

## HMS'S POLICY FOR MANAGING CONFLICTS OF INTEREST

### 1. INTRODUCTION

1.1. This Policy is issued pursuant to, and reflects compliance with, the European Directive 2004/39/EC of 21 April 2004 on markets in financial instruments (MiFID) and with the implementing Luxembourg legislation (the "Rules") that apply to HMS LUX S.A. ("HMS"). It is not intended to create third party rights or duties that would not already exist if the Policy had not been made available and it does not form part of any contract between HMS and any client or prospective client.

1.2. This Policy is an adjunct to HMS's overarching general obligation to act with integrity and fairness, both with its clients and with its counterparties.

1.3. This Policy is available to clients upon request and is also made available on our website at (<http://www.hmslux.com>). HMS reserves the right to amend or supplement this Policy at any time.

For HMS Trader online trading platform, HMS has commissioned the services of Saxo Bank A/S, Smakkedalen 2 DK-2820 Gentofte Denmark (Saxo Bank) as service provider hereafter referred to as the "service provider" to provide and operate a Research unit of analysts (the Strategy Team) on HMS's behalf for Clients using HMS Trader on line trading platform.

### 2. IDENTIFICATION AND GENERAL DISCLOSURE OF THE NATURE OF POTENTIAL CONFLICTS OF INTEREST AND OF THEIR SOURCES

2.1. HMS hereby identifies and discloses a range of circumstances, which constitute or may give rise to a conflict of interest, potentially but not necessarily entailing a material risk of damage to the interests of one or more clients. Such a material risk occurs if HMS or its Service Provider, or any person directly or indirectly linked by control to HMS, is likely to make a financial gain, or avoid a financial loss, at the expense of the client.

2.2. The identified circumstances are the following:

- Generally offering client advisory services that are based on the particular interest of a specific client;
- HMS may provide advice to third parties whose interests may be in conflict or competition with other clients' interests;
- HMS or HMS's Service Provider may have an interest that is reverse to HMS clients' transactions, e.g. when clients trade in markets where HMS' service provider acts as a market maker;
- HMS or HMS's Service Provider, the Service Providers employees (including analysts) and related legal persons as well as HMS employees may have, establish, change or cease to have positions in securities, foreign exchange or other financial instruments covered by a recommendation;
- HMS or its Service Provider may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the client's personal objective of minimizing transaction costs;
- Introducing Agents may have other interests than HMS and/or their clients;
- Asset Managers may have other interests than HMS and/or their clients;
- Representatives of HMS or its Service Provider may be aware of large client orders to acquire or dispose of a large quantity of a particular financial product and either HMS or its representatives purchase (or sell) the financial product (derivative) beforehand.

### 3. INVESTMENT RESEARCH

3.1. "Investment research" is defined very broadly in the Rules as a document (other than a personal recommendation), which contains one or more of the following:

- the results of research into a designated investment product or its issuer;
- analysis of factors likely to influence the future performance of a designated investment product or its issuer; and
- advices or recommendations based on those results and that analysis.

3.2. HMS has commissioned the services of Saxo Bank A/S, Smakkedalen 2 DK-2820 Gentofte Denmark as service provider who in turn operates a Research unit of analysts (the Strategy Team), which are committed to providing first-rate and value-added service to both internal and external clients (i.e. internal departments and clients). The Service Provider is also committed to professionally managing potential conflicts of interest, which may arise between its constituent businesses, including potential conflicts between its Strategy Team, Sales and Trading businesses accordingly.

3.3. In order to manage possible conflicts of interest, HMS and its service provider maintains processes, procedures and organizational arrangements, which are referred to hereinafter.

3.4. Critical arrangements of HMS's and its service provider's Policy for managing conflicts of interest include the following:

- Analysts of the service provider do not report directly to a business unit whose commercial interests may conflict with the interests of clients;
- Compensation of Analysts of the Service Provider is derived from the overall profits of the Service Provider, not from specific desks of the Service Provider or specific transactions;
- Research publications are internally distributed to the Service Provider exclusively at the same time as they are distributed to clients. Research analysts with the Service Provider do not provide Trading and Distribution personnel with advance knowledge of the timing and content of forthcoming publications;
- Research analysts with the Service Provider are appraised independently from Trading and Distribution businesses;
- Research analysts with the Service Provider may participate in the marketing of the Service Providers investment banking services, including attendance at deal-related pitches and active participation in road shows;
- HMS requires its Service Provider to put in place controls and procedures (including where necessary physical separation) to regulate and, where appropriate, prohibit the flow of information between Research, Trading and Distribution;
- Trading personnel are not permitted to review sections of publications containing recommendations, research summary, price targets or value recommendations, even to verify factual accuracy, prior to publication.

3.5. HMS mainly aims at distributing investment research to discretionary investment management clients, prospects and other third persons for information and educational purposes as part of HMS's online activities and in circumstances in which HMS or its Service Provider will not reasonably be expected to have a material influence on a client's or a third person's investment decision.

### 4. SERVICE PROVIDER ANALYSTS' ACTIVITIES

4.1. To ensure the proper functioning of this Policy, analysts within the Service Provider are required to disclose to the Service Provider all personal interests relevant to their research functions.

4.2 Analysts of the Service Provider are required to comply with the Service Providers rules and procedures on personal account dealing, which include requirements for dealings to be conducted through an account with the Service Provider and to be pre-cleared with the Service Providers' Legal & Compliance department.