

TAM Europe Asset Management A.V., S.A.
Conflicts of Interest (COI) Management Policy
October 2022

TAM Europe Asset Management A.V., S.A.

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VERSION CONTROL

Version:	Date:	Department:	Owner:	Notes:
1.0	October 2022	Compliance	Alan Field	

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1. Purpose of the COI Policy

Art. 208 bis of the Consolidated Text of the Spanish Securities Market Law approved by Royal Legislative Decree 4/2015 of October 23rd (the “**SSM Law**”); art. 61 of the Royal Decree 217/2008, of February 15th, on the legal regime for investment service companies and other entities providing investment services (“**RD 217/2008**”); art. 23 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (“**MiFID II**”); and the art. 34 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (jointly referred as the “**Applicable Regulations**”) stipulate the duty of investment firms to take all appropriate steps to identify and to prevent or manage conflicts of interest between themselves, including their managers, employees and tied agents, or any person directly or indirectly linked to them by control and their clients or between one client and another that arise in the course of providing any investment and ancillary services, or combinations thereof, including those caused by the receipt of inducements from third parties or by the investment firm’s own remuneration and other incentive structures.

The purpose of this policy (the “**COI Policy**”) is therefore to summarize the processes implemented by **TAM Europe Asset Management, A.V., S.A.** (the “**AV**”) for the identification and management of actual and potential conflicts of interest, which arise or might arise in the course of carrying out the AV’s business and which might entail a material risk of damage to the interests of one or more of its clients and/or the AV’s reputation, in compliance with the Applicable Regulations.

2. Scope

The COI Policy applies to the AV as a whole and to all AV’s clients (the “**Clients**”), regardless of their classification under MiFID II and of the nature of the services requested/received from the AV.

3. Definitions

Although it is not possible to define precisely what conflicts of interest are, there are specific categories which may be identified.

- (i) Conflict between the AV and Clients.
- (ii) Conflict between Clients.
- (iii) Conflict between directors and/or employees of the AV (the “**Subject Persons**”) with the AV.
- (iv) Conflict between Subject Persons and Clients.

A “**Conflict of Interests**” is a set of circumstances that may create a risk that professional judgment or actions regarding a primary interest will be unduly influenced by a secondary interest. Primary interest refers to the principal goals of the profession or activity, such as the protection of clients’ interests or the integrity of research. Secondary interest includes not only financial gain but also such motives as the desire for professional advancement and the wish to do favors for family and friends. The conflict in a Conflict of Interests exists whether or not a particular individual is actually influenced

by the secondary interest. It exists if the circumstances are reasonably believed (on the basis of past experience and objective evidence) to create a risk that decisions may be unduly influenced by secondary interests.

For a Conflict of Interests to exist, it shall not be considered sufficient that the AV or the Subject Persons may obtain a benefit, if there is not also a possible correlative detriment to a Client, or that a Client may obtain a gain or avoid a loss, if there is no possibility of related loss to another Client.

4. Responsible Body

4.1 Board of Directors

The AV's Board of Directors is responsible for:

- (i) Resolving to apply disciplinary measures to the Subject Persons who have not complied with the principles and procedures envisaged in the COI Policy.
- (ii) Reviewing and approving any changes to the COI Policy.

4.2 Compliance Unit

The AV's Compliance Unit is responsible for:

- (i) Adopting the appropriate measures to avoid the appearance of Conflicts of Interest.
- (ii) Managing possible Conflicts of Interest that may arise.
- (iii) Maintaining and updating the register of Conflicts of Interest.
- (iv) Reviewing on annual basis the content of the COI Policy and propose, if necessary, amendments to the COI Policy to the Board of Directors of the Manager.
- (v) Reviewing on annual basis the effectiveness of the measures included in the COI Policy to prevent Conflicts of Interest, as well as the effective practical compliance with the same by the Subject Persons, enforcing the same.
- (vi) Reporting to the Board of Directors, if any, any non-compliance with the COI Policy by the Subject Persons.

5. Responsibilities of the Subject Persons on a day-to-day basis

5.1 General

On a day-to-day basis, every Subject Person is responsible for avoiding a Conflict of Interests, and where this is not possible, for identifying and mitigating it. Where senior management assesses that existing internal processes are considered as insufficient to prevent or mitigate a conflict, disclosure to clients might be required in order for them to make an informed decision as to whether to start or continue the business relationship.

5.2 Identification and reporting of Conflict of Interests while providing existing products and services

If an employee becomes aware of a potential Conflict of Interests, he/she should check whether it is included in the register of Conflicts of Interest (see [Appendix I](#)). If it is not, he/she should notify the potential Conflict of Interests to the head of its department or to the AV's General Director.

5.3 Identification of Conflict of Interests for new products and services

In addition to the identification of Conflicts of Interest that might arise in the course of rendering the existing services to Clients, Conflicts of Interest might also arise in new products and services and other change management processes. It is therefore the responsibility of the respective project leaders that potential, perceived or actual Conflicts of Interest in relation to the new products and services are considered and that appropriate methods of preventing or managing those Conflicts of Interest are put in place.

5.4 Prevention, management and mitigation measures

To prevent, manage and/or mitigate conflicts of interest, the AV must establish appropriate provisions into policies, and where necessary establish internal controls. The respective measures must be summarised in **Appendix I** of this Policy for every potential Conflict of Interests identified.

5.5 Escalation of Conflicts of Interest

Where appropriate, a Conflict of Interests may be escalated to the AV's Compliance Unit for a decision to be taken as to suitable action.

Once the AV's Compliance Unit has been informed or becomes aware by any other means of the existence of a Conflict of Interests, it shall adopt the necessary organizational or administrative measures and take the necessary steps to avoid the Conflict of Interests.

In the event that it is not possible to avoid the Conflict of Interests, it shall adopt the appropriate measures to resolve the same in the best interest of the Client or of the AV if the conflict arises between the AV and the Subject Persons.

5.6 Declining business

There may be instances where a potential Conflict of Interests arises in relation to a particular business opportunity and it is decided that it cannot be appropriately managed. In these instances, the AV cannot continue to work on the relevant business and it must be declined.

6. Disclosure of Conflicts of Interest

Where the measures undertaken to prevent Conflicts of Interest from adversely affecting the interests of the Clients are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, the AV, as a measure of last resort, must disclose to the Client the general nature and/or sources of the respective Conflict of Interests and the steps taken to mitigate the related risk(s).

The disclosure must include sufficient detail to enable the client to make an informed decision with respect to the service in the context of which the Conflict of Interests arises, including:

- a specific description of the Conflicts of Interest, taking into account the nature of the client to whom the disclosure is being made;
- the general nature and sources of the Conflicts of Interest;
- the risks to the client that arise as a result of the conflict; and
- the steps undertaken to mitigate these risks.

The disclosure must be made in a durable medium or via the AV's website.

No disclosure of this nature should occur without first discussing the particular circumstances with the Compliance Unit.

7. Incentives Regime

The AV will ensure that in its business relationships it shall not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of its service to Clients. However, under certain circumstances and within the framework of generally accepted practices in the financial markets, it is possible for the AV to accept minor non-monetary benefits that (i) are capable of enhancing the quality of service provided to a Client and (ii) are of a scale and nature such that they could not be judged to impair compliance with the AV's duty to act in the best interest of the Client. These minor non-monetary benefits shall be clearly disclosed and are excluded from the incentive regime described below.

7.1 Concept of incentive and general prohibition

Any fees, commissions or any monetary or non-monetary benefits paid or provided to the AV by any third party or a person acting on behalf of a third party in relation to the provision of services by the AV to Clients shall constitute an incentive.

The AV shall ensure that it does not accept or retain incentives, unless these fees, commissions or any monetary or non-monetary benefit are considered 'Permitted Incentives' in accordance with the rules described below.

7.2 Permitted Incentives

The AV may retain incentives if the payment or benefit:

- a) is designed to enhance the quality of the relevant service to the client in accordance with art. 62 of RD 217/2008; and
- b) does not impair compliance with the investment firm's duty to act honestly, fairly and professionally in accordance with the best interest of its clients.

However, as a matter of policy the AV does not receive or retain Permitted Incentives. In no case does the AV base its business decisions on possible incentives, but rather on seeking the optimum result for the Client.

Should the client require further information about Permitted Incentives, the AV will keep a detailed version of the Incentive Information available at its offices. The AV is obliged to disclose to Clients in advance and at least once a year the existence, nature and amount of the Permitted Incentive, or, where the amount cannot be ascertained, the method of calculating that amount, existence, nature and amount of any such payments or benefits for as long as incentives continue to be received.

8. Recording of Conflicts of Interest

The AV shall maintain and regularly update:

- (i) A register of the services rendered to Clients in which a Conflict of Interests has arisen. This register shall include in a clear, non-manipulable and correlatively numbered manner, details of the origin and Subject Persons involved in the Conflicts of Interest, and a description of the latter and of the measures adopted to manage the conflict. The information contained in the aforementioned register shall be kept for a minimum period of 5 years.
- (ii) A register of Conflicts of Interest that might arise and the mitigating policies and processes in place to address them (see **Appendix I**). The Compliance Unit review this policy as well as this register on an annual basis and consider whether the provisions continue to be appropriate in the light of business developments and changes.

9. Subject Persons Training

Subject Persons shall receive appropriate training on the COI Policy at the time they join the AV.

Notwithstanding the fact that any changes to this COI Policy shall be immediately communicated to the Subject Persons and other employees, the General Manager will determine the bestowment of technical training sessions for the Subject Persons.

10. Availability of the COI Policy

The AV will inform Clients in a durable media of the contents of the COI Policy, without prejudice to the fact that this last is also published on the AV's website.

11. Review of the COI Policy

The COI Policy shall be updated and/or modified at least in the following cases:

1. whenever there are changes or regulatory developments that affect its content;
2. to adapt it to the criteria and recommendations issued by the CNMV, or other national or international authorities with competence in the matter; and
3. when there is a reasoned proposal from the Compliance Unit.

Any relevant modification affecting the COI Policy must be approved by the Board of Directors and will be subject to annual review. In any case, any updated version of the COI Policy shall be permanently available the Subject Persons.

Appendix

[Appendix I – Register of Conflicts of Interest](#)