



DEPOSITARY FUNCTION

Skandinaviska Enskilda Banken AB (publ) ("SEB")

Identification, management, monitoring and disclosure of conflicts of interests according to Ch. 9, Sect. 2, para.3 of the Swedish Act (SFS 2013:561) on Alternative Investment Fund Managers (Swe: lagen om förvaltare av alternativa investeringsfonder) and Ch. 3, Sect 2, para 3 of the Swedish Act (SFS 2004:46) on UCITS (Swe: Lagen om värdepappersfonder) as in force from November 1, 2016.

General, background

The SEB Group provides a wide range of financial services to its clients and undertakes operations for its own behalf. This may result in conflicts of interest arising between different functions, units and/or companies of the SEB Group.

In its capacity as provider of depositary services, SEB keeps such services separate from the SEB Group's own Fund Management company and the services are provided according to customary market conditions on commercial terms.

SEB offers depositary services for funds domiciled in Sweden and certain other jurisdictions. In short, the depositary protects the unit holders through required controls and monitoring of the funds. The depositary shall provide safekeeping of the funds' assets and ensure that the management of the funds is in line with laws and regulations, guidelines and fund rules. The depositary shall act independently of fund companies and fund managers and solely in the interests of the investors. The depositary activities include, but are not limited to, safekeeping of the assets of the funds, control of investment restrictions, control of redemption and subscription of fund units, valuations of fund units, monitoring of securities transactions and cash monitoring, on-site inspections where required, etc. In addition thereto, SEB may also provide specific services requested by the fund companies and the fund managers according to separate agreements with SEB. Such services may include, but are not limited to providing solutions for equity finance, trading activities, financing, clearing -, collateral- and reporting services. When providing such services, SEB may act as counterparty and/or service provider to the fund. As a consequence of the fact that SEB may be requested to act both as a depositary and as counterparty and/or service provider in relation to specific funds and fund companies, and their respective managers, this document summarizes the principal routines for the identification, management, monitoring and disclosure to the funds' investors of conflicts of interests relevant for the depositary function.

Conflicts of interest, general

The SEB Group provides a wide range of banking and securities services under applicable Swedish and foreign laws. Given the diversity of SEB's operations, conflicts of interest could arise. To prevent conflicts of interest from arising, the various business units of the SEB Group, between which such conflicts may arise, are separated. Such separation also occurs within different legal entities of SEB, as applicable. When



conflicts between different parts of SEB cannot be avoided, internal policies and procedures are in place to ensure the correct treatment of clients.

SEB's procedures for the identification of potential conflicts of interests, as well as procedures and measures to prevent such potential theoretical conflicts of interests from arising, or, where a conflict does arise, from adversely affecting the interests of the SEB Group's clients, are summarized in SEB's "*Instruction for the handling of Conflicts of Interest in the SEB Group*". This instruction is regularly updated.

As an identification measure, management and control of conflicts of interest are instrumental parts of SEB's operations, whereas these aspects also form a fundamental part of inter alia SEB's Code of Business Conduct and Ethics Policy. The procedures for handling conflicts of interest are also reflected in the extensive confidentiality provisions contained in SEB's internal rules, in the confidentiality undertakings which apply to all SEB employees, in the fundamental core values of SEB expressed in the Ethics Policy and Code of Business Conduct, in SEB's instruction for employees' Personal Account Dealing, in the procedures for approval of employees' external engagements outside of the SEB Group, and in the Gifts and Business Entertainment instruction, etc. The general principles and procedures set forth in the document are reiterated and further specified in instructions within each specific function.

Identification and management of potential conflicts of interest between SEB's depositary function and other business units within SEB

As described above, SEB's depositary services includes an independent control function, acting separately from, inter alia, the fund companies, fund managers and other subsidiaries and units within SEB and in the sole interests of the investors of the funds, performing a number of control activities.

When performing such activities, the depositary function obtains information relating to the funds which could theoretically be misused (and thus raises potential conflict of interests issues) in relation to the interests of other clients of the SEB Group. Such conflicting interests could for example be when engaging in trading in the same securities or seeking other services, the SEB Group's activities for its own account particularly in the area of offering credits or offering services competing with the interests of other counterparties used by a fund or fund manager, and the interests of SEB employees and their personal account dealing.

In accordance with SEB's Conflicts of Interest instruction, SEB therefore keeps such depositary operations separate from other business units or any fund management activities provided by other entities within the SEB Group. Consequently, it is ensured that the activities of SEB's depositary operations are physically and systematically separated in order to establish information barriers. This is reflected primarily by the following measures:

- The depositary function is physically separated, with no access to the premises of the depositary for representatives of other business units within SEB.
- The depositary maintains its own technical systems, to which other units within SEB have no access.
- The depositary function obtains information from other parts of the SEB Group. However, no information is provided from the depositary function to the other business units within SEB.

- Remuneration models for the depositary function are independent of the results and profitability of other units within SEB or its clients.
- The depositary function has a mandate and a veto to approve or decline funds and counterparties independent of other units of SEB.
- The depositary function has its own committees for escalation of matters connected to its role as depositary, where other units are not represented. The depositary function has clear and explicit reporting channels for the maintenance of confidentiality and a clear allocation of responsibility.
- The depositary function is subject to instructions governing the manner in which their responsibilities as a control function shall be carried out.

Identification and management of potential conflicts of interest in connection with delegation of custody functions by SEB in its capacity as Depositary

As described above, SEB's depositary service includes an independent control function, acting separately from, inter alia, the Fund Management Company and other units within SEB and in the sole interests of the investors. The depositary function also includes safekeeping of financial instruments. In some cases SEB in its capacity as Depositary will delegate the custody function to a third party. In order to anticipate potential conflicts of interest in these situations, SEB as Depositary will, on a regular basis, provide the Fund Management Company with a list of third parties to which SEB delegates the custody function. The Fund Management Company therefore has to ensure that SEB's delegation of custody functions does not entail any conflict of interest with any delegation from the Fund Management Company to the same entity.

Monitoring of conflicts of interest

Where an employee becomes aware of circumstances which he or she believes may constitute a conflict of interest which is likely to have a material impact on the interests of a client of the SEB Group, including investors of a fund, the employee shall report the matter to the immediate superior or to the Compliance Department.

The Compliance Department is responsible for ensuring that SEB monitors the effectiveness of the measures and procedures put in place pursuant to the Conflicts of Interest instruction and that these routines are updated as and when necessary.

Disclosure of conflicts of interest to fund's investors

As stipulated in Ch. 9, Sect. 2, para.3 of the Swedish Act (SFS 2013:561) on Alternative Investment Fund Managers (Swe: lagen om förvaltare av alternativa investeringsfonder) and Ch. 3, Sect 2, para 3 of the Swedish Act (SFS 2004:46) on UCITS (Swe: Lagen om värdepappersfonder) the conflicts of interest identified as per these routines shall be disclosed to the fund's investors. In accordance herewith, the depositary shall inform the fund manager about identified conflicts of interest, who shall inform the fund's investors via the fund's information brochure or by way of another appropriate measure. The method for disclosure of actual or potential conflicts of interest shall be agreed between the fund manager, or the fund, and SEB in the depositary agreement.