

THULE FUND S.A., SICAV-SIF POLICY ON HANDLING CONFLICTS OF INTEREST

<i>Adopted by</i>	The Board of Directors of Thule Fund S.A., SICAV-SIF
<i>Date adopted</i>	2024-05-22
<i>Supersedes</i>	Thule Fund S.A, SICAV-SIF Policy on handling conflicts of interest dated 24. May 2023
<i>Applies for</i>	Thule Fund S.A., SICAV-SIF
<i>Policy owner</i>	The Board of Directors
<i>Policy specialist</i>	The Board Member in charge of compliance of Thule Fund S.A., SICAV-SIF
<i>Legal or other basis</i>	Directive 2011/61EU on Alternative Investment Fund Managers Commission Delegated Regulation (EU) No 231/2013 CSSF Regulation 15-07
<i>Covered by requirement for legal review</i>	Yes

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1 Background

In principle, when a person or entity invests in an AIF, conflicts of interest may arise between the investor and the AIF. In so far as the AIF is managed by an external AIFM, conflicts of interest may also arise in relation to the AIFM. These conflicts are rooted in the fact that the AIF and the AIFM have an interest in maximising their profits, while the investor wants the highest possible return at the chosen risk level and at the lowest cost possible. A specific characteristic of the relationship between the AIF, the AIFM and the investor, is that the investor assumes the financial risk, while the AIF and the AIFM have control over the management of the investment.

Thule Fund S.A., SICAV-SIF (“Thule” or the “AIF”) is an alternative investment fund incorporated as a public limited liability company in Luxembourg. Thule has outsourced operations pertaining to risk and portfolio management to Skandia Fonder AB, an alternative investment fund manager, authorised and supervised by the Swedish Financial Supervisory Authority (*swe. Finansinspektionen*) (the “AIFM”). With regard to the sub-fund Thule Credit Fund, Skandia Investment Management AB acts as Sub-Investment Manager.

As AIFM, Skandia Fonder AB is also responsible for some of the administration and marketing/distribution functions of the Company.

Thule, Skandia Investment Management AB and Skandia Fonder AB are part of the Skandia group, the ultimate parent company of which is Livförsäkringsbolaget Skandia, ömsesidigt.

The Board of Directors of Thule is composed of:

- *Ms Anneli Enquist*, Chief Executive Officer at Skandia Fonder AB
- *Mr Göran Karlsson*, Senior Advisor and Deputy Chief Executive Officer at Skandia Fonder AB
- *Mr Michael Lanser*, head of legal at Skandia Asset Management, *Livförsäkringsbolaget Skandia, ömsesidigt*
- *Ms Véronique Gillet*, conducting officer of Responsible Governance Consulting Sàrl, independent director based in Luxembourg. Véronique Gillet is also the Chairperson of Thule.

Under a fund administration services agreement effective as of 17 January 2014, Citibank Europe plc. Luxembourg Branch has been appointed as administration agent of Thule (the “Administration Agent”), registrar and transfer agent (the “Registrar and Transfer Agent”) of Thule.

In this context, Thule must have internal rules that prescribe how it handles conflicts of interest. These internal rules shall be adopted by the Board of Directors and shall be suitable with respect to the company’s size and organisation as well as to the character, scope and complexity of the business. The Board of Directors of Thule has the ultimate responsibility for identifying and handling conflicts of interest associated with the AIF and its operations.

In accordance with Article 13 of the 2013 Law, the AIF must take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where appropriate, disclose, these conflicts of interest in order to prevent them from adversely affecting the interests of the investors.

In principle, all employees and persons with temporary assignments (consultants) in Skandia Fonder AB and the Directors of the Board (“Relevant Persons”), are covered by this policy. At present, Thule does not have any employees or consultants.

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To the extent Thule has outsourced operations (which may or may not be sub-delegated), this policy shall be construed as specifying the requirements that Thule shall impose on the delegate (within the context of the operations outsourced), unless otherwise specified.

Thule shall continuously identify and handle conflicts of interest. Therefore, this document shall be reviewed whenever necessary, however at least yearly.

2 Identification of potential conflicts of interest

The following is an inventory of potential conflicts of interest that have been identified in the AIF's operations. The identified potential conflicts of interest pertain to, on the one side, the shareholders of the AIF, and, on the other side, one of the following two parties:

- i. The AIF (including its delegates, if any), and
- ii. Relevant Persons.

3 Potential conflicts of interest pertaining to the AIF

3.1.1 *Outsourcing of operations, the Board of Directors and trading with related companies*

The Board of Directors is elected by and answers to its shareholders. However, the AIF is also a member of the Skandia group. This creates a potential conflict of interest. For example, the Board of Directors may have an incentive to generate revenue by deciding the AIF shall outsource operations to other companies within the Skandia group, even if that provider does not generate the best results for the AIF.

Further, a Director of the Board may have so many assignments outside of the AIF that he/she does not have sufficient time to safeguard the interests of the AIF.

Moreover, a Director of the Board may also be charged with evaluating operations outsourced to a company which is the same person's employer.

- To mitigate this risk, the Board of Directors must strive to make independent decisions. In furtherance hereof, at the start of every board meeting, each of the Directors of the Board are obligated to disclose any potential conflicts of interest they may have in relation to the items of business on the agenda and any incompatibility between the exercise of a third-party activity and the exercise of their mandate (implementation of the principle of segregation and division of tasks). The secretary shall document such conflicts of interest in the minutes. In cases where a potential conflict of interest exists, the concerned Director of the Board may not participate in the decision on the matter. To further mitigate the risk of non-independence, one of the Directors of the Board is an independent member.

Further, to ensure that all trading of the assets of the AIF is carried out with the shareholders' interests in mind, the AIF shall employ best execution rules. The Board of Directors shall have the right to limit the share of transactions executed with related companies.

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An “Arm’s Length Transaction” refers to a business transaction, carried out between two or more parties, in which they act in their own self-interest and are not subject to pressure from the other party, i.e. as if unrelated and unaffiliated entities.

A Related Party is any person or entity that exercises direct or indirect control over the Company, or any person or entity over which the Company exercises direct or indirect control.

The “Arm’s Length Transaction” principle ensures that all transactions entered into by the Company will be conducted (i) independently and without any undue influence or interference from related parties; (ii) being fair and equitable, i.e. taking into account market conditions, prevailing prices and industry standards, and (iii) being transparent and documented.

To the extent the AIF transacts with companies within the Skandia group, trading shall be done on an arm’s length basis and with the application of the principle of duality. Such transactions may not be made without the written approval of their respective Board of Directors and shall be preceded by an analysis from a conflict of interest perspective, which shall be documented. The foregoing does not, however, apply to transactions expressly contemplated within the placement memorandum of Thule.

In its analysis of the risks of conflicts of interest, Thule must in particular identify the risks arising from the relationship with the depositary. Moreover, the IFM must take into account the risks arising from the delegation of certain functions to third parties and, where appropriate, the use of a prime broker.

Potential conflicts of interest pertaining to financial management activity and outsourcing of operations may include:

- Excessive portfolio rotation (churning) for the sole purpose of increasing turnover fees/increasing variable management fees through reckless risk- taking in investments and divestments/keeping non-interest-bearing cash in a fund in agreement with an account holder
- Inappropriate selection of securities/double dipping/selection of securities issued by an entity of the group to which the AIFM may belong
- Use of so-called privileged information (market abuse)
- Incompatibilities of functions.

These potential conflicts of interest are handled as follows:

- The overarching aim of outsourcing of any operation shall be to improve the effectiveness of the AIF’s operations.
- Any company to which the performance of certain operations has been outsourced shall adopt rules on handling potential conflicts of interest which materially correspond to this policy (within the context of the type of operations outsourced).
- The outsourcing of operations never releases the AIF from its legal responsibility for the operations performed.

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The AIF may not outsource operations if it entails the AIF losing its ability to safeguard the interests of its shareholders.

- The Company ensures that the AIFM has determined the compatibilities of functions according to its organisation and the type of management it practises.
- A decision to outsource operations shall be made by the Board of Directors of the AIF and preceded by a documented analysis of potential conflicts of interest.

When outsourcing operations to companies within the Skandia group, special care must be taken to mitigate the risk that Relevant Persons' loyalty is split. A person within the AIF who is tasked with evaluating services provided to the AIF by a delegate which is also the employer (or similar) of the person, may therefore not:

- participate in the AIF's deliberations or decision to outsource the operations to that delegate, or
- participate in performing the outsourced operations.

In order to minimise the potential risk of conflicts of interest, Thule has put in place appropriate segregation of duties and activities.

3.1.2 Valuation of the AIF

Valuation of the individual assets of the AIF is a fundamental prerequisite for calculating a fund's Net Asset Value ("NAV"), which is the price at which the shares of the AIF are traded. The Board of Directors of the AIF is responsible for the calculation of the NAV, but has, in accordance with Luxembourg regulations, delegated the valuation of the individual assets to the AIFM. As such, the AIF or the AIFM may have an incentive to influence the value, since the management fee is based on the NAV. The AIF or the AIFM may also choose to refrain from addressing an incorrect valuation, since a correction of such a valuation could entail that the AIF or the AIFM must compensate the shareholders.

To mitigate the mentioned risks, a valuation committee for each of the sub-funds of Thule shall be established. The committees shall consist of three permanent members, of whom two are members of the Board of Directors of the AIF and another one member appointed by the Board of Directors, all being independent of the portfolio management business line. The committees shall be tasked with assisting the AIFM in its valuation of the individual assets of the sub-funds and scrutinising the employed prices. The committee shall seek the assistance of the portfolio managers and the Risk Manager of the AIFM, as needed. Separate, further detailed rules are set out in the valuation policy of the AIFM that specifies the information sources that shall be employed in the valuation process.

The AIF has chosen to outsource calculation of the NAV to an external party. The intention is that also the AIFM will be part of the agreement during 2024. To ensure a correct and objective calculation of the NAV, it shall be performed by a function that is separate from other operations performed by the same party on behalf of the AIF.

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3.1.3 Risk management

The risk management of the AIF is a crucial tool to give the Board of Directors insight into the condition of the AIF. Internal rules shall therefore, *inter alia*, specify that:

- Any task related thereto shall be carried out independently from the AIF's other operations.
- The persons in charge of risk management shall be allowed to act with a high level of integrity and shall strive to isolate themselves from decisions related to fund management, as well as from other operational matters.
- The persons in charge of risk management shall have the possibility to report directly to the Board of Directors, surpassing management entirely.

3.1.4 Choice of counterparties

When trading on behalf of Thule, there is a potential risk that the counterparty will be chosen on other grounds than the shareholders' best interests. For example, the brokerage fee could generate income for the AIFM, or for the person executing the trading.

When choosing trading counterparties, the AIFM shall ensure that it is acting in the interest of the shareholders. This entails, among other things, that the trading counterparty shall have a policy for best execution of orders. Further, the AIFM shall have a documented process for choosing and evaluating brokers and other trading counterparties. An agreement with a portfolio manager shall stipulate that the portfolio manager may only trade with such counterparties that are approved by the AIF.

The AIFM shall not use soft commissions, i.e., commissions in the form of goods or services provided in connection with business transactions that are not included in the trading party's ordinary services.

3.1.5 Portfolio management on behalf of several clients

In addition to managing a portfolio of assets within Thule, a portfolio manager may manage other but similar, mandates on behalf of other clients. This induces potential "cherry picking" of investments (*i.e.* allocating certain investments to certain mandates, based on other considerations than the best management of the mandates, for example remuneration).

Fundamentally, similar portfolio management mandates shall be treated similarly, within their respective investment objective and risk profile. This allows for a certain amount of differential treatment, as long as there is an objective motive for it. For example, if an opportunity to invest a fixed amount appears, such investment shall normally be made *pro-rata* for all mandates. However, it may be infeasible to split the investment between all of the mandates, because of transfer fees, unwanted portfolio diversification or other similar considerations. Furthermore, different mandates may have different liquidity requirements, necessitating allocation of more liquid assets to a particular mandate.

For purposes of avoiding such conflicts of interest, the Board of Directors shall ensure internal rules within the portfolio manager is adopted. The rules shall, *inter alia*, specify that investments shall be allocated pro-rata. The rules shall also specify that if the total minimum holding amount of an investment prohibits allocation of said investment to all mandates, the portfolio manager shall, as far

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as possible, compensate for this through allocating the next investment opportunity to the other mandates.

3.1.6 Information sharing agreements

To the extent Thule enters into agreements where another party commits to sharing information about investments that such party makes on its own behalf, Thule shall ensure that such party commits to, on a best effort basis, maintain a consistent allocation size over the investment period of the relevant sub-fund. The purpose of this is to prevent “cherry picking” of investments, where the other party keeps the best investments for itself. In furtherance hereof, Relevant Persons, as well as Relevant Persons of the other party to the agreement shall not be allowed to co-invest with Thule or with the other party.

3.1.7 Portfolio management of principal-linked participating debentures with a common ultimate parent company

To the extent Thule invests in principal-linked participating debentures (the “debentures”) which aim to create exposure to a company that shares its ultimate parent company with Thule, certain conflicts of interest may arise.

For example, Thule may, in accordance with its placement memorandum, delay redemption of shares. The contemplated use for this option is liquidity considerations, *i.e.* when the borrowers of the debentures do not have enough liquidity to meet share redemptions. However, there is no clear-cut line when this option may be utilized, meaning that Thule could have incentive not to pressure the borrowers to create liquidity, but rather just delay the redemption of shares, if that favours their common ultimate parent company.

Another situation which has similar effect is when Thule’s shareholders and the borrowers (*i.e.* indirectly their common ultimate parent company) may have different investment horizons. This could also create incentive for Thule to delay the redemptions of the shareholders, to the advantage of the companies’ common ultimate parent company.

Within the framework of the debentures, another potential conflict of interest resides in the calculation of relevant return indices. For example, if the borrowers change the accounting principles for its portfolio of assets, a shift in the borrowers’ investment philosophies could ensue. This may in turn mean that there is no longer an alignment of interest between the shareholders and the borrowers, because the shareholder’s return on investment is connected to the *previously* used accounting principles, rather than the newly adopted ones.

Furthermore, as a result of said shift in philosophy, the borrowers could opt to focus more on value appreciation than income return, thereby changing the composition of return. This might, for example, negatively affect investors of distributing share classes of a sub-fund exposed to such debentures, who may have been investing in on the presumption of a certain level of yearly cash return.

The two just mentioned risks (regarding accounting principles) are mitigated by the fact that investors have the possibility to redeem their shares, and the borrowers under the debentures have the option to repay the loans as a part of a change of strategy. In addition, the AIF shall require the borrowers to disclose such a change in accounting principles and/or strategy before it is implemented.

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Furthermore, the risk of conflicts of interest with respect to liquidity concerns shall be addressed through internal rules that require liquidity and investment budgets, escalation, etc.

3.2 Potential conflicts of interest pertaining to Relevant Persons

A conflict of interest is a situation where different parties have interests that conflict with each other, and where the existence of such situation may damage the interests of an investor or the AIF.

A conflict of interest can arise when a Relevant Person's personal interests are contrary to, or risk being contrary to, the AIF's interests, thereby jeopardising the person's loyalty vis-à-vis the AIF or influencing the decision-making process as Board member. Further, a conflict of interest can arise when a person, his or her related parties, or a company in which any of them have a material interest, make personal gains as a result of the person's role in the AIF.

In this document, the concept "related party" includes spouse, cohabitant, parent, child, sibling, parents in law, brothers or sisters in law or their children, or a person who shares a household with a Relevant Person, referred to in the following as "Related Party(ies)".

More specifically, conflicts of interest might arise between the AIF and any Relevant Person or Related Party whenever any of them:

- Are likely to make a financial gain, or avoid a financial loss, at the expense of the AIF;
- Have an interest in the outcome of a service or an activity provided to the AIF or another client or of a transaction carried out on behalf of the sub-fund or another client, which is distinct from the AIF's interest in that outcome;
- Have a financial or other incentive to favour (i) the interest of another client or group of clients over the interest of the AIF or (ii) the interest of one investor over the interest of another investor or group of investors of the same AIF;
- Carries on the same activities for the AIF and for another client which is not an AIF; or
- Receive or will receive from a person other than the AIF an inducement in relation to collective portfolio management activities provided to the AIF, in the form of monies, goods or services other than the standard commission or fee for that service.

3.2.1 Side jobs entailing a conflict of interest

A Relevant Person's side job may be performed at the expense of the AIF, resulting in a conflict of interest.

Determining if side jobs will hinder the performing of an assignment is part of the fit-and-proper-process, which all of the Directors of the Board have been through. Each member of the Board of Directors and each Relevant person shall, on an annual basis, provide the Board of Directors with a list of all side jobs. The Board of Directors is responsible for ensuring that any identified conflicts of interest are documented and that actions to manage such situations are executed and documented.

For employees and consultants, side jobs shall be reported to their immediate superior and, in case such a side job entails a conflict of interest, the Board of Directors is responsible for ensuring that it is documented, that a plan to handle it is drawn up and is executed.

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3.2.2 Variable remuneration

Incentive programmes may give Relevant Persons a reason to act in a manner contrary to the AIF's interest. For example, if a portfolio manager receives performance-based remuneration, it can create an incentive to raise the risk level of the fund. Further, a portfolio manager may be in charge of similar mandates on behalf of other clients. When managing these mandates, the portfolio manager may have an incentive (through better remuneration or similar) to favour one mandate over another.

The AIF does not offer variable remuneration or incentive programmes to Relevant Persons. Remuneration to Relevant Persons of the AIF's delegates is handled within the delegate's operations. However, the AIF shall strive to ensure that a delegate's remuneration structure is suitable for a given assignment.

With respect to portfolio management, every sub-fund has a risk profile and an investment instruction that contain clear mandates regarding the appropriate risk level of the sub-fund. As such, there is little or no room for a portfolio manager to raise the risk level solely in an effort to increase his/her remuneration.

3.2.3 A Relevant Person or Related Party is also a shareholder in the AIF and trading in own financial instruments

A conflict of interest can arise between Relevant Persons that conduct trading in financial instruments on their own behalf, as well as on behalf of the AIF. For example, the Relevant Person may have information about financial instruments that can be used for his/her own benefit at a disadvantage to the shareholders of the AIF. Further, a conflict of interest may arise if a Relevant Person or Related Party is a shareholder in the AIF.

All of the AIF's portfolio and risk management has been delegated to the AIFM, which has, in turn, adopted internal rules for Relevant Persons' and Related Parties' personal trading of financial instruments.

Relevant Persons shall not have the right to trade on behalf of the sub-funds of Thule on the one hand, and, on the other hand, for themselves or a Related Party. In such situations the Senior Advisor of the AIFM shall designate another employee to handle the matter in question.

Furthermore, any Relevant Person shall comply at any time with the policies implemented by the AIFM concerning (i) personal transactions which may give rise to a conflict of interest, and (ii) conflicts of interest arising from the exercise of voting rights attached to instruments held. In order to also include the independent member of the Board of Directors, Relevant Persons shall not be allowed to be a shareholder in the AIF.

3.2.4 A Relevant Person is co-invested with the AIF

Potentially, a conflict of interest could arise if a Relevant Person co-invests with the AIF. This could incentivise the person to take better care of that particular investment also when acting on behalf of the AIF, which could have a detrimental effect on other investments of the AIF. Therefore, Relevant Persons shall not be allowed to co-invest with the AIF.

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3.2.5 Gifts from shareholders

Gifts and the like could create an incentive for the Relevant Person to act in the interests of a particular shareholder.

The AIFM and the Board of Directors are under a legal obligation to treat all investors fairly. Therefore, the AIF shall not accept gifts from its shareholders.

4 Escalation and documentation

All potential conflicts of interest, as well as any changed circumstances pertaining to a confirmed conflict of interest, shall be reported to the AIFM's Head of Regulatory Affairs. The Head of Regulatory Affairs shall draft a plan for its proper handling and report it to the Board of Directors of Thule. The Board of Directors shall document its stance on the matter and sign-off on the proposed way of handling it.

5 Agreements between Restricted Persons and insurance companies in the Skandia group

Agreements that an insurance company in the Skandia group enters into with a Director of the Board, deputy Director of the Board or the CEO of the AIFM (if any), as well as with Related Parties to any of these ("Restricted Persons"), shall be reviewed by the Board of Directors of the concerned insurance company.

5.1 Individuals' information obligation

It is incumbent upon a Restricted Person to immediately inform the Skandia group insurance companies about all such agreements referred to in section 5, which pertain to the Restricted Person or his/her Related Parties.

5.2 Individuals' information obligation in special cases

Information about

- a) agreements outside of the AIF's ordinary business activities, such as loan agreements, sales or purchases of real property or chattels, and
- b) other agreements, to the extent that they are preceded by an individual negotiation,

shall be provided already in connection with the Restricted Person's offering to a Skandia group insurance company, or the Restricted Person's intention to accept an offer from a Skandia group insurance company. Information shall also be provided if the Restricted Persons obtain knowledge that such an agreement has been offered to a Skandia group insurance company by a Related Party, or that a Related Party intends to accept such an offer from a Skandia group insurance company.

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6 Record keeping

In accordance with Article 35 of the Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 (the “Delegated Regulation”), the Board shall keep and regularly update a record of the types of activities undertaken by or on behalf of the AIFM in which a conflict of interest entailing a material risk of damage to the interests of one or more sub-fund(s) or its shareholders has arisen or, in the case of an ongoing activity, may arise.

It is recommended that the record covers at least the following:

- the description of the conflict of interest (whether potential or actual);
- the identification of the person or units concerned by the conflict of interest;
- the date on which the conflict of interest occurred or was discovered;
- the potential or actual impacts of the conflict of interest;
- the description of the envisaged solutions and chosen measures;
- where appropriate, the arrangements for informing investors.

7 Reporting to the CSSF

In accordance with article 382 of the CSSF Circular 18/698, Thule must submit a copy of the record to the CSSF upon request.

The CSSF reserves the right to request a copy of this policy at any moment.

8 Reporting to Investors

In accordance with Article 36.1 of the Delegated Regulation, Thule must inform investors of situations where the organisational or administrative arrangements it has made to manage conflicts of interest have not been sufficient to ensure, with reasonable certainty, that the risk of damage to the interests of the shareholders will be avoided. Such information must be provided in a durable medium considered as appropriate. In addition, Thule must indicate to investors the reasons for its decision in relation to these arrangements.

This information may also be disclosed to investors on the website of the AIFM under the conditions laid down in Article 36(2) of Delegated Regulation (EU) 231/2013.

9 Amendments

The Board Member in charge of compliance for Thule Fund S.A. SICAV-SIF is responsible for updating this policy, at least annually, and in accordance with new developments in corporate governance practices and changes in regulatory requirements.

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Any amended version of this policy shall be circulated to all persons subject to the policy. The Board will review the effectiveness and appropriateness of this policy, as necessary, and at least once a year.

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THULE FUND
société d'investissement spécialisé
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L-8070 Bertrange

CONFLICT OF INTEREST REGISTER

Period:

Date	Conflict zone	Description	Potential impacts	Mitigating measures	Controls	Proven CoI