activities

We have taken precautions to ensure that possible conflicts of interest do not affect client interests. In accordance with the legal requirements (WpHG), the present document explains the precautions taken by the DJE to identify and handle conflicts of interest. If, despite all efforts, identified conflicts of interest cannot be completely resolved by suitable measures and procedures, the DJE will disclose them to the client.

II. Type, origin and examples of possible conflicts of interest

i. What are conflicts of interest?

There are many types of conflicts of interest affecting a wide range of behaviours and circumstances. A conflict of interest usually arises when two or more people have conflicting interests and there is a due diligence obligation between them. An employee may have a conflict of interest in the course of his or her work that may influence his or her professional judgment or objectivity.

Potential and actual conflicts of interest within the meaning of this document may arise between the interests of the client on one hand and the interests of the client on the other.

- a. DJE (including the companies of DJE group),
- b. the employees of our company, including our management,
- c. contractually bound intermediaries or other persons and parties affiliated with DJE.

Furthermore, conflicts between divergent interests of two or more of our clients may arise in connection with services DJE provides to those clients.

ii. What causes conflicts of interest?

Conflicts of interest and the resulting risk of a deterioration in client interests may arise in particular as a result:

- a. our institution’s business interests, in particular the pursuit of sales and profits;
- b. the performance-related fee agreed with our clients, e.g. by taking higher risks for the assets under management with the aim of achieving a higher performance and thus a higher overall fee;
- c. financial interests in the investment funds managed or advised by us, e.g. through remuneration depending on the fund volume;
- d. Acceptance of monetary or non-cash benefits from third parties, e.g. brokerage and portfolio commissions or seminar offers, insofar as these are not paid out to our customers;
- e. performance-related remuneration of managing directors, employees and intermediaries as well as the granting of monetary or non-cash benefits to them;

- f. personal transactions of managing directors, employees and intermediaries or persons closely related to them;
- g. by integrating ESG factors and sustainability risks into its own systems, processes and controls.

Furthermore, conflicts of interest may arise in the event of business or personal relationships between our institution, its managing directors, employees, intermediaries or related persons and credit institutions, capital management companies, issuers, etc. This applies in particular:

- a. Cooperation with such institutions;
- b. Participation in supervising organs or advisory boards of these institutions;
- c. Obtaining information that is not known by the public (insider information).

iii. Concrete examples of conflicts of interest

The following are examples of concrete constellations that trigger conflicts of interest that must be appropriately regulated, defused or prevented:

- a. in the field of asset management and investment advisory based on self-interest (in terms of turnover) in the sale of certain financial instruments, in particular DJE Group products;
- b. in the context of fund-based asset management by the possible restriction to one or more DJE funds;
- c. excessive and costly gifts or invitations received by an employee may affect the employee’s judgment or the employee’s improper conduct;
- d. when receiving and granting benefits (e.g. placement and portfolio commissions) from or to third parties in connection with investment services for clients;
- e. by obtaining information which is not publicly accessible and which an employee uses for his/her personal interest in profits;
- f. in the execution of employee transactions (e.g. by exploiting confidential information);
- g. in the case of performance-related remuneration of DJE or of employees or members of the management.

III. Dealing with conflicts of interest

In order to avoid diverging interests influencing, for example, order execution or asset management and thus adversely affecting the interests of our clients, DJE has committed itself and its employees to high ethical standards and compliance with applicable laws and regulations.

We expect our employees to act with diligence, honesty, lawfulness and professionalism at any time, to observe market standards and, in particular, to always observe the interests of our customers. In order to avoid the risk of customer interests being impaired as a result of potential conflicts of interest we have defined the following principles which are binding for all managers and employees and have taken the following measures.

i. General organizational measures

In order to identify and avoid conflicts of interest at an early stage, we take among other things the following measures:

- a. Obligation of all employees to adhere to the ethical principles established by ourselves;
- b. Promoting of a culture that emphasizes the importance of ethical dealings with customers and fair treatment of conflicts of interest;
- c. Implementation of comprehensive organisational measures to protect customer interests in our organisational guidelines and commitment to comply with them;
- d. Creation of confidentiality areas through the erection of information barriers, the separation of responsibilities and/or spatial separation (“Chinese walls”);
- e. Maintain a restricted list of issuers and securities relating to them, which serves to avoid possible conflicts of interest for the DJE through restrictions on its distribution, trading, research and other market-based activities;
- f. Introduction of multi-step process-integrated and process-independent control mechanisms;
- g. Disclosure and consent requirements for certain business or personal relationships;
- h. Establishment of a sustainability policy regarding the strategies of DJE Kapital AG for dealing with sustainability risks and for considering adverse sustainability impacts in investment decisions at corporate level.
- g. Definition of qualitative sales targets in the securities services business controlled by compliance;
- h. Introduction of a product approval and monitoring procedure tailored to the needs of our customers in order to avoid conflicts of interest resulting from our own sales interests and to prevent the sale of financial products to customers with unsuitable investment objectives and risk appetites;
- i. Establish internal rules for private transactions oblige all managers, employees and intermediaries to comply with them and to disclose custody accounts and personal transactions and have them regularly monitored by the Compliance Officer;
- j. Restrictions or prohibition of personal transactions for certain securities, strict prohibition of pre-running, concurrent or counter-running to customer transactions;
- k. Regularly training of our employees regarding possible conflicts of interest and their avoidance or reduction them.

ii. **Concrete measures in relation to the identified conflicts of interest**

- a. Selection of our cooperation partners (custodian banks, other executing credit institutions, capital management companies, other product providers and issuers) according to the criteria of favourable cost structure and best possible order processing – see “Selection Policy – Principles for the Execution of Client Orders”;
- b. Cost disclosure including additional expenses with regard to our investment services and financial instruments so that the total costs and their impact on the return on the investment are evident – see “Information on costs and additional costs”;
- c. Internal monitoring of the investment decisions process also considering the avoidance of a higher risk transaction which are directed towards achieving a higher performance-related remuneration;
- d. Disclosure of our remuneration model for investment funds managed or advised by us;
- e. Strict observation of the ban on the acceptance of portfolio commissions as part of our asset management or on the complete forwarding of received benefits (with the exception of minor non-monetary benefits) to our clients;
- f. Structuring transparent remuneration models for managers and employees in accordance with the Institutional Compensation Ordinance and other regulations, avoiding dependence on variable remuneration components and avoiding incentives to take on high risks;

We would like to draw your particular attention to the following points:

In the case of asset management a typical conflict of interest may result from the agreement of a performance-related remuneration. In order to achieve the highest possible performance and consequently higher remuneration the asset manager could take on higher risks within the scope of the investment. We counter the resulting risks with suitable organisational measures, in particular an investment selection process geared to customer interests and the use of a high water mark method. In the case of a high watermark value-dependent fees are always based on the historical high. Only when this level will be exceeded and a new high watermark has been reached a value-dependent fee will be charged to the investor. Nevertheless, the conflict of interest described here cannot always be completely avoided.

The DJE Kapital AG focuses on its own DJE investment products in the field of fund-based asset management. Within the scope of its service provision and the investment guidelines DJE attaches the greatest importance to transparency for the client and resolves any conflicts of interest that may arise. When calculating asset management costs DJE’s own investment products are not taken into account in order to avoid the incentive of double remuneration (on the part of the client and on the part of the investment fund). Despite these measures, a conflict of interest cannot be completely avoided.

iii. **Adherence and implementation of defined measures**

The Compliance Officer monitors adherence of the described guidelines and measures. The Compliance Officer reviews and decides in accordance with legal requirements. The Compliance Officer reports directly to the Executive Board and acts independently and free of instructions and interests of third parties.

IV. **At customer’s request**

We would be pleased to answer any questions and provide further explanations and to provide you with further details on the above principles at any time.