



CONFLICTS OF INTEREST SUMMARY

Introduction

ISIM conducts business in a fair, lawful and ethical manner, maintaining high standard of integrity while having highest regard for the interests of all the stakeholders involved.

In order to act upon these commitments, the ManCo aims to:

- protect confidential and inside information from misuse;
- establish a proper governance;
- establish physical, technical and/or functional information barriers to control confidential information, inside information and to manage conflicts of interest while delivering financial services; and
- identify, assess, manage and mitigate or prevent the risks of conflicts of interest.

Objective and scope

ISIM establishes, implements, maintains and applies an effective conflicts of interest policy (the Policy) that is set out in writing and is appropriate to the size and organisation of the Company and the nature, scale and complexity of its business.

The Policy aims to identify, assess, manage and mitigate or prevent perceived, potential and actual conflicts of interest which have arisen or may arise within ISIM and which could adversely influence the reputation of the Company.

The Policy applies to ISIM and any other Relevant Persons as defined here after:

- Fund and Sub Fund, all funds or sub-funds issued by ISIM and active from time to time;
- Members of the Company's governing bodies;
- The ManCo' staff;

Conflicts of interest definition

A conflict of interest is a set of circumstances that creates a risk that an individual's ability to apply judgement or act in the best interest of customer and/or company is, or could be, impaired or influenced by a secondary interest.

It can occur in any situation where an employee of ISIM can exploit his/her role for personal or other benefit. Benefits range from economic interests, memberships, activities with other employers, consultancy activities, intellectual property rights, interests of closest family members and any other activities or situations which might create a conflict of interest.

Types of conflict of interest are:

- 1) actual conflicts of interest: a direct conflict between current duties or interests;
- 2) potential conflict of interest: likely future conflicts; and
- 3) perceived conflict of interest: not involving an actual conflict but only the perception of a conflict.

ISIM must also differentiate between conflicts of interest that persist and need to be managed permanently and conflicts of interest that occur unexpectedly with regard to a single event (e.g. a transaction, the selection of service provider, etc.) and can usually be managed with a one-off measure.

The Policy reflects the requirements that are applicable to ISIM in relation to managing conflicts of interest and takes into account any circumstances of which the ManCo, being part of the ING group, is or should be aware which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

The conflicts of interest policy established includes the following:

- (a) with reference to the activities of collective portfolio management carried out by or on behalf of the ManCo, including activities carried out by a delegate, sub-delegate, external valuer or counterparty, identification of the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the funds or their investors, taking also into account the relationships with other members of the group;
- (b) procedures to be followed and measures to be adopted in order to prevent, manage and monitor such conflicts.

Criteria for the identification of conflicts of interest

To manage and mitigate or prevent these conflicts of interest, employees of ISIM must be able to identify and deal with them. Each business line/department/tribe/subsidiary must identify and assess potential organizational conflicts of interest that may arise in the provision of financial services and related activities (e.g. outsourcing arrangement).

Those conflicts may be assessed (but not limited to) during:

- The integrated risk assessment process (ex: periodical meetings, ongoing due diligence)
- The new product approval/review process

For the purpose of identifying the types of conflicts of interest that arise in the course of providing services and activities and whose existence may damage the interests of a fund, the ManCo takes into account, by way of minimum criteria, the question of whether the ManCo or a Relevant Person, or a person directly or indirectly linked to the ManCo by way of control, is in any of the following situations, whether as a result of providing collective portfolio management or otherwise:

- a) the ManCo or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the fund or its investors;
- b) the ManCo or that person has an interest in the outcome of a service or an activity provided to the fund or its investors or to a client or of a transaction carried out on behalf of the fund or a client, which is distinct from the fund's interest in that outcome;
- c) the ManCo or that person has a financial or other incentive to favour:
 - the interest of a fund of a different type, a client or group of clients or another fund over the interest of the fund;
 - the interest of one investor over the interest of another investor or group of investors in the same fund;
- d) the ManCo or that person carries out the same activities for the fund as for one or several funds or clients which are or are not of the same type;
- e) the ManCo or that person receives or will receive from a person other than the fund or its investors an inducement in relation to the collective portfolio management activities provided to the fund, in the form of monies, goods or services, other than the standard commission or fee for that service.

The ManCo takes all reasonable steps to identify conflicts of interest that arise in the course of managing funds between:

- a) the ManCo, including its conducting officers, employees or any person directly or indirectly linked to the ManCo by control, and the fund managed by the ManCo or the investors in that fund;
- b) the fund or the investors in that fund, and another fund or the investors in that fund;

- c) the fund or the investors in that fund, and another client of the ManCo;
- d) the fund or the investors in that fund, and a fund of a different type managed by the ManCo or the investors in that fund; or
- e) two clients of the ManCo.

Independence in conflicts management

The procedures and measures established for the prevention of management of conflicts of interest are designed to ensure that Relevant Persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of the ManCo and of the group to which it belongs, and to the materiality of the risk of damage to the interests of the funds or their investors.

These procedures and measures include the following where necessary and appropriate for the ManCo to ensure the requisite degree of independence:

- a) effective procedures to prevent or control the exchange of information between Relevant Persons engaged in activities of collective portfolio management or other authorized activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more funds or their investors;
- b) the separate supervision of Relevant Persons whose principal functions involve carrying out activities of collective portfolio management on behalf of, or providing services to, clients or investors whose interests may conflict, or where these clients represent different interests that may conflict with the interests of the funds or the interests of the ManCo;
- c) 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 activity, where a conflict of interest may arise in relation to those activities;
- d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a Relevant Person carries out collective portfolio management activities;
- e) measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in several distinct collective portfolio management activities or other authorized activities where such involvement may impair the proper management of conflicts of interest.

If the adoption or the implementation of one or more of those measures and procedures does not ensure the requisite degree of independence, the ManCo adopts such alternative or additional measures and procedures as are necessary and appropriate for that purpose.

Management of activities giving rise to detrimental conflicts of interest

The ManCo keeps at its registered office and regularly updates a record of the types of activities carried out by or on behalf of the ManCo in which a conflict of interest entailing a material risk of damage to the interests of one or more funds or their investors or other clients has arisen, or, in the case of an ongoing activity, may arise.

ISIM must keep records of both organizational and personal Conflicts of Interest in a register.

This register includes a high-level description of the conflict as well as the mitigating measures adopted. Where products or services are impacted, that must be recorded in the register.

The register must be reviewed and updated at least annually.

Disclosure of conflicts of interest

The ManCo segregates, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. Where the

Company assesses whether its operating conditions may involve any other material conflicts of interest, it discloses them to the investors of the funds.

Where the organizational or administrative arrangements made by the ManCo to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the fund or of its investors are prevented, the conducting officers are promptly informed so as to be able to take any measure necessary (decision or action) to ensure that the ManCo always acts in the best interests of the fund and its investors.

The ManCo clearly discloses the general nature or sources of conflicts of interest to the investors by means of any appropriate durable medium or by means of a website and provide the reasons for its decision, before undertaking business on their behalf, and develop appropriate policies and procedures.

Where information is disclosed by means of a website and is not addressed personally to the investor, the following conditions are satisfied:

- a) the investor has been notified of the address of the website, and the place on the website where the information may be accessed, and has consented to the provision of the information by such means;
- b) the information is up to date;
- c) the information is accessible continuously by means of that website for such period of time as the investor may reasonably need to inspect it.

The ManCo, for each of the EU funds that it manages and markets, makes available to investors, in accordance with the fund rules or instruments of incorporation, the following information before they invest in the fund, as well as any material changes thereof:

- a description of any delegated management function by the ManCo and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations;
- the identity of the prime broker and a description of any material arrangements of the fund with its prime brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the depositary on the possibility of transfer and reuse of fund assets, and information about any transfer of liability to the prime broker that may exist.

WHAT MEASURES ARE TAKEN TO PREVENT AND MANAGE POTENTIAL CONFLICTS OF INTEREST?

Organisational measures

ISIM is structured in such a way as to segregate functions that are vulnerable to conflicts of interest, right up to Senior Management level. Fund management (delegated), Fund oversight, valuation and marketing and distribution teams are therefore clearly segregated.

Control functions (Risk Management, Compliance) are completely independent, and they monitor the Company's business activities on a continuous basis to make sure that internal control procedures are appropriate.

"Physical" independence (secured access to premises) and security of confidential information held, is also ensured through clearance procedures.

There is a system for employees to report any potential or actual conflict of interest situations.

Procedures and controls

The key measures and controls implemented by ISIM to prevent and manage conflicts of interest are as follows:

- An internal policy for managing conflicts of interest which includes instructions that employees have to comply with, in order to identify, prevent and manage conflicts of interest.
- The internal regulations provide a framework for controlling the risk that ISIM's staff might benefit from information held at the clients' expense or act on interests that could conflict the interest of the client. They include procedures governing employees' personal transactions, reporting gifts and benefits received, and
- Each Conducting officer is assigned specific areas of responsibility with regard to the functions included in the collective portfolio management activity, including risk management. This split of tasks is organized so as to avoid conflicts of interest. Thus, the functions of risk-taking and the independent control of these same risks are not assigned to the same Conducting officer (i.e. the performance and/or control of the risk management function and the portfolio management function are not carried out by the same Conducting officer, for example).

WHAT MEASURES ARE TAKEN TO MANAGE ACTUAL CONFLICT OF INTEREST SITUATIONS?

There may be some complex or specific cases where ISIM believes that its organizational and administrative arrangements are not sufficient to guarantee, with reasonable certainty, that the risk of harming the client interest will be prevented. In these cases, the Company will clearly inform the client of the general nature and source of the conflict of interest before acting so that the client can take an informed decision regarding provision of the investment service.

The Management Board with the assistance of the Compliance Officer, is authorized to manage these exceptional situations and take any necessary decisions to inform the client.

Any service provided by or activity carried on by the ManCo that gives rise to or may give rise to a conflict of interest involving a significant risk of adversely affecting the interest of one or more clients must be recorded on the conflicts of interest register kept by ISIM.