

# Statement on Conflicts of Interest Policy

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# Contents

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Scope of applicability of this policy	<b>3</b>
Conflicts of interest	<b>3</b>
Control and prevention of Conflicts of Interest	<b>4</b>
Personal Conflicts	4
Organisational Conflicts	5
Products and Services Conflicts	6
Client vs. client conflicts	7
Disclosure, monitoring and review	<b>8</b>

Kempen Capital Management N.V. and Kempen Capital Management (UK) Ltd (together defined as 'KCM') is fully committed to professionalism and integrity in doing business, and hence will ensure that we treat our clients fairly. In our activities however, we may face actual and potential Conflicts of Interest, both between ourselves and our clients, and between two different clients.

Our objective is to minimize Conflicts of Interest arising as much as possible. In case these cannot be sufficiently mitigated, KCM has policies and procedures in place to manage the conflicts in a way that safeguards the interests of all clients or disclose these to clients.

This document summarises KCM's approach for managing Conflicts of Interest. It is not intended to provide an exhaustive account of the processes and procedures we adopt in connection with the management of Conflicts of Interest, but is instead intended to be a statement of principles through which KCM seeks to manage such potential conflicts. It provides information to illustrate to our clients to understand the key measures we take to safeguard their interests.

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## Scope of applicability of this policy

This document contains provisions which apply to KCM, and sets out specifically the circumstances within KCM which could give rise to a Conflict of Interest and a brief description of the measures taken to control and prevent possible Conflicts of Interest.

This document is a further specification of the Group policy on conflicts of interest of Van Lanschot Kempen N.V. ('VLK'), of which KCM is a subsidiary.

VLK also has a Code of Conduct which covers most of the Conflicts of Interest which could arise at VLK. Where applicable to KCM specific areas have been further specified in this statement on conflicts of interest.

## Conflicts of interest

In its capacity as investment management company, KCM provides investment services and/or ancillary services by managing Undertakings for the Collective Investment of Transferable Securities ('UCITS') and Alternative Investment Funds ('AIF') as well as investment portfolios of clients directly. When providing services to clients, Conflicts of Interest can arise which could damage or have a negative influence on clients' interests.

On the grounds of the Financial Supervision Act (Dutch: *Wet op het financieel toezicht*) KCM must comply with specific regulations relating to Conflicts of Interest.

Conflicts of Interest may arise at VLK and KCM in e.g. the following circumstances:

- × Where the interest of an employee may conflict with the interest of KCM or its clients (**Personal Conflicts**);
- × As a result of the various activities and roles undertaken by VLK and KCM, such as when VLK has an incentive to favour the interest of one client or group of clients over the interests of another client or group of clients or when the interest of a business line conflicts with the interest of another business line (**Organisational Conflicts**); or
- × When the interest of KCM and the interest of clients may enter into conflict, through services provided or products manufactured or distributed to clients, including favouring the interest of one client over another client in a specific transaction, or when KCM provides or receives an inducement (**Products and Services Conflicts**).

## Control and prevention of Conflicts of Interest

Where conflicts, or potential conflicts, are identified we are committed to ensuring that they are effectively and fairly managed so as to prevent these conflicts from constituting or giving rise to a material risk of damage to the interests of our clients. The main areas where a Conflict of Interest could arise are outlined below.

### PERSONAL CONFLICTS

#### Staff personal investments

Employees of KCM may, with certain exceptions, hold or deal for their personal account in securities of issuers in which securities or investments are held or dealt in on behalf of a client. They may also deal, outside a so-called closed period, in the securities of KCM's ultimate holding company.

VLK has a strict policy in place to monitor that all employees personal transactions and outside business interests, are in compliance with the Code of Conduct and Regulations on personal transactions, which includes in its aims the prevention and management of actual and potential Conflicts of Interest.

All staff personal transactions require pre-clearance by the Compliance department, while all financial instruments must be held in an account in his or her name at VLK.

#### Gifts and presents

Gifts and presents may on occasion be offered to KCM employees by clients, suppliers or others who provide services to, or receive services from KCM. The acceptance (as well as providing to relations) of gifts and presents is subject to specific regulations set out in our Code of Conduct and Gifts and Entertainment Policy; including where applicable a maximum allowed monetary value, informing upon receipt and recording in a gifts register.

### Staff additional positions

Employees of KCM may take on secondary jobs and responsibilities outside of Van Lanschot Kempen. This could include acting as a director of a client or of any issuer in which securities or investments are held or dealt in on behalf of a client.

As set out in the Code of Conduct and Secondary Positions Policy, the employee who assumes, or intends to assume, a secondary job, or responsibility in another organisation is required to report this to Compliance. If it is determined that the responsibility or activity concerned is potentially incompatible the employee can be instructed to decline or relinquish that secondary responsibility or to change its specifications.

### Remuneration

VLK has a remuneration policy where there is no direct link between the remuneration of employees in one business unit and the remuneration of, or revenues generated by, employees engaged in another business unit, where an actual or potential Conflict of Interest may arise in relation to the activities in those business units.

## ORGANISATIONAL CONFLICTS

### Unpublished price-sensitive information

During the course of KCM's business activities in connection with the making, monitoring and realisation of investments held or dealt in on behalf of certain clients or its funds, there may be occasions when employees of KCM become aware of unpublished price sensitive information concerning listed securities.

In the VLK Code of Conduct, and the Market Conduct Policy, VLK has established strict policies and procedures with regard to non-public and inside information. VLK established information barriers between departments to further prevent the flow of confidential information.

### Commercially sensitive information

During the course of KCM's business activities there may be occasions when employees of KCM become aware of information that could affect the commercial interests of parties involved in a transaction, third parties as well as investment funds or KCM itself.

Following the Code of Conduct of VLK, all information that employees have access to must be treated prudently. More specifically, where it concerns information on clients, KCM or investment funds, the information is to be treated as confidential.

Accordingly, where KCM has such confidential information under the terms of a confidentiality agreement, it has a duty to keep that information confidential, except where required by law, regulation or legal process or as requested by any governmental agency or regulatory authority or to prosecute or defend a claim brought by or against KCM.

### Issue of regular portfolio information

KCM may from time to time provide investors holding security interests in certain public investment funds managed by KCM with regular portfolio or other information, for instance for regulatory purposes, comprising detail that is not routinely available to other investors in the same fund.

KCM has a policy of providing portfolio information on request to any investor in such public client funds, to the extent permitted by applicable laws and regulations.

## PRODUCTS AND SERVICES CONFLICTS

### Investment advice

KCM may provide non-independent investment advice regarding financial instruments such as units in collective investment schemes, shares, bonds and derivatives.

With regards to investment advice of collective investment schemes the advice of KCM is based on an analysis of a substantial number of collective investment schemes. This analysis can include collective investment schemes managed by KCM, but is not limited thereto.

KCM does not provide the client with a periodic assessment of the suitability of the collective investment schemes KCM has recommended to the client.

### KCM managed investment funds

KCM manages several UCITS and AIF's. While performing this activity, potential conflicts could arise because it could be in the interest of KCM to distribute misleading information about costs or potential risks of these funds or withhold certain information or change the set-up of a fund after launch, for example by introducing a higher management fee.

Further KCM may from time to time wish to take decisions that materially affect the fund, for instance in changing of investment policies, changes of costs or mergers of investments funds.

KCM has a Product Approval and Review Process in place that should secure that KCM acts in the best interest of clients. Every new fund needs to be approved by the Product Approval and Review Committee before launch and material changes also need to be approved before being implemented. This Committee is also responsible for periodic review of funds. The committee consists of representatives of Management, Compliance, Legal and the Risk management department. Conflicts of Interest are a key topic addressed in the approval and review process, of which meeting minutes are recorded.

### Error handling

From time to time, KCM may identify errors in fund- and portfolio management, for instance errors in NAV calculation, or investments made for portfolio's. KCM has established procedures for these situations, designed to manage the conflicts of interest arising from it.

### Costs due to in- and outflow in investment funds

In order to protect the existing investors in the investment funds managed by KCM against transaction costs the fund makes for inflow and outflow of investors, the investment funds apply a swing price for subscriptions and redemptions by investors. The applicable swing factors can be found on [www.kempen.nl](http://www.kempen.nl).

Investment as principal

VLK has from time to time taken, and may from time to time take a long-term or short-term position in a fund managed by KCM for clients to provide seed capital or establish a solid platform for the future growth of such fund, moreover this will align interest of VLK with those of our clients.

VLK's return on investment in a KCM managed fund will be determined by reference to the investment decisions we make for the investment fund.

Principal transactions by VLK are made subject to policy and limits and decisions of the Investment Committee VLK. The transactions of the Investment Committee also require pre-clearance by the Compliance department (as with personal investments of employees).

### Voting/proxy voting

KCM, in principle, votes on company meetings, on behalf of the investment funds and, if instructed, its individual clients. KCM's Voting Policy can be found on [Verantwoord beleggen | Kempen](#).

KCM treats all companies equally in engagement and voting activities, unless instructed otherwise by the client, regardless of whether the sponsor is a KCM client or where companies otherwise have a relationship with KCM, or if it concerns companies where KCM is an interested party (e.g. KCM's listed ultimate parent company and/or any listed investment fund offered by KCM held within clients' portfolios).

### Rebate arrangements with clients

KCM may enter into rebate arrangements with some investors which means that certain investors in a KCM managed fund pay a lower effective management fee. Any such rebate is paid by KCM.

### Rebate arrangements with suppliers

KCM may enter into rebate arrangements with third party investment managers regarding the investments of KCM's professional clients at such a third party investment manager.

KCM passes through all rebates received which means a client pays a lower effective management fee and/or may not pay a performance fee.

## CLIENT VS. CLIENT CONFLICTS

### Order execution

KCM has a policy on the execution of orders which stipulates that when executing orders, the best possible result must always be achieved for clients.

### Aggregation of transactions in investments

KCM may aggregate purchase and sale transactions in investments (for instance to be able to lower associated transaction costs) for applicable clients.

Accordingly, aggregation may result in different outcomes for certain clients, for instance in respect of the size of a client's exposure to such investment, and the price at which an investment may be acquired or disposed of. Depending on the circumstances, aggregation may be advantageous or disadvantageous to the client. KCM has established Trading Principles that provide clear guidelines for aggregation of transactions and the fair treatment of clients in it.

### Allocation of transactions in investments

Aggregated transactions as referred to above, including costs and expenses thereof, are allocated to ensure that our clients have broadly equal access to a similar quality and quantity of suitable investment transactions.

In principle, allocation is done on a pro-rata basis. In case the circumstances require a deviation of the pro-rata allocation, this can only be done in the best interest of clients and following the guidelines outlined in KCM's Trading Principles.

#### Purchase of research and trade execution services

Third parties such as brokers may provide investment research and broker services to KCM. KCM covers external investment research costs itself. The supplier of research is not rewarded if it is through the execution of transactions for clients.

In selecting a broker for trades, the best execution offered by brokers with regard to a client order always prevails.

#### Transactions between clients

KCM may in certain circumstances effect a transaction between clients whereby one client buys an asset from another client directly. For example, a transaction between clients may be appropriate when an investment fund of KCM has a redemption requirement while KCM determines that this investment continues to represent a valid opportunity to generate added value for one or more other clients to acquire the investment.

These transactions must be beneficial to each client, and on arms' length terms. KCM has established Trading Principals providing clear guidance for the fair treatment of clients in 'crosses', including the use of 'forward pricing'.

## Disclosure, monitoring and review

As described above, albeit in general terms, KCM has (supplementary) policies and procedures in place for the proper handling of Conflicts of Interest. Should a Conflict of Interest be unavoidable, we will strive for appropriate and sufficiently detailed disclosure to the client, in order to enable the client to make an informed decision, or we will decide to terminate such activities that have created, or have the potential to create, the Conflict of Interest.

We assess, on a regular basis, situations in our products and services that may give rise to actual or potential Conflicts of Interest and whether our policies and procedures for the management of such Conflicts of Interest are effective and adequate. If deemed necessary in the interest of our clients, we will implement changes to our policies and procedures in this respect. In addition, this document is reviewed on an annual basis.

KCM maintains a conflict of interest register of actual and potential conflicts and the procedures in place to manage them in accordance with its regulatory obligations.



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